

***TRANSLATION***

**NOTICE OF THE 33RD ORDINARY GENERAL MEETING  
OF SHAREHOLDERS  
TO BE HELD IN TOKYO, JAPAN ON JUNE 23, 2020**

*(This is a translation, for information purposes only, of the original Japanese language Notice of the General Meeting of Shareholders which has been dispatched to shareholders in Japan. The financial statements included in this Business Report have been prepared in accordance with the Business Corporation Law and related laws and regulations of Japan.)*

**EAST JAPAN RAILWAY COMPANY  
TOKYO, JAPAN**

## ***TRANSLATION***

June 5, 2020

TO OUR SHAREHOLDERS

East Japan Railway Company  
2-2, Yoyogi 2-chome  
Shibuya-ku, Tokyo  
Japan

Yuji Fukasawa  
President and CEO

### **Notice of Convocation of the 33rd Ordinary General Meeting of Shareholders**

This is to inform you that the Company's 33rd Ordinary General Meeting of Shareholders will be held as described below.

Currently various efforts to prevent the spread of COVID-19 are strongly required. In response to the situation, upon careful consideration we have decided to hold this meeting while taking appropriate measures to prevent the spread of COVID-19.

In order to prevent the spread of COVID-19, you are strongly encouraged, to the extent possible, to exercise your voting rights in writing or by an electronic method (via the Internet, etc.) prior to the meeting and refrain from physically attending the meeting.

WHEN YOU EXERCISE YOUR VOTING RIGHTS IN WRITING OR BY AN ELECTRONIC METHOD (VIA THE INTERNET, ETC.), AFTER EXAMINING THE ATTACHED REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS, PLEASE EXERCISE YOUR VOTING RIGHTS BY NO LATER THAN 6:00 P.M. ON MONDAY, JUNE 22, 2020.

[Exercise of voting rights in writing]

Please return by mail the enclosed form after indicating your votes so that it will arrive at the Company by no later than the above-mentioned deadline.

[Exercise of voting rights by an electronic method (via the Internet, etc.)]

Please access the following website (<https://evote.tr.mufg.jp/> (in Japanese only)) and exercise your voting rights, by following the instructions on the website, by no later than the above-mentioned deadline.

## PARTICULARS

1. Date: At 10:00 a.m., on Tuesday, June 23, 2020

2. Place: Hotel New Otani (The Main)  
4-1, Kioi-cho, Chiyoda-ku, Tokyo, Japan

3. Purpose of Meeting:

Matters to be reported:

1. Presentation of the Business Report and the Consolidated Financial Statements for the 33rd fiscal year from April 1, 2019 through March 31, 2020, and Results of Audit by the Accounting Auditor and the Board of Corporate Auditors on the Consolidated Financial Statements
2. Presentation of the Non-Consolidated Financial Statements for the 33rd fiscal year from April 1, 2019 through March 31, 2020

Matters to be resolved:

Agenda Item No. 1: Proposal for appropriation of retained earnings

Agenda Item No. 2: Partial amendment to the Articles of Incorporation

Agenda Item No. 3: Election of twelve (12) Directors

Agenda Item No. 4: Election of one (1) Corporate Auditor

4. Other matters concerning convocation procedures

(1) If you exercise voting rights in writing more than once, only the vote in writing having the latest date will be counted.

(2) If you exercise voting rights by an electronic method (via the Internet, etc.) more than once, only the last vote will be counted.

(3) If you exercise voting rights both in writing and by an electronic method (via the Internet, etc.), only the vote submitted by the electronic method (via the Internet, etc.) will be counted.

\* \* \* \* \*

Notes:

\* If you attend the Meeting on the appointed date, please bring with you the form for exercising voting rights enclosed herewith, and surrender it to the receptionist at the place of the Meeting.

\* In accordance with applicable laws and regulations and Article 16 of the Company's Articles of Incorporation, Consolidated Statement of Changes in Net Assets, Notes to

Consolidated Financial Statements, Non-Consolidated Statement of Changes in Net Assets and Notes to Non-Consolidated Financial Statements are available at the Company's website (<https://www.jreast.co.jp/>) and are not included in this Notice of Convocation. Consolidated Financial Statements and Non-Consolidated Financial Statements audited by Accounting Auditors and Corporate Auditors consist of each statement included in this Notice of Convocation and Consolidated Statement of Changes in Net Assets, Notes to Consolidated Financial Statements, Non-Consolidated Statement of Changes in Net Assets and Notes to Non-Consolidated Financial Statements available at the Company's website.

\* Any changes made to the Reference Materials, Business Report, Consolidated Financial Statements or Financial Statements will be placed on the Company's website (<https://www.jreast.co.jp/>).

## **REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS**

### **Agenda and Reference Materials**

#### **Agenda Item No. 1: Proposal for appropriation of retained earnings**

Our 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. We are aiming to achieve 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 the JR East Group Management Vision "Move Up" 2027, which was established in July 2018. Based on such policy, we propose to appropriate retained earnings as described below.

An interim cash dividend of ¥82.5 per share was paid in November 2019. The year-end cash dividend of ¥82.5 per share is proposed for the 33rd fiscal year.

##### Items concerning year-end dividend

- (1) Type of dividend  
Cash
- (2) Information regarding allotment of dividend to shareholders (including amount)  
Dividend per share of the Company's common stock: ¥82.5  
Total amount of dividend paid: ¥31,152,150,810  
Total annual dividend will be ¥165 per share including the interim dividend of ¥82.5 per share.
- (3) Effective date of dividend  
June 24, 2020

#### **Agenda Item No. 2: Partial amendment to the Articles of Incorporation**

##### 1. Reasons for amendment

(1) For purposes including the establishment of management structure that can respond to the change in the management environment, clarification of management responsibilities and further strengthening of corporate governance, it is proposed that the term of office of Directors be shortened to one (1) year from the current two (2) years, and the current Article 22 (Term of Office of Directors) be amended accordingly.

(2) As the period for transitional measures concerning dividends to holders of fractional shares expired, it is proposed that the supplementary provisions for such transitional measures be deleted.

2. Details of amendment

The proposed amendment is as follows:

(Amended language is underlined.)

| Current Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Proposed Amendments                                                                                                                                                                                                                                                        |
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| Article 22. (Term of Office of Directors)<br>1. The term of office of Directors shall expire upon the conclusion of the ordinary general meeting of shareholders for the last fiscal year of the Company ending within <u>two (2) years</u> after their election.<br>2. The term of office of a Director elected to <u>fill a vacancy or to increase the number of Directors shall end at such time as the terms of office of the other Directors then in office will expire.</u> | Article 22. (Term of Office of Directors)<br>The term of office of Directors shall expire upon the conclusion of the ordinary general meeting of shareholders for the last fiscal year of the Company ending within <u>one (1) year</u> after their election.<br>(deleted) |
| Articles 23 to Article 38. (text omitted)                                                                                                                                                                                                                                                                                                                                                                                                                                         | Articles 23 to Article 38. (same as present)                                                                                                                                                                                                                               |
| <u>Transitional Measures Concerning Dividends to Holders of Fractional Shares</u><br><br><u>Provisions of Article 37, Paragraph 2 and Paragraph 3 and Article 38, Paragraph 2 hereof shall apply mutatis mutandis to those who had been the holder of fractional shares prior to January 4, 2009.</u>                                                                                                                                                                             | (deleted)                                                                                                                                                                                                                                                                  |

**Agenda Item No. 3: Election of twelve (12) Directors**

As the term of office of all thirteen (13) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders, it is proposed that twelve (12) Directors be elected.

The Director candidates are set forth below:

| No. | Name                                     | Current Position and Business in Charge at the Company                                                                            |
|-----|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| 1.  | Tetsuro Tomita<br><u>Reappointment</u>   | Chairman (Director)                                                                                                               |
| 2.  | Yuji Fukasawa<br><u>Reappointment</u>    | President and CEO (Representative Director)                                                                                       |
| 3.  | Fumihisa Nishino<br><u>Reappointment</u> | Executive Vice President (Representative Director)<br>Assistant to President                                                      |
| 4.  | Tadao Maekawa<br><u>Reappointment</u>    | Executive Vice President (Representative Director)<br>Assistant to President; Director General of Railway Operations Headquarters |
| 5.  | Tomomichi Ota<br><u>Reappointment</u>    | Executive Director<br>Director General of Technology Innovation Headquarters;                                                     |

- |     |                                                                                                              |                                                                                                                                                                                                      |
|-----|--------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     |                                                                                                              | In charge of Transport Safety Department, Railway Operations Headquarters                                                                                                                            |
| 6.  | Ryoji Akaishi<br>Reappointment                                                                               | Executive Director<br>General Manager of Corporate & Legal Strategies Department; In charge of Inquiry & Audit Department; In charge of Public Relations Department; In charge of Finance Department |
| 7.  | Yoichi Kise<br>Reappointment                                                                                 | Executive Director<br>Director General of Corporate Planning Headquarters; In charge of Work & Welfare Strategies Department; In charge of Regional Revitalization                                   |
| 8.  | Kiwamu Sakai<br>New Director candidate                                                                       | Executive Officer<br>General Manager of Sendai Branch Office                                                                                                                                         |
| 9.  | Motoshige Itoh<br>Reappointment<br>Independent director<br>candidate<br>Outside Director candidate           | Director                                                                                                                                                                                             |
| 10. | Reiko Amano<br>Reappointment<br>Independent director<br>candidate<br>Outside Director candidate              | Director                                                                                                                                                                                             |
| 11. | Masaki Sakuyama<br>New Director Candidate<br>Independent director<br>candidate<br>Outside Director candidate |                                                                                                                                                                                                      |
| 12. | Hiroko Kawamoto<br>New Director Candidate<br>Independent director<br>candidate<br>Outside Director candidate |                                                                                                                                                                                                      |

|                                                        |                                                  |               |
|--------------------------------------------------------|--------------------------------------------------|---------------|
| No. of Candidate                                       | 1                                                | Reappointment |
| Name (Date of Birth)                                   | Tetsuro Tomita (October 10, 1951)                |               |
| Brief Personal Record, Position and Business in Charge | April 1974<br>Entered Japanese National Railways |               |
| (Positions at Other Entities)                          | April 1987<br>Entered the Company<br>June 1998   |               |

General Manager of Life-Style Business Development  
Headquarters  
June 2000  
Director and General Manager of Management Administration  
Department, Corporate Planning Headquarters  
June 2003  
Executive Director and Deputy Director General of Corporate  
Planning Headquarters  
July 2004  
Executive Director and Deputy Director General of Corporate  
Planning Headquarters and General Manager of IT Business  
Department, Corporate Planning Headquarters  
June 2005  
Executive Director and Deputy Director General of Corporate  
Planning Headquarters  
June 2008  
Executive Vice President and Representative Director and  
Director General of Life-Style Business Development  
Headquarters  
June 2009  
Executive Vice President and Representative Director and  
Director General of Corporate Planning Headquarters  
April 2012  
President and Representative Director and Director General of  
Corporate Planning Headquarters  
June 2012  
President and Representative Director  
April 2018  
Chairman and Director (continuing to the present)

Number of Company  
Shares owned by  
Candidate

9,600 shares

Reason for selection as  
Director candidate

Mr. Tetsuro Tomita has served as President and Representative Director of the Company, taken on a strong leadership role in overall businesses and led the management of the Group over the years. Currently he performs his duties as Chairman and Director and is committed to the proper operation of the Board of Directors from the viewpoint of its chairman based on his broad knowledge and experience in corporate management. He is suitable as a Director based on his execution capability, sound judgment and insight necessary for company management as he is highly acquainted with all aspects of the business.

No. of Candidate

2 Reappointment

Name (Date of Birth)

Yuji Fukasawa (November 1, 1954)



|                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Brief Personal Record,<br>Position and Business in<br>Charge<br>(Positions at Other<br>Entities) | April 1978<br>Entered Japanese National Railways                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|                                                                                                  | April 1987<br>Entered the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                                                                                  | June 2003<br>General Manager of Investment Planning Department, Corporate<br>Planning Headquarters                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                                                                                                  | June 2006<br>Director and General Manager of Personnel Department and<br>Director of JR East General Education Center                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                                                  | June 2008<br>Executive Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                                                                                                  | June 2012<br>Executive Vice President and Representative Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                                                                                  | April 2018<br>President and Representative Director (continuing to the present)                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Number of Company<br>Shares owned by<br>Candidate                                                | 6,500 shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Reason for selection as<br>Director candidate                                                    | Mr. Yuji Fukasawa has been serving as President and Representative Director of the Company, is committed to achieve the goals set in the Group Management Vision “Move Up” 2027. He also performs his duties by taking on a strong leadership role in restoring railway transportation damaged by Typhoon No. 19 (Hagibis) and responding to the spread of COVID-19. He is suitable as a Director based on his execution capability, sound judgment and insight necessary for company management as he is highly acquainted with all aspects of the business. |
| No. of Candidate                                                                                 | 3 <span style="border: 1px solid black; padding: 2px;">Reappointment</span>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Name (Date of Birth)                                                                             | Fumihisa Nishino (October 6, 1958)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Brief Personal Record,<br>Position and Business in<br>Charge<br>(Positions at Other<br>Entities) | April 1981<br>Entered Japanese National Railways                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|                                                                                                  | April 1987<br>Entered the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                                                                                  | June 2008<br>General Manager of Investment Planning Department, Corporate<br>Planning Headquarters                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                                                                                                  | June 2010<br>Executive Officer and General Manager of Transport Safety<br>Department, Railway Operations Headquarters                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                                                  | June 2013<br>Executive Officer and General Manager of Sendai Branch Office                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|                                                                                                  | April 2014<br>Executive Vice President and Director of Hokkaido Railway<br>Company; Director General of Railway Operations Headquarters                                                                                                                                                                                                                                                                                                                                                                                                                       |

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|                                                                                      | June 2018<br>Executive Vice President and Director of Hokkaido Railway Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                                      | June 2018<br>Director of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                                                                                      | September 2018<br>Executive Vice President and Director; Assistant to President (continuing to the present)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Number of Company Shares owned by Candidate                                          | 4,200 shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Reason for selection as Director candidate                                           | Mr. Fumihisa Nishino has been mainly in charge of railway operations and management planning, and served as Executive Vice President and Director of Hokkaido Railway Company. Currently he performs his duties as Executive Vice President and Representative Director by assisting the President and Representative Director to achieve the goals set in the Group Management Vision “Move Up” 2027 as well as reinforcement of risk management and promotion of compliance management. He is suitable as a Director based on his execution capability, sound judgment and insight necessary for company management as he is highly acquainted with all aspects of the business.     |
| No. of Candidate                                                                     | 4 <span style="border: 1px solid black; padding: 2px;">Reappointment</span>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Name (Date of Birth)                                                                 | Tadao Maekawa (December 6, 1955)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Brief Personal Record, Position and Business in Charge (Positions at Other Entities) | April 1981<br>Entered Japanese National Railways<br>April 1987<br>Entered the Company<br>June 2008<br>General Manager of Facilities Department, Railway Operations Headquarters<br>June 2009<br>General Manager of Public Relations Department<br>June 2012<br>Executive Officer and General Manager of Administration Department<br>June 2015<br>Senior Executive Officer and Deputy Director General of Railway Operations Headquarters<br>June 2016<br>Executive Director and General Manager of Tokyo Branch Office<br>June 2019<br>Executive Vice President and Director; Assistant to President; Director General of Railway Operations Headquarters (continuing to the present) |

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| Number of Company Shares owned by Candidate                                          | 5,100 shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Reason for selection as Director candidate                                           | Mr. Tadao Maekawa has been mainly in charge of railway facilities, public relations and administration operations, and currently performs his duties as Vice President and Representative Director, Director General of Railway Operations Headquarters by assisting the President and Representative Director to achieve the goals set in the Group Management Vision “Move Up” 2027, whose achievements include improvement of transportation quality and reinforcement of railway network such as improvement of safety and stability of transportation. He is suitable as a Director based on his execution capability, sound judgment and insight necessary for company management as he is highly acquainted with all aspects of the business.                                                         |
| No. of Candidate                                                                     | 5 <span style="border: 1px solid black; padding: 0 2px;">Reappointment</span>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Name (Date of Birth)                                                                 | Tomomichi Ota (February 15, 1962)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Brief Personal Record, Position and Business in Charge (Positions at Other Entities) | <p>April 1985<br/>Entered Japanese National Railways</p> <p>April 1987<br/>Entered the Company</p> <p>July 2010<br/>General Manager of International Department, Corporate Planning Headquarters</p> <p>June 2014<br/>Executive Officer and General Manager of Transport &amp; Rolling Stock Department, Railway Operations Headquarters</p> <p>June 2016<br/>Senior Executive Officer and General Manager of Transport &amp; Rolling Stock Department, Railway Operations Headquarters</p> <p>June 2017<br/>Executive Director and Deputy Director General of Railway Operations Headquarters</p> <p>June 2018<br/>Executive Director and Director General of Technology Innovation Headquarters; In charge of Transport Safety Department, Railway Operations Headquarters (continuing to the present)</p> |
| Number of Company Shares owned by Candidate                                          | 2,600 shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Reason for selection as Director candidate                                           | Mr. Tomomichi Ota has been mainly in charge of transport & rolling stock of railway operations, and currently performs his                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

duties as Executive Director whose achievements include improvement of safe and stable transportation, implementation of various policies under “Group Safety Plan 2023”, and furtherance of operational reforms through promotion of smart maintenance and MaaS and technology innovation such as speeding up of Shinkansen transportation. He is suitable as a Director based on his execution capability, sound judgment and insight necessary for company management as he is highly acquainted with all aspects of the business.

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| No. of Candidate                                                                        | 6                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <u>Reappointment</u> |
| Name (Date of Birth)                                                                    | Ryoji Akaishi (September 13, 1962)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                      |
| Brief Personal Record, Position and Business in Charge<br>(Positions at Other Entities) | <p>April 1985<br/>Entered Japanese National Railways</p> <p>April 1987<br/>Entered the Company</p> <p>June 2011<br/>General Manager of Marketing Department, Railway Operations Headquarters</p> <p>June 2013<br/>Executive Officer and General Manager of Marketing Department, Railway Operations Headquarters</p> <p>February 2016<br/>President and Representative Director of JR East Environment Access Co., Ltd.</p> <p>June 2018<br/>Executive Director and Deputy Director General of Railway Operations Headquarters</p> <p>June 2019<br/>Executive Director and General Manager of Corporate &amp; Legal Strategies Department; In charge of Inquiry &amp; Audit Department; In charge of Public Relations Department; In charge of Finance Department (continuing to the present)</p> |                      |
| Number of Company Shares owned by Candidate                                             | 1,100 shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                      |
| Reason for selection as Director candidate                                              | <p>Mr. Ryoji Akaishi has been mainly in charge of marketing, administration and personnel affairs and served as President and Representative Director of a principal subsidiary of the Company. Currently he performs his duties as Executive Director whose achievements include reinforcement of risk management, promotion of compliance management, reform of work style and enhancement of financial strength, and has taken on a strong leadership role in overall crisis management in response to COVID-19. He is suitable as a Director based on his execution capability, sound judgment and insight necessary for company</p>                                                                                                                                                          |                      |

management as he is highly acquainted with all aspects of the business.

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| No. of Candidate                                                                                 | 7                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <u>Reappointment</u> |
| Name (Date of Birth)                                                                             | Yoichi Kise (August 26, 1964)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                      |
| Brief Personal Record,<br>Position and Business in<br>Charge<br>(Positions at Other<br>Entities) | <p>April 1989<br/>Entered the Company</p> <p>June 2014<br/>General Manager of Personnel Department and Director of JR East General Education Center</p> <p>June 2015<br/>Executive Officer and General Manager of Personnel Department</p> <p>June 2017<br/>Executive Officer and General Manager of Management Planning Department, Corporate Planning Headquarters</p> <p>June 2018<br/>Executive Director and Director General of Corporate Planning Headquarters</p> <p>June 2019<br/>Executive Director; Director General of Corporate Planning Headquarters; In charge of Work &amp; Welfare Strategies Department; In charge of Regional Revitalization (continuing to the present)</p> |                      |
| Number of Company<br>Shares owned by<br>Candidate                                                | 2,000 shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                      |
| Reason for selection as<br>Director candidate                                                    | <p>Mr. Yoichi Kise has been mainly in charge of investment planning, personnel and management planning affairs, and currently performs his duties as Executive Director whose achievements include promotion of Group Management Vision “Move Up” 2027, personnel development, efficient operational performance, regional revitalization and reinforcement of partnership with other companies. He is suitable as a Director based on his execution capability, sound judgment and insight necessary for company management as he is highly acquainted with all aspects of the business.</p>                                                                                                  |                      |

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| No. of Candidate                                                                    | 8                                                                                                  | <u>New Director candidate</u> |
| Name (Date of Birth)                                                                | Kiwamu Sakai (August 3, 1961)                                                                      |                               |
| Brief Personal Record,<br>Position and Business in<br>Charge<br>(Positions at Other | <p>April 1985<br/>Entered Japanese National Railways</p> <p>April 1987<br/>Entered the Company</p> |                               |

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| Entities)                                                                                        | June 2011<br>General Manager of Management Planning Department,<br>Corporate Planning Headquarters<br>June 2012<br>General Manager of Finance Department<br>June 2014<br>Executive Officer and General Manager of Management<br>Planning Department, Corporate Planning Headquarters<br>June 2017<br>Executive Officer and General Manager of Sendai Branch Office<br>(continuing to the present)                                                                                                                                                                                                                                                               |
| Number of Company<br>Shares owned by<br>Candidate                                                | 1,500 shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Reason for selection as<br>Director candidate                                                    | Mr. Kiwamu Sakai has been mainly in charge of corporate<br>planning, personnel and financial affairs, and currently performs<br>his duties as Executive Officer and General Manager of Sendai<br>Branch Office whose achievements include improvement of safe<br>and stable transportation in the railway operation, improvement of<br>service quality and promotion of regional revitalization measures.<br>He is suitable as a Director based on his execution capability, sound<br>judgment and insight necessary for company management as he is<br>highly acquainted with all aspects of the business.                                                     |
| No. of Candidate                                                                                 | 9 <div>Reappointment</div> <div>Independent director candidate</div> <div>Outside Director candidate</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Name (Date of Birth)                                                                             | Motoshige Itoh (December 19, 1951)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Brief Personal Record,<br>Position and Business in<br>Charge<br>(Positions at Other<br>Entities) | December 1993<br>Professor of the University of Tokyo, Faculty of Economics<br>April 1996<br>Professor of the University of Tokyo, Graduate School of<br>Economics<br>October 2007<br>Dean of the University of Tokyo, Graduate School of Economics<br>and Faculty of Economics<br>June 2015<br>Director of the Company (continuing to the present)<br>April 2016<br>Professor of Gakushuin University, Faculty of International<br>Social Sciences (continuing to the present)<br><br>Positions at other entities:<br>Corporate Auditor of Hagoromo Foods Corporation<br>Director of The Shizuoka Bank, Ltd.<br>Director of Sumitomo Chemical Company, Limited |

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| Number of Company Shares owned by Candidate                                             | 0 share                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Number of years in office as Outside Director                                           | 5 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Reason for selection as Outside Director candidate                                      | Mr. Motoshige Itoh has experience as professor at the University of Tokyo and Gakushuin University, and Dean of the Graduate School of Economics and Faculty of Economics of the University of Tokyo. He is suitable as an outside Director based on his sound judgment and insight necessary for company management and his ability to supervise and advise on the Company's management.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Matters relating to independence                                                        | <p>Mr. Motoshige Itoh meets the "Independence Standards for Outside Directors and Outside Corporate Auditors" of the Company, and the Company has designated him as independent director as stipulated by stock exchanges. If he is elected, he will continue to be an independent director.</p> <p>He has worked at the University of Tokyo (National University Corporation, the University of Tokyo) to which the Company makes donation and with which the Company has a transactional relationship, but for the last three (3) fiscal years the amount of donation and other payments to such corporation has been no more than 2% of the annual total income of such corporation and the payment from such corporation to the Company has been no more than 2% of the annual consolidated net sales of the Company. Also, he works at Gakushuin University (The Gakushuin School Corporation) with which the Company has a transactional relationship, but for the last three (3) fiscal years the payment from such corporation to the Company has been no more than 2% of the annual consolidated net sales of the Company.</p> |
| No. of Candidate                                                                        | 10 <div> <div>Reappointment</div> <div>Independent director candidate</div> <div>Outside Director candidate</div> </div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Name (Date of Birth)                                                                    | Reiko Amano (January 21, 1954)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Brief Personal Record, Position and Business in Charge<br>(Positions at Other Entities) | April 1980<br>Entered Kajima Corporation<br>April 2005<br>Senior Manager of Technology Development Department Civil Engineering Management Division<br>April 2011<br>General Manager of Intellectual Property and License Department<br>February 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

|                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                          | <p>Advisor of Intellectual Property and License Department<br/>September 2014</p> <p>Retired Kajima Corporation<br/>October 2014</p> <p>Executive Director of Research Center for Reinforcement of<br/>Resilience Function, National Research Institute for Earth<br/>Science and Disaster Resilience<br/>April 2015</p> <p>Auditor of National Institute for Environmental Studies<br/>(continuing to the present)<br/>April 2016</p> <p>Executive Director of National Research Institute for Earth<br/>Science and Disaster Resilience<br/>June 2016</p> <p>Director of the Company (continuing to the present)<br/>September 2019</p> <p>Auditor of Japan Atomic Energy Agency (continuing to the<br/>present)</p>                                                                                                                                                                                                                                                 |
| Number of Company<br>Shares owned by<br>Candidate        | 0 share                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Number of years in<br>office as Outside<br>Director      | 4 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Reason for selection as<br>Outside Director<br>candidate | <p>Ms. Reiko Amano held important offices at Kajima Corporation, National Research Institute for Earth Science and Disaster Resilience, National Institute for Environmental Studies and Japan Atomic Energy Agency. She is suitable as an outside Director based on her sound judgment and insight necessary for company management and her ability to supervise and advise on the Company's management.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Matters relating to<br>independence                      | <p>Ms. Reiko Amano meets the "Independence Standards for Outside Directors and Outside Corporate Auditors" of the Company, and the Company has designated her as independent director as stipulated by stock exchanges. If she is elected, she will continue to be an independent director.</p> <p>She has worked at Kajima Corporation with which the Company has a transactional relationship, but for the last three (3) fiscal years the volume of business has been no more than 2% of the annual consolidated net sales of both companies. Also she worked as executive director at National Research Institute for Earth Science and Disaster Resilience with which the Company has a transactional relationship, but for the last three (3) fiscal years the payment from the Company to such corporation has been no more than 2% of the annual consolidated net sales of such corporation. She works at National Institute for Environmental Studies and</p> |



Japan Atomic Energy Agency with which the Company has no relationship that needs to be disclosed for the last three (3) fiscal years.

|                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                   |
|--------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| No. of Candidate                                                                     | 11                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <div>New Director candidate</div> <div>Independent director candidate</div> <div>Outside Director candidate</div> |
| Name (Date of Birth)                                                                 | Masaki Sakuyama (March 17, 1952)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                   |
| Brief Personal Record, Position and Business in Charge (Positions at Other Entities) | <p>April 1977<br/>Entered Mitsubishi Electric Corporation</p> <p>June 2010<br/>Director; Member of the Nomination Committee; Senior Vice President and Executive Officer; In charge of Corporate Strategic Planning and Operations of Associated Companies</p> <p>April 2012<br/>Director; Member of the Nomination Committee; Representative Executive Officer; Executive Vice President and Executive Officer; Director General of Semiconductor &amp; Device Group</p> <p>June 2012<br/>Representative Executive Officer; Executive Vice President and Executive Officer; Director General of Semiconductor &amp; Device Group</p> <p>April 2014<br/>Representative Executive Officer; President &amp; CEO and Executive Officer</p> <p>June 2014<br/>Director; Representative Executive Officer; President &amp; CEO and Executive Officer</p> <p>April 2018<br/>Chairman and Director (continuing to the present)</p> <p>Positions at other entities:<br/>Chairman and Director of Mitsubishi Electric Corporation</p> |                                                                                                                   |
| Number of Company Shares owned by Candidate                                          | 600 shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                   |
| Reason for selection as Outside Director candidate                                   | Mr. Masaki Sakuyama has experience as Director, Representative Executive Officer and President & CEO of Mitsubishi Electric Corporation among other experiences. He is suitable as an outside Director based on his sound judgment and insight necessary for company management and his ability to supervise and advise on the Company's management.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                   |
| Matters relating to independence                                                     | Mr. Masaki Sakuyama meets the "Independence Standards for Outside Directors and Outside Corporate Auditors" of the Company. If he is elected, the Company will designate him as                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                   |

independent director as stipulated by stock exchanges  
 He works at Mitsubishi Electric Corporation with which the Company has a transactional relationship, but for the last three (3) fiscal years the volume of business has been no more than 2% of the annual consolidated net sales of both companies.

|                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                   |
|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| No. of Candidate                                                                     | 12                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <div>New Director candidate</div> <div>Independent director candidate</div> <div>Outside Director candidate</div> |
| Name (Date of Birth)                                                                 | Hiroko Kawamoto (February 13, 1957)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                   |
| Brief Personal Record, Position and Business in Charge (Positions at Other Entities) | <p>July 1979<br/>Entered ALL NIPPON AIRWAYS CO., LTD.</p> <p>April 2013<br/>Director and Executive Officer; Deputy Director of Operating Division; General Manager of Inflight Services Center</p> <p>April 2014<br/>Executive Director and Executive Officer; In charge of Women's Promotion; Deputy Director of Operating Division; General Manager of Inflight Services Center</p> <p>April 2015<br/>Executive Director and Executive Officer; In charge of Women's Promotion; In charge of ANA Brand Inflight Services Division</p> <p>January 2016<br/>Executive Director and Executive Officer; In charge of Women's Promotion; In charge of ANA Brand Inflight Services Division; Promotion Officer for the Tokyo Olympic and Paralympic Games</p> <p>April 2016<br/>Director and Senior Executive Officer; In charge of Women's Promotion of ANA Group; Promotion Officer for the Tokyo Olympic and Paralympic Games</p> <p>April 2017<br/>Vice President and Representative Director of ANA Strategic Research Institute Co., Ltd.</p> <p>April 2020<br/>Chairman and Director of ANA Strategic Research Institute Co., Ltd. (continuing to the present)</p> <p>Positions at other entities:<br/>           Chairman and Director of ANA Strategic Research Institute Co., Ltd.<br/>           Director of Sumitomo Mitsui Trust Holdings, Inc.<br/>           Director of RENAISSANCE INCORPORATED</p> |                                                                                                                   |
| Number of Company Shares owned by Candidate                                          | 0 share                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                   |
| Reason for selection as                                                              | Ms. Hiroko Kawamoto held important offices at ALL NIPPON                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                   |

|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Outside Director candidate       | AIRWAYS CO., LTD. and ANA Strategic Research Institute Co., Ltd. She is suitable as an outside Director based on her sound judgment and insight necessary for company management and her ability to supervise and advise on the Company's management.                                                                                                                                                                                                                                                                                                                                                                                                              |
| Matters relating to independence | Ms. Hiroko Kawamoto meets the "Independence Standards for Outside Directors and Outside Corporate Auditors" of the Company. If she is elected, the Company will designate her as independent director as stipulated by stock exchanges. She has worked at ALL NIPPON AIRWAYS CO., LTD. with which the Company has a transactional relationship, but for the last three (3) fiscal years the volume of business has been no more than 2% of the annual consolidated net sales of both companies. She works at ANA Strategic Research Institute Co., Ltd. with which the Company has no relationship that needs to be disclosed for the last three (3) fiscal years. |

(Notes)

1. There is no special interest between the Company and these candidates.
2. Mr. Motoshige Itoh, Ms. Reiko Amano, Mr. Masaki Sakuyama and Ms. Hiroko Kawamoto are outside Director candidates.

Although Mr. Motoshige Itoh and Ms. Reiko Amano have not engaged in company management, we believe that they can perform duties as outside Directors based on "Reason for selection as Outside Director candidate" stated above.

3. The Company has executed agreements with Mr. Motoshige Itoh and Ms. Reiko Amano to limit their liability as provided in Article 423, Paragraph 1 of the Business Corporation Law. The liability limit under each such agreement shall be the amount stipulated by law or regulation. If they are elected, the Company intends to extend such agreements. If Mr. Masaki Sakuyama and Ms. Hiroko Kawamoto are elected, the Company will execute such agreements with each of them.

#### **Agenda Item No. 4: Election of one (1) Corporate Auditor**

As the term of office of an incumbent Corporate Auditor, Mr. Seishi Kanetsuki, will expire at the conclusion of this Ordinary General Meeting of Shareholders, it is proposed that one (1) Corporate Auditor be elected.

The Board of Corporate Auditors has approved this agenda item.

Information on the Corporate Auditor candidate is set forth below:

|                                         |
|-----------------------------------------|
| Reappointment                           |
| Independent corporate auditor candidate |
| Outside Corporate Auditor candidate     |

|                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name (Date of Birth)                                                | Seishi Kanetsuki (April 1, 1945)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Brief Personal Record and Position<br>(Positions at Other Entities) | <p>April 1969<br/>Assistant Judge of the Tokyo District Court</p> <p>April 1990<br/>Judge of the Tokyo District Court (Presiding Judge)</p> <p>August 1998<br/>Director-General of Personnel Bureau, General Secretariat of the Supreme Court</p> <p>September 2002<br/>President of the Legal Training and Research Institute</p> <p>February 2005<br/>Chief Judge of the Tokyo District Court</p> <p>October 2006<br/>President of the Osaka High Court</p> <p>January 2009<br/>Justice of the Supreme Court</p> <p>March 2015<br/>Retired reaching at the retirement age</p> <p>June 2015<br/>Chairman of Japan Bar Association (continuing to the present)</p> <p>June 2016<br/>Corporate Auditor of the Company (continuing to the present)</p> |
| Number of Company Shares owned by Candidate                         | 0 share                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Number of years in office as Outside Corporate Auditor              | 4 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Reason for selection as Outside Corporate Auditor candidate         | Mr. Seishi Kanetsuki has broad experience and is an accomplished member of the legal community. He is suitable as Corporate Auditor based on his sound judgment and insight necessary for audit of business operation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Matters relating to independence                                    | Mr. Seishi Kanetsuki meets the “Independence Standards for Outside Directors and Outside Corporate Auditors” of the Company, and the Company has designated him as independent corporate auditor as stipulated by the stock exchanges. If he is elected, he will continue to be an independent corporate auditor. He worked at courts and other organizations with which the Company has no relationship that needs to be disclosed for the last three (3) fiscal years.                                                                                                                                                                                                                                                                             |

(Notes)

1. There is no special interest between the Company and the candidate.
2. Mr. Seishi Kanetsuki is an outside Corporate Auditor candidate.

Although he has not engaged in company management, we believe that he can perform duties as an outside Corporate Auditor based on “Reason for selection as Outside Corporate Auditor candidate” stated above.

3. The Company has executed an agreement with Mr. Seishi Kanetsuki to limit his liability as provided in Article 423, Paragraph 1 of the Business Corporation Law. The liability limit under such agreement shall be the amount stipulated by law or regulation. If he is elected, the Company intends to extend such agreement.

(Reference) Independence Standards for Outside Directors and Outside Corporate Auditors

1. With respect to outside directors and outside corporate auditors of the Company, such directors and corporate auditors shall be deemed to be independent if they do not fall under any of the following categories:

- (1) a major business partner (a vendor) of the Company or a consolidated subsidiary thereof (Note 1), or an executive of a corporation that is such partner (Note 2);
- (2) a major business partner (a customer) of the Company or a consolidated subsidiary thereof (Note 3), or an executive of a corporation that is such partner;
- (3) a consultant, certified public accountant or other accounting expert, or attorney or other legal expert who has received money or other property benefits other than compensation for directors in excess of JPY10 million per annum from the Company or a consolidated subsidiary thereof during any of the immediately preceding three (3) year fiscal years of the Company or a consolidated subsidiary thereof; or a consultant, certified public accountant or other accounting expert, or attorney or other legal expert who belongs to a corporation or other entity whose property benefits received from the Company or a consolidated subsidiary thereof has exceeded 2% of its annual income for any of the immediately preceding three (3) fiscal years of such corporation or other entity;
- (4) a major shareholder of the Company (Note 4), or an executive of a corporation that is such shareholder;
- (5) a certified public accountant or a member, partner, or employee of an auditing firm which was an outside accounting auditor of the Company for the most recent three (3) fiscal years, and was actually in charge of audit work of the Company (except administrative or ancillary staff);
- (6) a major lender to the Company or a consolidated subsidiary thereof (Note 5), or an executive of a corporation that is such lender;
- (7) a recipient of donations in excess of JPY10 million per annum from the Company or a consolidated subsidiary thereof during any of the immediately preceding three (3) fiscal years of the Company or a consolidated subsidiary thereof; or an executive of a corporation whose donations received from the Company or a consolidated subsidiary thereof has exceeded 2% of its annual sales or annual total income for any of the immediately preceding three (3) fiscal years of such corporation;
- (8) the spouse or relative by blood or marriage within the second degree of the executive (including directors who are not executives if an outside corporate auditor is designated as an independent corporate auditor) of the Company or a subsidiary thereof (to the extent such person is deemed to be an important party (Note 6));
- (9) the spouse or relative by blood or marriage within the second degree of a party falling under items (1) to (7) (to the extent such person is deemed to be an important party); or

(10) in addition to the preceding items, a person who is unable to perform duties as an outside director or an outside corporate auditor with independence due to a conflict of interest with the Company or other special circumstance.

2. If an outside director or an outside corporate auditor who is deemed to be independent based on the foregoing standards subsequently falls within any of the items of 1 above, such director or corporate auditor shall immediately notify the Company.

Notes:

- (1) A major business partner (a vendor) of the Company or a consolidated subsidiary thereof means a recipient of payment from the Company or a consolidated subsidiary thereof in excess of 2% of the annual consolidated sales during any of the immediately preceding three (3) fiscal years of such party.
- (2) An executive means an executive director or other director executing the business of the corporation, executive officer, or employee of the corporation (the same applies in the following items).
- (3) A major business partner (a customer) of the Company or a consolidated subsidiary thereof means a payer to the Company or a consolidated subsidiary thereof in excess of 2% of the annual consolidated sales during any of the immediately preceding three (3) fiscal years of the Company or a consolidated subsidiary thereof.
- (4) A major shareholder of the Company means a shareholder who has held, either directly or indirectly, 10% or more of the total number of voting rights during any of the immediately preceding three (3) fiscal years of the Company.
- (5) A major lender to the Company or a consolidated subsidiary thereof means a financial institution that has provided a loan to the Company or a consolidated subsidiary thereof in excess of 2% of the consolidated total assets during any of the immediately preceding three (3) fiscal years of the Company or a consolidated subsidiary thereof.
- (6) An important party means a person in a position at least equivalent to that of an important employee (the same applies in item (9)).

## **BUSINESS REPORT**

For the fiscal year from April 1, 2019 through March 31, 2020

### **I. ITEMS CONCERNING STATUS OF THE GROUP**

#### **1. Business Progress and Results**

##### **(1) 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.

##### **(a) 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, by 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 comb-shaped parts 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 smooth guidance for customers needing assistance

### 【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

**(b) 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 eight places
- 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, were completed or are currently under construction:

*WATERS takeshiba* (tower building and parking lot building) (Tokyo), opened in April 2020

*JR Yokohama Tower* and *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
- 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

### (c) **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 and other areas 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

## **(2) Summary of Operations by Business Segment**

### **(a) 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 and charges 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.

### **(b) 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.

### **(c) 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 Sendai'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.

### **(d) 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. In *JRE POINT* services, JR East made efforts to promote usage of electronic money through such initiatives as launch of service to grant points for usage of *Suica* for railway usage from October 2019, and implementation of its own campaign to increase the percentage of *JRE POINT* earned for cashless payment in stores inside station buildings and inside ticket gate areas in line with “a cashless, consumer-returns business” by the government. 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.

### (e) Financial Results by Segment

Financial results by segment of the Group for this fiscal year are as set forth below.

(Billions of yen)

|                    | Transportation | Retail & Services | Real Estate & Hotels | Others | Total   | Adjustment | Consolidated |
|--------------------|----------------|-------------------|----------------------|--------|---------|------------|--------------|
| Operating revenues |                |                   |                      |        |         |            |              |
| Outside customers  | 1,994.5        | 502.0             | 348.5                | 101.5  | 2,946.6 | -          | 2,946.6      |
| Inside group       | 86.6           | 71.6              | 20.7                 | 173.1  | 352.1   | (352.1)    | -            |
| Total              | 2,081.1        | 573.6             | 369.3                | 274.6  | 3,298.8 | (352.1)    | 2,946.6      |
| Segment Income     | 250.5          | 34.3              | 74.6                 | 23.8   | 383.4   | (2.6)      | 380.8        |

(Note) The Company 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 the Company corresponds to the segment income under the said Accounting Standard and Guidance.

### (3) Challenges

#### 1. Basic Management Policies (Group Philosophy)

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. Changes to the Business Environment

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.

### 3. Medium-Term Management Strategies

In line with Group Management Vision “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 its 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.

### 4. 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<br>Fiscal 2023           | Plans for<br>Fiscal 2020 | Actual<br>Fiscal 2020 | Actual/Plan<br>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<br>five-year total* | -                        | ¥548.6 billion        | (progress)<br>32.6%        |
|            | Consolidated ROA                 | 6.0%                                 | -                        | 4.5%                  | -                          |

Note: \*The total amount from fiscal 2019 to fiscal 2023 is listed.

## 5. Initiatives to Realize “Move Up” 2027

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.

With respect to environmental measures, the Group established a new long-term environmental goal, “Zero Carbon Challenge 2050”, to take on the challenge of achieving “substantially zero” CO2 emission in railway operations in fiscal 2051 and aiming to contribute to “carbon-free society”, further improvement of environmental advantage of railways and realization of sustainable society.

#### ◆ 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.

## 6. 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 central and local governments’ 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 providing our Group hotels for patients with mild symptoms in response to requests from the local governments. 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. Moreover, as the changes in social structure such as prevalence of remote work and expansion of e-commerce will not be reversed, the management environment is expected to be significantly different from before. In order to adequately respond to such changes, we will reestablish our growth strategy reflecting modified behaviors and change in the set of values of our customers, fundamentally reinforce management structure centered on railway operations with a higher percentage of fixed cost, and escalate the level and speed of our efforts to realize “Move Up” 2027.

## **2. Capital Investment**

We made capital investments with a focus on safe and stable transportation, improvement of station services, reduction in maintenance cost, increase in profitability and other tasks. The total amount of capital investment during this fiscal year was ¥740.6 billion. Major investments are as described below:

### **(1) Major Construction Projects Completed**

- (a) Transportation
  - Restoration of facilities damaged by the Great East Japan Earthquake (between Tomioka and Namie stations on the Joban Line)
  - Construction to prepare for large-scale earthquakes (reinforcement of approximately 700 pillars of the elevated railway tracks, etc.)
  - Installation of automatic platform gates (Yokohama Station on the Keihin-Tohoku Line and 15 other stations)
  - Installation of tactile paving tiles on the platform edge with markings showing non-track side (Harataima Station and 103 other stations)
  - Installations of elevators (Takanawa Gateway Station and 14 other stations, total 28 elevators)
  - New construction of rolling stock for the Shinkansen (80 cars)
  - New construction of rolling stock for limited express (36 cars)
  - New construction of commuter train rolling stock for the Tokyo metropolitan area (230 cars)
  - New construction of rolling stock for local lines (41 cars)
  - Renovation into an “ecoste” model station (Maebashi Station and Nobeyama Station)
  - Construction work to prepare for the Tokyo 2020 Olympic and Paralympic Games (Harajuku Station, etc.)
  - Construction of Takanawa Gateway Station
- (b) Real Estate & Hotels
  - Construction of shopping centers (Phase 1 (East Bldg.) of SHIBUYA SCRAMBLE SQUARE, atré Gotanda 2)
  - Construction of hotels (JR East Hotel Mets Akihabara, JR East Hotel Mets Gotanda)

### **(2) Major Construction Projects in Progress**

- (a) Transportation
  - Installation of the Automatic Train Stop system (ATS-P) (Uetsu Main Line, etc.)
  - Construction to prepare for large-scale earthquakes
  - Installation of automatic platform gates (Tokyo Station on the Yamanote Line and the Keihin-Tohoku Line, etc.)
  - Installation of tactile paving tiles on the platform edge with markings showing non-track side
  - Installations of elevators

- New construction of rolling stock for the Shinkansen (Joetsu Shinkansen Line and Hokuriku Shinkansen Line)
  - New construction of commuter train rolling stock for the Tokyo metropolitan area (Yokosuka Line, Sobu Line Rapid Service, etc.)
  - New construction of rolling stock for local lines (Ou Main Line, Oga Line, etc.)
  - New construction of outbound platform of Musashi-Kosugi Station on the Yokosuka Line
  - Renovation and construction of station building at Matsudo Station
  - Renovation of passage, new station facility and development of station building at Nakano Station
  - New construction of station facility above the bridge at Shibuya Station south exit
  - Renovation of passage and station facility above the bridge at Hamamatsucho Station north exit
- (b) Retail & Services
- Tokyo Station City (renovation of north passage of Tokyo Station (GranSta Tokyo))
- (c) Real Estate & Hotels
- Construction of Phase 2 (Central Bldg. and West Bldg.) of SHIBUYA SCRAMBLE SQUARE
  - Construction of JR Yokohama Tower and JR Yokohama Tsuruyacho Building
  - Development of WATERS takeshiba
  - Development of KAWASAKI DELTA
  - Construction of Sendai Station East Exit Office (provisional name)
  - Expansion of Hotel Metropolitan Yamagata
  - Construction of JR Sakuragicho Building
  - Expansion of Hotel Metropolitan Akita Annex

### 3. Fund Raising

We issued bonds and borrowed long-term loans mainly to use the funds for redemption of interest-bearing debts, as detailed below.

|                 | Amount         | Details                                 |
|-----------------|----------------|-----------------------------------------|
| Bonds           | ¥105.0 billion | Domestic straight bonds: ¥105.0 billion |
| Long-term loans | ¥129.1 billion |                                         |
| Total           | ¥234.1 billion |                                         |

#### 4. Changes in Results of Operations and Assets

(Billions of yen, except per share amount)

|                                         | 30th Fiscal Year<br>(April 2016 to<br>March 2017) | 31st Fiscal Year<br>(April 2017 to<br>March 2018) | 32nd Fiscal Year<br>(April 2018 to<br>March 2019) | 33rd Fiscal Year<br>(April 2019 to<br>March 2020) |
|-----------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------------|
| Operating revenues                      | 2,880.8                                           | 2,950.1                                           | 3,002.0                                           | 2,946.6                                           |
| Ordinary income                         | 412.3                                             | 439.9                                             | 443.2                                             | 339.5                                             |
| Profit attributable to owners of parent | 277.9                                             | 288.9                                             | 295.2                                             | 198.4                                             |
| Earnings per share                      | 713 yen                                           | 749 yen                                           | 773 yen                                           | 524 yen                                           |
| Total assets                            | 7,911.1                                           | 8,147.6                                           | 8,359.6                                           | 8,537.0                                           |
| Net assets                              | 2,675.3                                           | 2,884.5                                           | 3,094.3                                           | 3,173.4                                           |

#### 5. Major Businesses (As of March 31, 2020)

The Group is engaged in transportation business, retail & services business, real estate & hotels business and others.

##### (1) Transportation

We are engaged in passenger transportation services with a focus on railway operations. A summary of the railway operations of the Company is set forth below.

| Branch office          | Number of stations | Operating kilometers (Kilometers) |                  |         |
|------------------------|--------------------|-----------------------------------|------------------|---------|
|                        |                    | Conventional lines                | Shinkansen lines | Total   |
| Tokyo Branch Office    | 81                 | 177.5                             | 17.8             | 195.3   |
| Yokohama Branch Office | 109                | 327.9                             | -                | 327.9   |
| Hachioji Branch Office | 95                 | 287.1                             | -                | 287.1   |
| Omiya Branch Office    | 79                 | 313.0                             | 166.5            | 479.5   |
| Takasaki Branch Office | 90                 | 367.5                             | 165.5            | 533.0   |
| Mito Branch Office     | 113                | 469.8                             | -                | 469.8   |
| Chiba Branch Office    | 158                | 592.2                             | -                | 592.2   |
| Sendai Branch Office   | 290                | 1,122.6                           | 223.6            | 1,346.2 |
| Morioka Branch Office  | 193                | 789.8                             | 316.3            | 1,106.1 |
| Akita Branch Office    | 142                | 634.9                             | -                | 634.9   |
| Niigata Branch Office  | 193                | 776.7                             | 168.0            | 944.7   |
| Nagano Branch Office   | 114                | 348.5                             | 136.5            | 485.0   |
| Total                  | 1,657              | 6,207.5                           | 1,194.2          | 7,401.7 |

The number of units of rolling stock is 12,846 (11,925 electric railcars, 48 passenger railcars, 526 diesel railcars, 68 locomotives and 279 other rolling stock).



In relation to transportation business, we also operate travel agency services, cleaning services, station operations, facilities maintenance operations, railcar manufacturing operations, railcar maintenance operations, passenger bus transport services and monorail services.

(2) Retail & Services

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

(3) Real Estate & Hotels

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

(4) Others

We conduct IT & *Suica* businesses, which include credit card operations, and information processing, among others.

**6. Main Business Offices and Other Information (As of March 31, 2020)**

(1) The Company

Head Office: 2-2, Yoyogi 2-chome, Shibuya-ku, Tokyo

Organizations affiliated with Head Office:

Research & Development Center of JR East Group (Saitama)  
JR East General Education Center (Fukushima)  
JR Tokyo General Hospital  
JR East Health Promotion Center (Tokyo)  
Energy Management Center (Tokyo)  
Structural Engineering Center (Tokyo)

Organization to integrate Shinkansen operations

Shinkansen General Management Department (Tokyo)

Branch Offices, etc.:

Tokyo Branch Office, Yokohama Branch Office  
Hachioji Branch Office, Omiya Branch Office  
Takasaki Branch Office, Mito Branch Office  
Chiba Branch Office, Sendai Branch Office  
Morioka Branch Office, Akita Branch Office  
Niigata Branch Office, Nagano Branch Office  
Tokyo Construction Office  
Tokyo Electrical Construction & System Integration Office  
Tohoku Construction Office (Miyagi)  
Joshinetsu Construction Office (Gunma)

Yamagata Branch, Fukushima Branch, Aomori Branch

(2) Subsidiaries

Viewcard Co., Ltd. (Tokyo)  
 JR East Retail Net Co., Ltd. (Tokyo)  
 JR Bus Kanto Co., Ltd. (Tokyo)  
 Nippon Hotel Co., Ltd. (Tokyo)  
 Japan Transport Engineering Company (Kanagawa)  
 Tokyo Monorail Co., Ltd. (Tokyo)  
 LUMINE Co., Ltd. (Tokyo)  
 Sendai Terminal Building Co., Ltd. (Miyagi)  
 atré Co., Ltd. (Tokyo)  
 JR East Urban Development Corporation (Tokyo)  
 Nippon Restaurant Enterprise Co., Ltd. (Tokyo)  
 JR East Information Systems Company (Tokyo)  
 JR EAST TOUHOKU SOUGOU SERVICE COMPANY (Miyagi)  
 JR East Building Co., Ltd. (Tokyo)  
 East Japan Marketing & Communications, Inc. (Tokyo)  
 JR East Rail Car Technology & Maintenance Co., LTD. (Tokyo)  
 JR East Environment Access Co., Ltd. (Tokyo)  
 JR East Mechatronics Co., Ltd. (Tokyo)  
 JR East Station Service Co., Ltd. (Tokyo)  
 JR East Facility Management Co., Ltd. (Tokyo)

(Note)

Nippon Restaurant Enterprise Co., Ltd. changed its name to JR East Foods Co., Ltd. as of April 1, 2020.

**7. Employees (As of March 31, 2020)**

| Business segment     | Number of employees |          |
|----------------------|---------------------|----------|
| Transportation       | 57,582              | (14,343) |
| Retail & Services    | 5,599               | (9,511)  |
| Real Estate & Hotels | 4,492               | (1,753)  |
| Others               | 4,139               | (996)    |
| Total                | 71,812              | (26,603) |

(Notes)

1. “Number of employees” shows the number of persons at work (excluding those seconded to other companies and including those seconded from other companies for each of the Group companies). The number of temporary employees is shown in parentheses and is not included in “Number of employees.”
2. The number of temporary employees includes those re-employed after the age-limit retirement such as those designated as “elder employees” of the Company, but does not include dispatched employees and part-timers working for a short time.

3. “Number of employees” decreased by 590 (temporary employees decreased by 29) compared to as of March 31, 2019.

## 8. Principal Subsidiaries (As of March 31, 2020)

### (1) Principal Subsidiaries

| Name of subsidiary                                        | Stated capital<br>(Millions of<br>yen) | Percentage of<br>voting rights<br>held by the<br>Company (%) | Main business                                      |
|-----------------------------------------------------------|----------------------------------------|--------------------------------------------------------------|----------------------------------------------------|
| Viewcard Co., Ltd.                                        | 5,000                                  | 100.0                                                        | Credit card services                               |
| JR East Retail Net Co., Ltd.                              | 4,101                                  | 100.0                                                        | Retail sales                                       |
| JR Bus Kanto Co., Ltd.                                    | 4,000                                  | 100.0                                                        | Passenger bus transport<br>services                |
| Nippon Hotel Co., Ltd.                                    | 4,000                                  | 100.0                                                        | Hotel operations                                   |
| Japan Transport<br>Engineering Company                    | 3,100                                  | 100.0                                                        | Railcar manufacturing<br>operations                |
| Tokyo Monorail Co., Ltd.                                  | 3,000                                  | 79.0                                                         | Monorail transport services                        |
| LUMINE Co., Ltd.                                          | 2,375                                  | 95.1                                                         | Shopping center operations                         |
| Sendai Terminal Building<br>Co., Ltd.                     | 1,800                                  | 99.5<br>(2.9)                                                | Hotel operations and<br>shopping center operations |
| atré Co., Ltd.                                            | 1,630                                  | 92.1<br>(0.6)                                                | Shopping center operations                         |
| JR East Urban Development<br>Corporation                  | 1,450                                  | 100.0                                                        | Shopping center operations<br>and retail sales     |
| Nippon Restaurant<br>Enterprise Co., Ltd.                 | 730                                    | 100.0                                                        | Restaurant business and<br>retail sales            |
| JR East Information<br>Systems Company                    | 500                                    | 100.0                                                        | Information processing                             |
| JR EAST TOUHOKU<br>SOUGOU SERVICE<br>COMPANY              | 490                                    | 100.0                                                        | Retail sales and station<br>operations             |
| JR East Building Co., Ltd.                                | 480                                    | 100.0                                                        | Office building lease                              |
| East Japan Marketing &<br>Communications, Inc.            | 250                                    | 100.0                                                        | Advertising and publicity                          |
| JR East Rail Car<br>Technology &<br>Maintenance Co., LTD. | 200                                    | 100.0                                                        | Railcar maintenance<br>operations                  |
| JR East Environment<br>Access Co., Ltd.                   | 120                                    | 100.0                                                        | Cleaning services                                  |
| JR East Mechatronics Co.,<br>Ltd.                         | 100                                    | 100.0                                                        | Maintenance services and IC<br>card services       |
| JR East Station Service Co.,                              | 50                                     | 100.0                                                        | Station operations                                 |

Ltd.

|                                       |    |       |                      |
|---------------------------------------|----|-------|----------------------|
| JR East Facility Management Co., Ltd. | 50 | 100.0 | Building maintenance |
|---------------------------------------|----|-------|----------------------|

(Notes)

1. The percentage of voting rights in parentheses represents shares held indirectly by the Company and is included in the “Percentage of voting rights held by the Company.”

2. Nippon Restaurant Enterprise Co., Ltd. changed its name to JR East Foods Co., Ltd. as of April 1, 2020.

## (2) Progress in and Results of Group Activities During this Fiscal Year

As of March 31, 2020, the Company had 71 consolidated subsidiaries, including 20 principal subsidiaries described in (1) above, and six affiliated companies accounted for by the equity method. During this fiscal year, one company, JR East Service Creation Co., Ltd. was newly consolidated. Total Electric Management Service Co., Ltd. was added as an affiliated company accounted for by the equity method during this fiscal year.

Consolidated operating revenues for this fiscal year amounted to ¥2,946.6 billion, a decrease of 1.8% compared with the previous fiscal year. Profit attributable to owners of parent amounted to ¥198.4 billion, a decrease of 32.8% compared with the previous fiscal year.

## 9. Principal Lenders (As of March 31, 2020)

| Name of lender                               | Borrowings outstanding<br>(Millions of yen) |
|----------------------------------------------|---------------------------------------------|
| Mizuho Bank, Ltd.                            | 116,600                                     |
| MUFG Bank, Ltd.                              | 112,632                                     |
| Sumitomo Mitsui Banking Corporation          | 87,800                                      |
| Nippon Life Insurance Company                | 70,000                                      |
| Sumitomo Life Insurance Company              | 51,500                                      |
| The Dai-ichi Life Insurance Company, Limited | 35,000                                      |
| Meiji Yasuda Life Insurance Company          | 27,000                                      |
| The Norinchukin Bank                         | 19,000                                      |
| Shinkin Central Bank                         | 12,500                                      |

## II. ITEMS CONCERNING SHARES (As of March 31, 2020)

1. Total number of shares authorized to be issued by the Company  
1,600,000,000 shares

2. Total number of issued shares  
377,932,400 shares

(Notes)

1. The total number of issued shares includes 330,572 shares of treasury stock.

2. Due to cancellation of shares held as treasury stock carried out on August 5, 2019, the total number of issued shares was decreased by 3,889,800 shares compared to the end of previous fiscal year.

3. Total number of shareholders  
223,723 persons

4. Principal shareholders

| Name of shareholder                               | Number of shares held<br>(Shares) | Shareholding<br>percentage<br>(%) |
|---------------------------------------------------|-----------------------------------|-----------------------------------|
| The Master Trust Bank of Japan, Ltd. (as Trustee) | 25,796,500                        | 6.83                              |
| Japan Trustee Services Bank, Ltd. (as Trustee)    | 15,114,500                        | 4.00                              |
| Mizuho Bank, Ltd.                                 | 14,260,000                        | 3.78                              |
| The JR East Employees Shareholding Association    | 10,620,443                        | 2.81                              |
| MUFG Bank, Ltd.                                   | 8,925,000                         | 2.36                              |
| Nippon Life Insurance Company                     | 8,015,560                         | 2.12                              |
| The Dai-ichi Life Insurance Company, Limited      | 8,000,000                         | 2.12                              |
| Sumitomo Mitsui Banking Corporation               | 7,507,000                         | 1.99                              |
| JP MORGAN CHASE BANK 385151                       | 7,298,628                         | 1.93                              |
| Japan Trustee Services Bank, Ltd. (as Trustee 5)  | 7,168,100                         | 1.90                              |

(Note) The shareholding percentage is calculated based on the total number of issued shares excluding 330,572 shares of treasury stock.

### III. ITEMS CONCERNING DIRECTORS AND CORPORATE AUDITORS

#### 1. Directors and Corporate Auditors (As of March 31, 2020)

| Position and name                                     |                    | Duties or principal occupation and important concurrent positions at other entities                                                                                                                  |
|-------------------------------------------------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chairman                                              | Tetsuro Tomita     |                                                                                                                                                                                                      |
| Vice Chairman                                         | Masaki Ogata       | Technology and Overseas Related Affairs; Director of Tohoku Electric Power Co., Inc.                                                                                                                 |
| President and CEO<br>(Representative Director)        | Yuji Fukasawa      |                                                                                                                                                                                                      |
| Executive Vice President<br>(Representative Director) | Masahiko Nakai     | Assistant to President; Director General of International Affairs Headquarters; In charge of Shinagawa and Large-scale Developments                                                                  |
| Executive Vice President<br>(Representative Director) | Fumihisa Nishino   | Assistant to President                                                                                                                                                                               |
| Executive Vice President<br>(Representative Director) | Tadao Maekawa      | Assistant to President; Director General of Railway Operations Headquarters                                                                                                                          |
| Executive Director                                    | Tomomichi Ota      | Director General of Technology Innovation Headquarters; In charge of Transport Safety Department, Railway Operations Headquarters                                                                    |
| Executive Director                                    | Kenichiro Arai     | Director General of Life-style Business Development Headquarters; In charge of Customer Service Quality Reformation Department, Railway Operations Headquarters; In charge of Shinagawa Developments |
| Executive Director                                    | Ryoji Akaishi      | General Manager of Corporate & Legal Strategies Department; In charge of Inquiry & Audit Department; In charge of Public Relations Department; In charge of Finance Department                       |
| Executive Director                                    | Yoichi Kise        | Director General of Corporate Planning Headquarters; In charge of Work & Welfare Strategies Department; In charge of Regional Revitalization                                                         |
| Director                                              | Tomokazu Hamaguchi | Director of KURARAY CO., LTD.; Director of FPT CORPORATION                                                                                                                                           |
| Director                                              | Motoshige Itoh     | Professor of Gakushuin University, Faculty of International Social Sciences;                                                                                                                         |

|                             |                     |                                                                                                                                                           |
|-----------------------------|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
|                             |                     | Corporate Auditor of Hagoromo Foods Corporation; Director of The Shizuoka Bank, Ltd.; Director of Sumitomo Chemical Company, Limited                      |
| Director                    | Reiko Amano         | Auditor of National Institute for Environmental Studies; Auditor of Japan Atomic Energy Agency                                                            |
| Full-time Corporate Auditor | Keiji Takiguchi     |                                                                                                                                                           |
| Full-time Corporate Auditor | Takashi Kinoshita   |                                                                                                                                                           |
| Corporate Auditor           | Seishi Kanetsuki    |                                                                                                                                                           |
| Corporate Auditor           | Kimitaka Mori       | Certified public accountant; Director of Japan Exchange Group, Inc.; Corporate Auditor of MITSUI & CO., LTD.; Director of Sumitomo Life Insurance Company |
| Corporate Auditor           | Nobuyuki Hashiguchi |                                                                                                                                                           |

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(Notes)

1. Messrs. Tomokazu Hamaguchi and Motoshige Itoh and Ms. Reiko Amano, Directors, are outside directors. Messrs. Keiji Takiguchi and Takashi Kinoshita, Full-time Corporate Auditors, and Messrs. Seishi Kanetsuki and Kimitaka Mori, Corporate Auditors, are outside corporate auditors. The Company designates all of them as independent directors and corporate auditors as stipulated by stock exchanges.
2. Mr. Tomokazu Hamaguchi, Director, is also an outside director of KURARAY CO., LTD, and a director of FPT CORPORATION; there is no relationship that is required to be disclosed between either of these companies and the Company.
3. Mr. Motoshige Itoh, Director, is also an outside director of The Shizuoka Bank, Ltd. and Sumitomo Chemical Company, Limited, and an outside corporate auditor of Hagoromo Foods Corporation; there is no relationship that is required to be disclosed between either of these companies and the Company.
4. Ms. Reiko Amano retired as executive director of National Research Institute for Earth Science and Disaster Resilience as of March 31, 2019. Ms. Amano was appointed as an auditor of National Institute for Environmental Studies as of April 1, 2015 and as an auditor of Japan Atomic Energy Agency as of September 1, 2019.
5. Mr. Kimitaka Mori is a certified public accountant and has considerable knowledge of finance and accounting. Mr. Mori is also an outside director of Japan Exchange Group, Inc. and an outside corporate auditor of MITSUI & CO., LTD.; there is no relationship that is required to be disclosed between these companies and



the Company. Mr. Mori is also an outside director of Sumitomo Life Insurance Company, from which the Company borrows funds.

6. Mr. Osamu Kawanobe, Executive Vice President and Representative Director and Mr. Shigeru Matsuki, Executive Director retired at the conclusion of the 32nd Ordinary General Meeting of Shareholders held on June 21, 2019.

## 2. Overview of the Agreement on Limitation of Liability of Outside Directors and Outside Corporate Auditors

In accordance with the provisions of Article 427, Paragraph 1 of the Business Corporation Law, the Company has executed agreements with Directors who are not executive directors, etc. as defined under the Business Corporation Law and Corporate Auditors to limit their liability as provided in Article 423, Paragraph 1 of the Business Corporation Law. The maximum amount of such liability under each such agreement shall be the amount stipulated by law or regulation.

## 3. Remuneration of Directors and Corporate Auditors

| Title              | Number of persons | Amount of remuneration |
|--------------------|-------------------|------------------------|
| Directors          | 15                | ¥552 million           |
| Corporate Auditors | 8                 | ¥101 million           |
| Total              | 23                | ¥654 million           |

(Notes)

1. The maximum amount of remuneration to Directors was established to be ¥900 million per year (including ¥70 million to outside Directors) pursuant to a resolution adopted at the 29th Ordinary General Meeting of Shareholders held on June 23, 2016.

2. The amount of remuneration to Directors includes ¥64 million to be paid as performance-based remuneration for this fiscal year. The amount of performance-based remuneration to be paid to each Director was determined upon deliberation at the Remuneration Deliberation Committee.

3. The maximum amount of remuneration to Corporate Auditors was established to be ¥11 million per month pursuant to a resolution adopted at the 17th Ordinary General Meeting of Shareholders held on June 23, 2004.

4. The amount of remuneration includes the amount paid to two Directors and three Corporate Auditors retired at the conclusion of the 32nd Ordinary General Meeting of Shareholders held on June 21, 2019.

5. The amount of remuneration includes remuneration to nine outside Directors and outside Corporate Auditors, including the two persons retired at the conclusion of the 32nd Ordinary General Meeting of Shareholders held on June 21, 2019 (¥125 million).

#### 4. Principal Activities of Outside Directors and Outside Corporate Auditors

| Title            | Name               | Principal activities                                                                                                                                                                                                             |
|------------------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Outside Director | Tomokazu Hamaguchi | Attended all 16 meetings of the Board of Directors held during this fiscal year (attendance rate 100%) and spoke on the Company's management issues based on his broad experience as a top executive.                            |
| Outside Director | Motoshige Itoh     | Attended 14 meetings out of all 16 meetings of the Board of Directors held during this fiscal year (attendance rate 88%) and spoke on the Company's management issues based on his broad experience as an academic expert.       |
| Outside Director | Reiko Amano        | Attended all 16 meetings of the Board of Directors held during this fiscal year (attendance rate 100%) and spoke on the Company's management issues based on her broad experience in the private sector and other organizations. |

| Title                     | Name              | Principal activities                                                                                                                                                                                                                                                                                                                            |
|---------------------------|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Outside Corporate Auditor | Keiji Takiguchi   | Attended all 12 meetings of the Board of Directors held while in office during this fiscal year (attendance rate 100%) and all 10 meetings of the Board of Corporate Auditors held while in office during this fiscal year (attendance rate 100%) and spoke on the Company's management issues based on his broad experience in the government. |
| Outside Corporate Auditor | Takashi Kinoshita | Attended all 12 meetings of the Board of Directors held while in office during this fiscal year (attendance rate 100%) and all 10 meetings of the Board of Corporate Auditors held while in office during this fiscal year (attendance rate 100%) and spoke on the Company's management issues based on his broad experience in the government. |
| Outside Corporate Auditor | Seishi Kanetsuki  | Attended all 16 meetings of the Board of Directors held during this fiscal year (attendance rate 100%) and all 15 meetings of the Board of Corporate Auditors held during this fiscal year (attendance rate                                                                                                                                     |

100%) and spoke on the Company's management issues based on his broad experience as a judge.

|                           |               |                                                                                                                                                                                                                                                                                                                                |
|---------------------------|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Outside Corporate Auditor | Kimitaka Mori | Attended all 16 meetings of the Board of Directors held during this fiscal year (attendance rate 100%) and all 15 meetings of the Board of Corporate Auditors held during this fiscal year (attendance rate 100%) and spoke on the Company's management issues based on his broad experience as a certified public accountant. |
|---------------------------|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

#### **IV. STATUS OF THE ACCOUNTING AUDITOR**

##### **1. Name of the Accounting Auditor**

KPMG AZSA LLC

##### **2. Amount of Remuneration to the Accounting Auditor for this Fiscal Year**

- (1) Total amount to be paid by the Company as remuneration to the accounting auditor: ¥255 million
- (2) Total amount of cash and other monetary benefits to be paid by the Company and subsidiaries: ¥745 million

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(Notes)

1. The amount in (1) above includes remuneration for audits conducted under the Financial Instruments and Exchange Law, since no classification is provided in the audit agreement between the Company and the accounting auditor with respect to remuneration for audits conducted under the Business Corporation Law and audits conducted under the Financial Instruments and Exchange Law, and it is practically impossible to separate the two types of payment.
2. The Board of Corporate Auditors of the Company verifies the audit plan of the accounting auditor, its performance of duties and basis for calculation of estimate of remuneration, and agrees on remuneration to the accounting auditor.

##### **3. Description of Non-Accounting Services**

The Company paid to the accounting auditor compensation for advisory services relating to internal controls concerning IT system introduction and preparation of comfort letters which are outside the scope of services provided in Article 2, Paragraph 1 of the Certified Public Accountants Law.

#### **4. Policy on Dismissal or Non-Reappointment of Accounting Auditors**

The Board of Corporate Auditors of the Company will determine an agenda to dismiss or not to reappoint an accounting auditor to be proposed to the General Meeting of Shareholders when it is deemed appropriate, such as when an accounting auditor does not fully perform its duties or its social credibility is significantly impaired.

Also, the Board of Corporate Auditors of the Company will, upon unanimous approval of Corporate Auditors, dismiss an accounting auditor when it is deemed to fall under any of the items of Article 340, Paragraph 1 of the Business Corporation Law. In such case, a Corporate Auditor selected by the Board of Corporate Auditors will report the dismissal of an accounting auditor and the reason of such dismissal at the first General Meeting of Shareholders held after such dismissal.

#### **V. INTERNAL CONTROL SYSTEMS AND STATUS OF OPERATION**

(Internal Control Systems)

1. Systems to ensure that Directors and employees of the JR East Group perform their duties in accordance with relevant laws and regulations as well as with the Articles of Incorporation

- To promote rigorous legal compliance and high corporate ethics standards, the Company and its consolidated subsidiaries (hereinafter Group companies) have drafted “Policy on Legal and Regulatory Compliance and Corporate Ethics”, which serve as corporate action guidelines for the JR East Group, and implement corporate actions in line with such guidelines such as distributing handbooks that explain conduct standards in concrete terms to each corporate officer and employee of the Company and Group companies.

- The Company’s Corporate & Legal Strategies Department handle overall control over horizontally integrated compliance matters throughout the Company, and liaise with legal and administration departments of the Group companies to ensure compliance in the JR East Group.

- Units to provide compliance-related advice and receive whistle-blower reports and other reports related to compliance issues as affecting the JR East Group have been established inside and outside the Company. The Company and Group companies maintain the confidentiality of whistle-blowers and matters reported, and prohibit unfavorable treatment on the basis of any such report.

- The Company has established an internal audit system to ensure the appropriateness and efficiency of operational execution. In addition, to ensure that all operations throughout the JR East Group are appropriate, the Company participates in the management of Group companies by seconding directors to those companies and by other means. In addition, the Company’s Inquiry & Audit Department performs audits of Group companies at regular intervals.

2. Preservation and administration systems for information related to Directors' performance of their duties
  - The Company appropriately preserves and administers documents related to Directors' performance of their duties in accordance with relevant laws and internal regulations. Directors can view these documents whenever necessary.
3. Risk management rules and systems of the JR East Group
  - With regard to the risk of a significant adverse influence on corporate operations due to changes in the internal and external management environment, such incidents as external offenses or internal scandals and legal violations in the Company and the Group companies, each unit of the Company manages its own risk and the risk of the Group companies which it supervises. In addition, the Company has established a Crisis Management Headquarters as well as crisis management-related internal regulations, so that in the event of a problem, a preliminary task force may be immediately established with the participation of top management and may gather relevant information and rapidly implement countermeasures. In addition, the Company instructs Group companies to establish similar risk management systems and report incidents as necessary to the Company.
  - The Company has established systems to ensure rapid and appropriate responses in the event of an accident or disaster in railway operations and to improve safety and reliability of transportation.
  - To ensure effectiveness of risk management, the Board of Directors of the Company monitors its status and policies periodically.
4. Systems for promoting efficient performance of duties by directors and other employees in the JR East Group and systems for reporting performance of duties from Group companies to the Company
  - To promote efficiency in the Company's operations, internal regulations have been established that allocate authority by clearly defining the authority and roles of each unit.
  - To promote the group management vision, and to attain the vision's objectives, the Company and Group companies have established action programs for each organizational unit and project. Progress in action program implementation is periodically evaluated as a means of promoting the efficient implementation of strategic measures. In addition, Group companies regularly report to the Company material information, including business results and financial conditions.
5. Items related to employees who assist Corporate Auditors in the performance of their duties
  - Specialized staff are assigned to the Corporate Auditors Office to assist Corporate Auditors in the performance of their duties. This is a system designed to increase the efficiency of audits and enable audits to be performed smoothly.

6. Independence from Directors of employees who assist Corporate Auditors in the performance of their duties and effectiveness of instructions to such employees
  - The staff of the Corporate Auditors Office, with regard to instructions from the Corporate Auditors, are not subject to orders from Directors or other employees.
7. Systems in the JR East Group for reports to Corporate Auditors of the Company
  - The Company has established standards for matters to be resolved at the Board of Directors meeting based on the Regulations of the Board of Directors and appropriately submits such matters for resolution. The contents of important items other than those to be resolved by the Board of Directors may also be confirmed by Corporate Auditors at meetings of the Board of Directors, and meetings of the Executive Committee, by hearing from Directors and employees and by reviewing documents concerning performance of duties by Directors.
  - The Company's Corporate Auditors hold informational meetings regularly with corporate auditors of Group companies to share information concerning audit.
  - The Company reports regularly to the Company's Corporate Auditors on whistle-blower reports and other matters related to compliance issues of the JR East Group, as well as results of Group company audits conducted by the Company's Inquiry & Audit Department.
  - The Company prohibits unfavorable treatment of any person who reports to Corporate Auditors based on any such report.
8. Policies on payment of expenses arising from performance of duties of Corporate Auditors
  - When the Company's Corporate Auditor requests advanced payment of expenses arising from performance of their duties, the Company shall pay such expense unless the Company establishes that such expense or liability is unnecessary for such performance of duties by such Corporate Auditor.
9. Other systems for promoting the effective performance of Corporate Auditors' audits
  - The Corporate Auditors hold meetings regularly with the President and CEO and the accounting auditor to exchange information and opinions.

(Note) These systems were partially changed pursuant to the resolution of the meeting of the Board of Directors held on April 25, 2019 in order to establish more effective internal control systems.

#### (Outline of Status of Operation of Internal Control Systems)

In July 2018, the Group established a new management vision, the JR East Group Management Vision "Move Up" 2027. Under "Move Up" 2027, the Group aims to gain greater trust from local community members and customers and to achieve, as a corporate group, sustainable growth by implementing ESG management, and will continue to aim for

ultimate safety levels, ensure compliance and promote risk management in response to the changes in the environment inside and outside the Company such as intensified natural disasters and spread of infectious diseases.

## 1. Compliance effort

- The Group established corporate action guidelines titled “Policy on Legal and Regulatory Compliance and Corporate Ethics”, distributed a “Compliance Action Plan Handbook” to officers and employees of the Company and Group companies in order to increase the effectiveness of such guidelines, and implemented compliance training to raise awareness.

- Moreover, units to provide compliance-related advice and receive reports have been established inside and outside the Company, which accept consultation and reports from officers, employees and business partners of the Company and Group companies, conduct necessary investigation and take corrective action in accordance with rules for handling whistle-blowing reports, and respond to any whistle-blower. The Company also informs officers and employees of the Company and Group companies to refrain from unfavorable treatment of whistle-blowers for their consultation or report.

- The Company receives reports on the results of tracing the Internal Control Systems conducted by Group companies, and confirms the status of operation and provides guidance.

- In addition, in order to thoroughly exclude antisocial forces, the Group provides in its agreement guidelines to include a provision concerning “exclusion of antisocial forces” in various agreements, and when the counterparty turns out to be antisocial forces, the Group has established systems to take immediate action including prompt cancellation of agreements.

- The Company has an audit system with specialized staff assigned to the Corporate Auditors Office to ensure legal and efficient performance of operation. Internal audit is performed for each unit approximately once a year, and an audit is performed for all Group companies approximately once in three years.

- In order for the Company to participate in the management of Group companies, the Company’s officers and employees are seconded to Group companies as directors, and such persons attend the meetings of the board of directors of the Group companies to give opinions.

## 2. Risk management effort

- The Company sets forth basic items concerning risk management in its Crisis Management Headquarters Guidelines. In the event of a problem, the top management will, in accordance with such guidelines, participate in the immediate establishment of a preliminary task force and designate roles of relevant departments.

- The Company instructs the Group companies to have organizations for risk management and that immediate reporting be made in the event of a problem, and have thereby established the risk management system for the Group.
- In response to the global spread of COVID-19, the Company has established a COVID-19 task force led by the President and CEO to collect and share information on responses within the Group, and is taking appropriate actions including by providing instructions to prevent the spread of COVID-19 among our passengers and employees in light of government direction.
- The Company periodically identifies business operation risks based on the importance of the business and the extent of the impact if the risk materializes. In addition, the Company reinforced its management against the risks which may significantly affect Group management, and reports the progress to the Board of Directors. Also the Company confirmed the effectiveness of internal control functions concerning risk management through internal audit and other various methods.
- The Company will establish plans to minimize damages arising from unforeseen circumstances such as intensified natural disasters and the spread of COVID-19 and to continue and achieve recovery of business, and review such plans as necessary to increase their effectiveness.
- The Company focuses on safety as its top management priority, and under the “Group Safety Plan 2023” established in November 2018 pursues ultimate safety levels based on the “safety conduct” by each employee. Specifically, the Company has established a Transportation Operation Center that operates 24 hours a day and has the task of ensuring rapid and appropriate responses in the event of an accident or disaster in railway operations. The Company has also established specialized internal committees focused on maintaining safety and on improving reliability, to prevent material accidents and incidents and their recurrence.

### 3. Efforts to promote efficient performance of duties

- The Company’s Board of Directors holds its meetings once a month as a general rule to resolve on matters as provided for by laws and regulations and other important matters relating to the execution of business.
- The Company’s executive committee is composed of executive directors and other members as specified by the Board of Directors, and holds its meetings once a week as a general rule to discuss matters to be resolved at the meeting of the Board of Directors and other important matters essential to business.
- For the execution of its business, the Company clarifies the division of duties and administrative authority of each of the departments by means of organizational and other regulations.
- Moreover, a Group company presents quarterly reports of business results and financial conditions to the Company. The Group company also reports on the



progress made in meeting management goals and overcoming challenges, and exchange views at meetings organized by the Company's department in charge.

4. Efforts to ensure effective audits by Corporate Auditors

- The Company has systems to enable audits by Corporate Auditors to be performed smoothly by assigning approximately 10 specialized staff members independent from Directors to assist Corporate Auditors.

- The Company's Corporate Auditors audit, in accordance with its policies, the Directors' performance of their duties by attending important meetings such as meetings of the Board of Directors and Board of Executive Directors, and hold informal meetings regularly with the Company's Representative Directors and the accounting auditor to exchange information and opinions. In addition, the Corporate Auditors receive reports from the Company's Inquiry & Audit Department approximately once every month.

- The Company reports to Corporate Auditors on issues concerning whistle-blower reports and compliance within the Group (approximately twice a year), results of the audit of Group companies performed by the Company's Inquiry & Audit Department (approximately once a month), and reports on important issues any time as needed.

- Further, the Corporate Auditors hold informational meetings with corporate auditors of Group companies twice a year to share information concerning audit, and hold meetings with representative directors of principal subsidiaries (once a year) and other group companies (approximately once in three years) to share information and facilitate communications.

\* \* \* \* \*

All yen amounts given in this report are shown by rounding down any amounts less than the units shown.

## CONSOLIDATED BALANCE SHEET

(As of March 31, 2020)

*(Millions of yen)*

### Assets

#### Current Assets:

|                                       |          |
|---------------------------------------|----------|
| Cash and time deposits                | ¥153,967 |
| Notes and accounts receivable - trade | 516,388  |
| Fares receivable                      | 59,267   |
| Real estate for sale                  | 1,875    |
| Inventories                           | 69,652   |
| Other                                 | 58,410   |
| Allowance for doubtful accounts       | (1,936)  |
| Total current assets                  | 857,624  |

#### Fixed Assets:

##### Property, plant and equipment, net of accumulated depreciation

|                                                                      |           |
|----------------------------------------------------------------------|-----------|
| Buildings and fixtures                                               | 3,592,627 |
| Machinery, rolling stock and vehicles                                | 753,979   |
| Land                                                                 | 2,121,843 |
| Construction in progress                                             | 412,753   |
| Other                                                                | 80,830    |
| Total property, plant and equipment, net of accumulated depreciation | 6,962,034 |

|                   |         |
|-------------------|---------|
| Intangible assets | 124,280 |
|-------------------|---------|

#### Investments and other assets:

|                                    |            |
|------------------------------------|------------|
| Investments in securities          | 295,469    |
| Long-term loans receivable         | 1,478      |
| Deferred tax assets                | 217,781    |
| Net defined benefit assets         | 225        |
| Other                              | 78,913     |
| Allowance for doubtful accounts    | (747)      |
| Total investments and other assets | 593,120    |
| Total fixed assets                 | 7,679,435  |
| Total Assets                       | ¥8,537,059 |

| <b>Liabilities</b>                                                                   | <i>(Millions of yen)</i> |
|--------------------------------------------------------------------------------------|--------------------------|
| Current Liabilities:                                                                 |                          |
| Notes and accounts payable-trade                                                     | ¥47,981                  |
| Short-term loans and current portion of long-term loans                              | 115,293                  |
| Current portion of bonds                                                             | 120,000                  |
| Current portion of long-term liabilities incurred for purchase of railway facilities | 4,307                    |
| Payables                                                                             | 551,696                  |
| Accrued consumption taxes                                                            | 6,832                    |
| Accrued income taxes                                                                 | 32,251                   |
| Fare deposits received with regard to railway connecting services                    | 24,665                   |
| Prepaid railway fares received                                                       | 96,780                   |
| Allowance for bonuses to employees                                                   | 75,869                   |
| Allowance for disaster-damage losses                                                 | 10,837                   |
| Other                                                                                | 462,720                  |
| Total current liabilities                                                            | 1,549,236                |
| Long-term Liabilities:                                                               |                          |
| Bonds                                                                                | 1,590,249                |
| Long-term loans                                                                      | 1,010,492                |
| Long-term liabilities incurred for purchase of railway facilities                    | 323,404                  |
| Deferred tax liabilities                                                             | 4,830                    |
| Provision for large-scale renovation of Shinkansen infrastructure                    | 96,000                   |
| Allowance for disaster-damage losses                                                 | 3,811                    |
| Allowance for partial transfer costs of railway operation                            | 1,759                    |
| Net defined benefit liabilities                                                      | 512,063                  |
| Other                                                                                | 271,784                  |
| Total long-term liabilities                                                          | 3,814,395                |
| Total Liabilities                                                                    | ¥5,363,632               |
| <b>Net Assets</b>                                                                    |                          |
| Shareholders' Equity:                                                                |                          |
| Common stock                                                                         | ¥200,000                 |
| Capital surplus                                                                      | 96,796                   |
| Retained earnings                                                                    | 2,809,369                |
| Treasury stock, at cost                                                              | (5,546)                  |
| Total Shareholders' Equity                                                           | 3,100,618                |
| Accumulated Other Comprehensive Income:                                              |                          |
| Net unrealized holding gains (losses) on securities                                  | 32,975                   |
| Net deferred gains (losses) on derivatives under hedge accounting                    | 2,405                    |
| Revaluation reserve for land                                                         | (418)                    |
| Foreign currency translation adjustments                                             | (15)                     |
| Remeasurements of defined benefit plans                                              | 10,629                   |
| Total Accumulated Other Comprehensive Income                                         | 45,577                   |
| Non-Controlling Interests                                                            | 27,231                   |
| Total Net Assets                                                                     | 3,173,427                |
| Total Liabilities and Total Net Assets                                               | ¥8,537,059               |

(Note) Amounts less than one million yen are omitted.

# **CONSOLIDATED STATEMENT OF INCOME**

(Year ended March 31, 2020)

(Millions of yen)

|                                                    |                  |
|----------------------------------------------------|------------------|
| Operating revenues                                 | ¥2,946,639       |
| Operating expenses:                                |                  |
| Transportation, other services and cost of sales   | 1,933,703        |
| Selling, general and administrative expenses       | 632,094          |
| Total operating expenses                           | <u>2,565,797</u> |
| Operating income                                   | <u>380,841</u>   |
| Non-operating income:                              |                  |
| Interest income                                    | 47               |
| Dividend income                                    | 6,103            |
| Equity in net income of affiliated companies       | 5,614            |
| Other                                              | 12,145           |
| Total non-operating income                         | <u>23,911</u>    |
| Non-operating expenses:                            |                  |
| Interest expense                                   | 60,785           |
| Other                                              | 4,441            |
| Total non-operating expenses                       | <u>65,227</u>    |
| Ordinary income                                    | <u>339,525</u>   |
| Extraordinary gains:                               |                  |
| Gains on sales of fixed assets                     | 7,295            |
| Construction grants received                       | 45,659           |
| Other                                              | 11,330           |
| Total extraordinary gains                          | <u>64,286</u>    |
| Extraordinary losses:                              |                  |
| Losses on reduction entry for construction grants  | 39,771           |
| Disaster-damage losses                             | 19,323           |
| Provision for allowance for disaster-damage losses | 12,458           |
| Other                                              | 48,083           |
| Total extraordinary losses                         | <u>119,636</u>   |
| Income before income taxes                         | <u>284,174</u>   |
| Income taxes-current                               | 83,721           |
| Income taxes-deferred                              | 1,964            |
|                                                    | <u>85,686</u>    |
| Profit                                             | 198,488          |
| Profit attributable to non-controlling interests   | 59               |
| Profit attributable to owners of parent            | <u>¥198,428</u>  |

(Note) Amounts less than one million yen are omitted.

## NON-CONSOLIDATED BALANCE SHEET

(As of March 31, 2020)

(Millions of yen)

### Assets

#### Current Assets:

|                                 |          |
|---------------------------------|----------|
| Cash and time deposits          | ¥123,858 |
| Fares receivable                | 297,027  |
| Accounts receivable-trade       | 97,006   |
| Short-term loans receivable     | 81,901   |
| Real estate for sale            | 264      |
| Inventories                     | 24,972   |
| Prepaid expenses                | 6,662    |
| Other                           | 9,657    |
| Allowance for doubtful accounts | (54)     |
| Total current assets            | 641,296  |

#### Fixed Assets:

|                                                 |            |
|-------------------------------------------------|------------|
| Fixed assets for railway operations             | 5,053,214  |
| Fixed assets for other operations               | 756,141    |
| Fixed assets relating to both operations        | 296,765    |
| Construction in progress                        | 366,948    |
| Investments and other assets:                   |            |
| Investments in securities                       | 181,384    |
| Stocks of subsidiaries and affiliated companies | 212,317    |
| Long-term loans receivable                      | 106,607    |
| Long-term prepaid expenses                      | 41,174     |
| Deferred tax assets                             | 172,797    |
| Other investments and other assets              | 11,925     |
| Allowance for doubtful accounts                 | (159)      |
| Total investments and other assets              | 726,048    |
| Total fixed assets                              | 7,199,119  |
| Total Assets                                    | ¥7,840,416 |

| <b>Liabilities</b>                                                                   |  | (Millions of yen) |
|--------------------------------------------------------------------------------------|--|-------------------|
| <b>Current Liabilities:</b>                                                          |  |                   |
| Short-term loans                                                                     |  | ¥258,920          |
| Current portion of bonds                                                             |  | 120,000           |
| Current portion of long-term loans                                                   |  | 115,263           |
| Current portion of long-term liabilities incurred for purchase of railway facilities |  | 4,217             |
| Lease obligation                                                                     |  | 13,411            |
| Payables                                                                             |  | 528,287           |
| Accrued expenses                                                                     |  | 32,810            |
| Accrued income taxes                                                                 |  | 15,240            |
| Fare deposits received with regard to railway connecting services                    |  | 25,053            |
| Deposits received                                                                    |  | 28,081            |
| Prepaid railway fares received                                                       |  | 96,307            |
| Advances received                                                                    |  | 114,105           |
| Allowance for bonuses to employees                                                   |  | 57,370            |
| Allowance for disaster-damage losses                                                 |  | 10,837            |
| Allowance for environmental conservation costs                                       |  | 825               |
| Allowance for point card certificates                                                |  | 32,056            |
| Asset retirement obligations                                                         |  | 834               |
| Other                                                                                |  | 163,889           |
| Total current liabilities                                                            |  | <u>1,617,511</u>  |
| <b>Long-term Liabilities:</b>                                                        |  |                   |
| Bonds                                                                                |  | 1,590,249         |
| Long-term loans                                                                      |  | 1,051,888         |
| Long-term liabilities incurred for purchase of railway facilities                    |  | 322,911           |
| Lease obligation                                                                     |  | 28,152            |
| Provision for large-scale renovation of Shinkansen infrastructure                    |  | 96,000            |
| Employees' severance and retirement benefits                                         |  | 472,088           |
| Allowance for disaster-damage losses                                                 |  | 3,811             |
| Allowance for environmental conservation costs                                       |  | 13,801            |
| Allowance for partial transfer costs of railway operation                            |  | 1,759             |
| Asset retirement obligations                                                         |  | 8,456             |
| Other                                                                                |  | 82,438            |
| Total long-term liabilities                                                          |  | <u>3,671,558</u>  |
| Total Liabilities                                                                    |  | <u>¥5,289,070</u> |

**Net Assets**

## Shareholders' Equity:

|              |          |
|--------------|----------|
| Common stock | ¥200,000 |
|--------------|----------|

## Capital surplus:

|                            |        |
|----------------------------|--------|
| Additional paid-in capital | 96,600 |
|----------------------------|--------|

|                       |        |
|-----------------------|--------|
| Total capital surplus | 96,600 |
|-----------------------|--------|

## Retained earnings:

|               |        |
|---------------|--------|
| Legal reserve | 22,173 |
|---------------|--------|

## Other retained earnings:

|                                  |       |
|----------------------------------|-------|
| Reserve for special depreciation | 1,427 |
|----------------------------------|-------|

|                                                          |    |
|----------------------------------------------------------|----|
| Reserve for investment losses on developing new business | 83 |
|----------------------------------------------------------|----|

|                                           |        |
|-------------------------------------------|--------|
| Reserve for deferred gain of fixed assets | 57,982 |
|-------------------------------------------|--------|

|                 |           |
|-----------------|-----------|
| General reserve | 1,720,000 |
|-----------------|-----------|

|                                   |         |
|-----------------------------------|---------|
| Retained earnings carried forward | 426,797 |
|-----------------------------------|---------|

|                               |           |
|-------------------------------|-----------|
| Total other retained earnings | 2,206,291 |
|-------------------------------|-----------|

|                         |           |
|-------------------------|-----------|
| Total retained earnings | 2,228,465 |
|-------------------------|-----------|

|                         |         |
|-------------------------|---------|
| Treasury stock, at cost | (3,409) |
|-------------------------|---------|

|                            |           |
|----------------------------|-----------|
| Total Shareholders' Equity | 2,521,656 |
|----------------------------|-----------|

## Valuation and Translation Adjustment:

|                                                     |        |
|-----------------------------------------------------|--------|
| Net unrealized holding gains (losses) on securities | 27,292 |
|-----------------------------------------------------|--------|

|                                                                   |       |
|-------------------------------------------------------------------|-------|
| Net deferred gains (losses) on derivatives under hedge accounting | 2,397 |
|-------------------------------------------------------------------|-------|

|                                            |        |
|--------------------------------------------|--------|
| Total Valuation and Translation Adjustment | 29,689 |
|--------------------------------------------|--------|

|                  |           |
|------------------|-----------|
| Total Net Assets | 2,551,346 |
|------------------|-----------|

|                                        |            |
|----------------------------------------|------------|
| Total Liabilities and Total Net Assets | ¥7,840,416 |
|----------------------------------------|------------|

(Note) Amounts less than one million yen are omitted.

# NON-CONSOLIDATED STATEMENT OF INCOME

(Year ended March 31, 2020)

(Millions of yen)

|                                                    |            |
|----------------------------------------------------|------------|
| Railway operations:                                |            |
| Operating revenues                                 | ¥1,969,273 |
| Operating expenses                                 | 1,715,178  |
| Operating income                                   | 254,095    |
| Other operations:                                  |            |
| Operating revenues                                 | 91,804     |
| Operating expenses                                 | 51,822     |
| Operating income                                   | 39,981     |
| Total operating income                             | 294,077    |
| Non-operating income:                              |            |
| Interest income                                    | 728        |
| Dividend income                                    | 21,022     |
| Other                                              | 9,885      |
| Total non-operating income                         | 31,635     |
| Non-operating expenses:                            |            |
| Interest expense                                   | 34,665     |
| Interest on bonds                                  | 27,658     |
| Other                                              | 3,253      |
| Total non-operating expenses                       | 65,576     |
| Ordinary income                                    | 260,136    |
| Extraordinary gains:                               |            |
| Construction grants received                       | 45,235     |
| Other                                              | 15,592     |
| Total extraordinary gains                          | 60,827     |
| Extraordinary losses:                              |            |
| Losses on reduction entry for construction grants  | 39,471     |
| Environmental conservation costs                   | 11,191     |
| Disaster-damage losses                             | 19,304     |
| Provision for allowance for disaster-damage losses | 12,458     |
| Other                                              | 21,106     |
| Total extraordinary losses                         | 103,532    |
| Income before income taxes                         | 217,431    |
| Income taxes-current                               | 53,624     |
| Income taxes-deferred                              | 4,753      |
|                                                    | 58,378     |
| Profit                                             | ¥159,053   |

(Note) Amounts less than one million yen are omitted.



**Copy of Audit Report of the Accounting Auditor concerning  
Consolidated Financial Statements**

[English Translation of the Independent Auditor's Report  
Originally Issued in the Japanese Language]

Independent Auditor's Report

May 13, 2020

The Board of Directors  
East Japan Railway Company

KPMG AZSA LLC  
Tokyo Office, Japan  
  
Takuji Kanai (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant  
  
Hideki Yoshida (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant  
  
Koji Arai (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

**Opinion**

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of East Japan Railway Company ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2020 and for the year from April 1, 2019 to March 31, 2020 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Corporate auditors and the board of corporate auditors for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to

continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

#### **Note to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the convenience of the reader.

**Copy of Audit Report of the Accounting Auditor concerning  
Non-Consolidated Financial Statements**

[English Translation of the Independent Auditor's Report  
Originally Issued in the Japanese Language]

Independent Auditor's Report

May 13, 2020

The Board of Directors  
East Japan Railway Company

KPMG AZSA LLC  
Tokyo Office, Japan  
  
Takuji Kanai (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant  
  
Hideki Yoshida (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant  
  
Koji Arai (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

**Opinion**

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of East Japan Railway Company ("the Company") as at March 31, 2020 and for the year from April 1, 2019 to March 31, 2020 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and Others* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit

evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and Others**

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements and Others**

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

#### **Note to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the convenience of the reader.

## **Copy of Audit Report of the Board of Corporate Auditors**

[English Translation of the Audit Report of the Board of Corporate Auditors  
Originally Issued in the Japanese Language]

### **Audit Report**

Regarding the performance of duties by Directors for the 33rd fiscal year from April 1, 2019 to March 31, 2020, the Board of Corporate Auditors hereby submits its audit report as a collective opinion of all Corporate Auditors, which has been prepared through discussions based on the audit reports prepared by the respective Corporate Auditors, as follows:

#### **1. Methods and Contents of Audit by Corporate Auditors and the Board of Corporate Auditors**

(1) The Board of Corporate Auditors determined, among other things, the auditing policies for this fiscal year and work responsibilities; received reports regarding the status of execution of audit and its results from each Corporate Auditor; received reports from Directors, other relevant employees and accounting auditors concerning the performance of their duties; and, when necessary, requested them to provide explanations.

(2) In accordance with the Corporate Auditors' auditing standards specified by the Board of Corporate Auditors and in conformity with auditing policies for this fiscal year and work responsibilities, each Corporate Auditor ensured to communicate effectively with Directors, employees in the internal audit division and other relevant employees; made efforts to collect necessary information and improve auditing environment, and conducted audit in the following methods.

(a) The Corporate Auditors attended the meetings of the Board of Directors and other important meetings; received reports from Directors, employees in the internal audit division and other relevant employees regarding the performance of their duties; requested them to provide explanations when necessary; examined important approval documents and associated information; and studied the operations and financial conditions at the head office as well as other principal offices. As for the subsidiaries, the Corporate Auditors ensured to communicate effectively with directors, corporate auditors and other personnel of subsidiaries and to exchange information therewith, and, when necessary, received reports from the subsidiaries regarding their business.

(b) The Corporate Auditors monitored and verified the contents of resolutions of the Board of Directors regarding the implementation of systems required to be implemented to ensure the proper operations of corporate groups consisting of corporations and their subsidiaries under Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Business Corporation Law including a system to ensure that the performance of duties by Directors is in compliance with the laws, regulations and the Articles of Incorporation, and the status of the system (internal control system) implemented according to such resolutions.

(c) The Corporate Auditors monitored and verified whether the accounting auditors were maintaining their independence and properly performing audits; received reports from the accounting auditors on the performance of their duties; and, when necessary, requested them to provide explanations. The Corporate Auditors also received from the accounting auditors a notice confirming that “the system to ensure proper performance of duties” (matters stipulated in each Item of Article 131 of Corporate Accounting Regulations) was properly implemented according to the “Standards on Quality Control for Audit” (October 28, 2005, Business Accounting Council) and other relevant standards, and, when necessary, requested them to provide explanations.

Based on the aforementioned methods, the Corporate Auditors examined the business report and its supporting schedules, the financial statements (balance sheet, the statement of income, the statement of changes in net assets and the related notes) and their supporting schedules, and the consolidated financial statements (consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes) for this fiscal year.

## 2. Audit Results

### (1) Audit results concerning business report, etc.

(a) In our opinion, the business report and supporting schedules fairly represent the Company’s condition in accordance with the related laws and regulations, and the Articles of Incorporation.

(b) With regard to the performance of duties by the Directors, we have found no evidence of wrongful action or material violation of related laws and regulations, nor of the Articles of Incorporation.

(c) In our opinion, resolutions of the meetings of the Board of Directors regarding the internal control system are fair and reasonable. Furthermore, we have found no matters to remark regarding the description in the business report and the performance of duties by Directors in relation to the internal control system.

### (2) Audit results concerning financial statements and supporting schedules

In our opinion, the methods and results employed and rendered by the accounting auditors, KPMG AZSA LLC, are fair and reasonable.

### (3) Audit results concerning consolidated financial statements

In our opinion, the methods and results employed and rendered by the accounting auditors, KPMG AZSA LLC, are fair and reasonable.

May 18, 2020



Board of Corporate Auditors  
East Japan Railway Company

|                             |                            |
|-----------------------------|----------------------------|
| Full-time Corporate Auditor | Keiji Takiguchi [seal]     |
| Full-time Corporate Auditor | Takashi Kinoshita [seal]   |
| Corporate Auditor           | Seishi Kanetsuki [seal]    |
| Corporate Auditor           | Kimitaka Mori [seal]       |
| Corporate Auditor           | Nobuyuki Hashiguchi [seal] |

(Note)

Messrs. Keiji Takiguchi, Takashi Kinoshita, Seishi Kanetsuki, Kimitaka Mori and Nobuyuki Hashiguchi, Corporate Auditors, are outside corporate auditors as prescribed in Article 2, Item 16 of the Business Corporation Law.