FINANCIAL DATA 2025

For the Year Ended March 31, 2025

CONTENTS

Consolidated Balance Sheets

East Japan Railway Company and Subsidiaries
March 31, 2024 and 2025

	Millions of Yen 2024	Millions of Yen 2025	Millions of U.S. Dollars (Note 2 (1)) 2025
Assets			
Current Assets:			
Cash and cash equivalents (Notes 6, 10 and 12)	¥ 280,811	¥ 233,473	$ 1,556
Receivables (Note 10):			
Accounts receivable–trade	692,498	740,311	4,935
Contract assets (Note 24)	2,421	9,928	66
Unconsolidated subsidiaries and affiliated companies	13,729	15,535	104
Other	7,016	5,846	39
Allowance for doubtful accounts (Note 2 (4))	(2,575)	(2,705)	(18)
	713,089	768,915	5,126
Inventories (Notes 2 (5) and 7)	100,311	115,252	768
Real estate for sale (Notes 2 (6) and 8)	38,076	68,597	457
Other current assets	59,645	63,797	427
Total current assets	1,191,932	1,250,034	8,334
Investments:			
Unconsolidated subsidiaries and affiliated companies (Notes 2 (2), (3) and 9)	164,516	184,289	1,229
Other (Notes 2 (7), 10 and 11)	302,612	324,630	2,164
	467,128	508,919	3,393
Property, Plant and Equipment (Notes 2 (8), (11), (16), 8, 12 and 23):			
Buildings	3,347,263	3,592,297	23,949
Structures	6,706,324	6,803,158	45,354
Machinery, rolling stock and vehicles	3,101,977	3,175,576	21,171
Land	2,232,095	2,216,525	14,777
Construction in progress	562,276	645,969	4,306
Other	321,309	331,094	2,207
	16,271,244	16,764,619	111,764
Less accumulated depreciation	8,798,865	8,972,457	59,816
Net property, plant and equipment	7,472,379	7,792,162	51,948
Other Assets:			
Deferred tax assets (Note 22)	342,541	306,915	2,046
Other	297,500	316,194	2,107
	640,041	623,109	4,153
	¥ 9,771,480	¥10,174,224	$ 67,828

See accompanying notes.

	Millions of Yen 2024	Millions of Yen 2025	Millions of U.S. Dollars (Note 2(1)) 2025
Liabilities and Net Assets			
Current Liabilities:			
Short-term debt and current portion of long-term debt (Notes 10 and 14)	¥ 324,148	¥ 349,257	$ 2,328
Current portion of long-term liabilities incurred for purchase of railway facilities (Notes 10, 12 and 15)	4,298	4,564	30
Prepaid railway fares received	86,633	90,958	606
Payables (Note 10 and 12):			
Accounts payable–trade	45,233	50,262	335
Unconsolidated subsidiaries and affiliated companies	185,922	206,708	1,378
Other	622,947	715,964	4,773
	854,102	972,934	6,486
Accrued expenses	115,389	123,721	825
Accrued consumption taxes (Note 10 and 16)	40,667	24,002	160
Accrued income taxes (Notes 2 (13), 10 and 22)	22,040	27,021	180
Other current liabilities	169,454	149,533	998
Total current liabilities	1,616,731	1,741,990	11,613
Long-Term Liabilities:			
Long-term debt (Notes 10 and 14)	4,233,117	4,299,389	28,663
Long-term liabilities incurred for purchase of railway facilities (Notes 10, 12 and 15)	306,704	302,140	2,014
Net defined benefit liability (Notes 2 (9) and 21)	399,184	432,909	2,886
Deposits received for guarantees	173,663	175,546	1,170
Deferred tax liabilities (Note 22)	2,320	1,989	13
Provision for large-scale renovation of Shinkansen infrastructure (Note 2 (10))	192,000	216,000	1,440
Other long-term liabilities	108,528	132,044	881
Total long-term liabilities	5,415,516	5,560,017	37,067
Contingent Liabilities (Note 17)			
Net Assets (Note 18):			
Common stock:			
Authorized 1,600,000,000 shares;			
Issued, 2025—1,134,412,200 shares;			
Outstanding, 2025—1,131,120,620 shares	200,000	200,000	1,333
Capital surplus	97,603	93,748	625
Retained earnings	2,289,194	2,451,848	16,346
Treasury stock, at cost, 3,125,979 shares in 2025	(5,979)	(6,025)	(40)
Accumulated other comprehensive income:			
Net unrealized holding gains (losses) on securities	100,607	96,650	644
Net deferred gains (losses) on derivatives under hedge accounting	3,430	3,135	21
Revaluation reserve for land (Note 2 (17))	(16)	(1)	(0)
Foreign currency translation adjustments	135	182	1
Remeasurements of defined benefit plans	32,922	20,007	133
Non-Controlling Interests	21,337	12,673	85
Total net assets	2,739,233	2,872,217	19,148
	¥9,771,480	¥10,174,224	$67,828

Consolidated Statements of Income and Comprehensive Income

East Japan Railway Company and Subsidiaries
Years ended March 31, 2024 and 2025

(I) Consolidated Statement of Income

	Millions of Yen		Millions of U.S. Dollars (Note 2 (1))
	2024	2025	2025
Operating Revenues (Notes 24 and 25)	¥2,730,119	¥2,887,553	$19,250
Operating Expenses:			
Transportation, other services and cost of sales	1,763,500	1,855,517	12,370
Selling, general and administrative expenses	621,457	655,250	4,368
	2,384,957	2,510,767	16,738
Operating Income (Note 25)	345,162	376,786	2,512
Other Income (Expenses):			
Interest expense on short- and long-term debt	(49,422)	(54,535)	(364)
Interest expense incurred for purchase of railway facilities	(20,556)	(20,291)	(135)
Loss on sales of fixed assets	(106)	(710)	(5)
Impairment losses on fixed assets (Notes 2(16), 13 and 25)	(24,480)	(11,508)	(77)
Intensive seismic reinforcement costs	(6,780)	(9,243)	(62)
Interest and dividend income	5,460	6,525	44
Equity in net income of affiliated companies	10,683	10,281	69
Gains on sales of investment in securities	3,591	13,386	89
Gains on sales of fixed assets	7,814	614	4
Other, net	2,706	(14,013)	(93)
	(71,090)	(79,494)	(530)
Income before Income Taxes	274,072	297,292	1,982
Income Taxes (Notes 2 (13) and 22):			
Current	22,115	30,650	204
Deferred	54,612	41,060	274
Profit	197,345	225,582	1,504
Profit Attributable to Non-Controlling Interests	895	1,297	9
Profit Attributable to Owners of Parent	¥ 196,450	¥ 224,285	$ 1,495

	Yen		U.S. Dollars (Note 2 (1))
Earnings per Share (Note 2 (14))	¥174	¥198	$1
Cash Dividends Applicable to the Year (Note 2 (14))	140	60	0

See accompanying notes.

(II) Consolidated Statement of Comprehensive Income (Note 26)

	Millions of Yen		Millions of U.S. Dollars (Note 2 (1))
	2024	2025	2025
Profit	¥197,345	¥225,582	$1,504
Other Comprehensive Income:			
Net unrealized holding gains (losses) on securities	55,862	(2,669)	(18)
Net deferred gains (losses) on derivatives under hedge accounting	679	(66)	(0)
Foreign currency translation adjustments	(102)	82	0
Remeasurements of defined benefit plans	24,342	(14,884)	(99)
Share of other comprehensive income of associates accounted for using equity method	2,712	445	3
	83,493	(17,092)	(114)
Comprehensive Income	¥280,838	¥208,490	$1,390
Comprehensive Income Attributable to:			
Comprehensive income attributable to owners of parent	¥279,880	¥207,166	$1,381
Comprehensive income attributable to non-controlling interests	958	1,324	9

See accompanying notes.

Consolidated Statements of Changes in Net Assets

East Japan Railway Company and Subsidiaries
Years ended March 31, 2024 and 2025

	Shares	Millions of Yen										
	Number of Issued Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Net Unrealized Holding Gains (Losses) on Securities	Net Deferred Gains (Losses) on Derivatives under Hedge Accounting	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Non-Controlling Interests	Total
Balance at March 31,2023	377,932,400	¥200,000	¥96,446	¥2,132,050	¥(8,914)	¥43,302	¥2,549	¥(35)	¥284	¥7,570	¥24,462	¥2,497,714
Share split	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of new shares	205,000	—	1,171	—	—	—	—	—	—	—	—	1,171
Cash dividends (¥105 per share)	—	—	—	(39,648)	—	—	—	—	—	—	—	(39,648)
Profit attributable to owners of parent	—	—	—	196,450	—	—	—	—	—	—	—	196,450
Increase/decrease due to merger	—	—	—	418	—	—	—	—	—	—	—	418
Purchase of treasury stock	—	—	—	—	(73)	—	—	—	—	—	—	(73)
Disposal of treasury stock	—	—	—	(44)	3,131	—	—	—	—	—	—	3,087
Change in equity in affiliates accounted for by equity method-treasury stock	—	—	—	—	(123)	—	—	—	—	—	—	(123)
Change of scope of consolidation	—	—	—	(13)	—	—	—	—	—	—	—	(13)
Capital increase of consolidated subsidiaries	—	—	(28)	—	—	—	—	—	—	—	—	(28)
Purchase of shares of consolidated subsidiaries	—	—	14	—	—	—	—	—	—	—	—	14
Reversal of revaluation reserve for land	—	—	—	(19)	—	—	—	—	—	—	—	(19)
Other	—	—	—	—	—	57,305	881	19	(149)	25,352	(3,125)	80,283
Balance at March 31,2024	378,137,400	¥200,000	¥97,603	¥2,289,194	¥(5,979)	¥100,607	¥3,430	¥(16)	¥135	¥32,922	¥21,337	¥2,739,233
Share split	756,274,800	—	—	—	—	—	—	—	—	—	—	—
Issuance of new shares	—	—	—	—	—	—	—	—	—	—	—	—
Cash dividends (¥54 per share)	—	—	—	(61,631)	—	—	—	—	—	—	—	(61,631)
Profit attributable to owners of parent	—	—	—	224,285	—	—	—	—	—	—	—	224,285
Increase/decrease due to merger	—	—	(27)	—	—	—	—	—	—	—	—	(27)
Purchase of treasury stock	—	—	—	—	(6,973)	—	—	—	—	—	—	(6,973)
Disposal of treasury stock	—	—	493	—	7,075	—	—	—	—	—	—	7,568
Change in equity in affiliates accounted for by equity method-treasury stock	—	—	—	—	(148)	—	—	—	—	—	—	(148)
Change of scope of consolidation	—	—	—	—	—	—	—	—	—	—	—	—
Capital increase of consolidated subsidiaries	—	—	(58)	—	—	—	—	—	—	—	—	(58)
Purchase of shares of consolidated subsidiaries	—	—	(4,263)	—	—	—	—	—	—	—	—	(4,263)
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	(3,957)	(295)	15	47	(12,915)	(8,664)	(25,769)
Balance at March 31,2025	1,134,412,200	¥200,000	¥93,748	¥2,451,848	¥(6,025)	¥96,650	¥3,135	¥(1)	¥182	¥20,007	¥12,673	¥2,872,217

	Shares	Millions of U.S. Dollars (Note 2(1))										
	Number of Issued Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Net Unrealized Holding Gains (Losses) on Securities	Net Deferred Gains (Losses) on Derivatives under Hedge Accounting	Revaluation Reserve for Land	Foreign Currency Translation Adjustments	Remeasurements of Defined Benefit Plans	Non-Controlling Interests	Total
Balance at March 31,2024	378,137,400	$1,333	$651	$15,261	$(40)	$671	$23	$(0)	$1	$219	$142	$18,261
Share split	756,274,800	—	—	—	—	—	—	—	—	—	—	—
Issuance of new shares	—	—	—	—	—	—	—	—	—	—	—	—
Cash dividends ($1 per share)	—	—	—	(411)	—	—	—	—	—	—	—	(411)
Profit attributable to owners of parent	—	—	—	1,496	—	—	—	—	—	—	—	1,496
Increase/decrease due to merger	—	—	(0)	—	—	—	—	—	—	—	—	(0)
Purchase of treasury stock	—	—	—	—	(46)	—	—	—	—	—	—	(46)
Disposal of treasury stock	—	—	3	—	47	—	—	—	—	—	—	50
Change in equity in affiliates accounted for by equity method-treasury stock	—	—	—	—	(1)	—	—	—	—	—	—	(1)
Change of scope of consolidation	—	—	—	—	—	—	—	—	—	—	—	—
Capital increase of consolidated subsidiaries	—	—	(0)	—	—	—	—	—	—	—	—	(0)
Purchase of shares of consolidated subsidiaries	—	—	(29)	—	—	—	—	—	—	—	—	(29)
Reversal of revaluation reserve for land	—	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	(27)	(2)	0	0	(86)	(57)	(172)
Balance at March 31,2025	1,134,412,200	$1,333	$625	$16,346	$(40)	$644	$21	$(0)	$1	$133	$85	$19,148

See accompanying notes.

Consolidated Statements of Cash Flows

East Japan Railway Company and Subsidiaries
Years ended March 31, 2024 and 2025

	Millions of Yen		Millions of U.S. Dollars (Note 2 (1))
	2024	2025	2025
Cash Flows from Operating Activities:			
Income before income taxes	¥ 274,072	¥ 297,292	$ 1,982
Depreciation	392,172	406,202	2,708
Impairment losses on fixed assets	24,480	11,508	77
Amortization of long-term prepaid expense	11,119	12,664	84
Net change in provision for large-scale renovation of Shinkansen infrastructure	24,000	24,000	160
Net change in allowance for environmental conservation costs	618	(37,505)	(250)
Net change in net defined benefit liability	(11,824)	12,335	82
Interest and dividend income	(5,460)	(6,525)	(44)
Interest expense	69,978	74,826	499
Construction grants received	(24,084)	(27,931)	(186)
Loss from disposition and provision for cost reduction of fixed assets	55,157	60,324	402
Net change in major receivables	(96,964)	(48,660)	(324)
Net change in major payables	58,339	89,544	597
Other	954	(46,277)	(309)
Sub-total	772,557	821,797	5,478
Proceeds from interest and dividends	9,150	10,764	72
Payments of interest	(67,464)	(72,206)	(481)
Payments of Disaster-damage losses	(12,975)	(3,772)	(25)
Proceeds from compensation	3,044	—	—
Payments of income taxes	(16,208)	(24,332)	(162)
Net cash provided by operating activities	688,104	732,251	4,882
Cash Flows from Investing Activities:			
Payments for purchases of fixed assets	(714,913)	(770,933)	(5,140)
Proceeds from sales of fixed assets	8,335	7,424	49
Proceeds from construction grants	49,112	35,013	233
Payments for purchases of investments in securities	(21,358)	(47,135)	(314)
Proceeds from sales of investments in securities	7,041	21,512	143
Payments for purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 27)	(2,661)	(2,946)	(20)
Other	(16,180)	(26,353)	(174)
Net cash used in investing activities	(690,624)	(783,418)	(5,223)
Cash Flows from Financing Activities:			
Proceeds from long-term loans	108,300	138,600	924
Payments of long-term loans	(150,000)	(179,123)	(1,194)
Proceeds from issuance of bonds	354,044	276,353	1,842
Payments for redemption of bonds	(215,000)	(145,000)	(967)
Payments of liabilities incurred for purchase of railway facilities	(4,065)	(4,298)	(29)
Cash dividends paid	(39,648)	(61,631)	(411)
Payments for purchase of share of subsidiaries not resulting in change in scope of consolidation	(244)	(7,499)	(50)
Other	12,717	(13,737)	(91)
Net cash provided by financing activities	66,104	3,665	24
Effect of Exchange Rate Changes on Cash and Cash Equivalents	300	164	1
Net Change in Cash and Cash Equivalents	63,884	(47,338)	(316)
Cash and Cash Equivalents at Beginning of Year	215,000	280,811	1,872
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiary	880	—	—
Increase in Cash and Cash Equivalents due to Merger	1,047	—	—
Cash and Cash Equivalents at End of Year	¥ 280,811	¥ 233,473	$ 1,556

See accompanying notes.

Notes to Consolidated Financial Statements

East Japan Railway Company and Subsidiaries
Years ended March 31, 2024 and 2025

1 INCORPORATION OF EAST JAPAN RAILWAY COMPANY

In accordance with the provisions of the Law for Japanese National Railways Restructuring (the Law), Japanese National Railways (JNR) was privatized into six passenger railway companies, one freight railway company and several other organizations (JR Group Companies) on April 1, 1987.

East Japan Railway Company (the Company) is one of the six passenger railway companies and serves eastern Honshu (Japan's main island). The Company operates 69 railway lines, 1,630 railway stations and 7,302.2 operating kilometers as of March 31, 2025.

In the wake of the split-up of JNR, assets owned by and liabilities incurred by JNR were transferred to JR Group companies, the Shinkansen Holding Corporation and JNR Settlement Corporation (JNRSC). Most JNR assets located in eastern Honshu, except for the land and certain railway fixtures used by the Tohoku and Joetsu Shinkansen lines, were transferred to the Company. Current liabilities and employees' severance and retirement benefits, incurred in connection with railway and other operations in the allotted area, and certain long-term debt were assumed by the Company.

The transfer values were determined by the Evaluation Council, a governmental task force, in accordance with the provisions of the Law. In general, railway assets such as railway property and equipment were valued at the net book value of JNR. Nonrailway assets such as investments and other operating property and equipment were valued at prices determined by the Evaluation Council.

The land and railway fixtures of the Tohoku and Joetsu Shinkansen lines were owned by the Shinkansen Holding Corporation until September 30, 1991, and the Company leased such land and railway fixtures at a rent determined by Shinkansen Holding Corporation in accordance with related laws and regulations. On October 1, 1991, the Company purchased such Shinkansen facilities for a total purchase price of ¥3,106,970 million ($20,713 million) from the Shinkansen Holding Corporation (see Note 15). Subsequent to the purchase, the Shinkansen Holding Corporation was dissolved. The Railway Development Fund succeeded to all rights and obligations of the Shinkansen Holding Corporation. In October 1997, the Railway Development Fund and Maritime Credit Corporation merged to form the Corporation for Advanced Transport & Technology. In October 2003, Japan Railway Construction Public Corporation and the Corporation for Advanced Transport & Technology merged to form the Japan Railway Construction, Transport and Technology Agency.

Prior to December 1, 2001, in accordance with the provisions of the Law for Passenger Railway Companies and Japan Freight Railway Company (JR Law), the Company was required to obtain approval from the Minister of Land, Infrastructure, Transport and Tourism as to significant management decisions, including new issues of stock or bonds, borrowing of long-term loans, election of representative directors and corporate auditors, sale of major properties, amendment of the Articles of Incorporation and distribution of retained earnings.

The amendment to the JR Law took effect on December 1, 2001(2001 Law No. 61) and the Company is no longer subject generally to the JR Law, as amended.

2 SIGNIFICANT ACCOUNTING POLICIES

1) Basis of Presentation of Financial Statements

The Company and its domestic consolidated subsidiaries maintain their books of account in accordance with the Japanese Corporate Law and accounting principles generally accepted in Japan ("Japanese GAAP"). Certain accounting principles and practices generally accepted in Japan are different from International Financial Reporting Standards in certain respects as to application and disclosure requirements. The Company's and certain consolidated subsidiaries' books are also subject to the Law for Railway Business Enterprise and related regulations for regulated companies.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements prepared for Financial Instruments and Exchange Act of Japan purposes. Certain modifications and reclassifications have been made for the convenience of readers outside Japan.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

The consolidated financial statements are stated in Japanese yen. The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2025, which was ¥150 to U.S. $1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2) Consolidation

The consolidated financial statements of the Company include the accounts of all significant subsidiaries (together, the "Companies"). The effective-control standard is applied according to Regulations concerning Terminology, Forms and Method of Presentation of Consolidated Financial Statements in Japan (Regulations for Consolidated Financial Statements). For the year ended March 31, 2025, 76 subsidiaries were consolidated.

All significant intercompany transactions and accounts have been eliminated. Differences between the acquisition costs and the underlying net equities of investments in consolidated subsidiaries are recorded as goodwill or negative goodwill.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to non-controlling shareholders, are recorded based on the fair value at the time the Company acquired control of the respective subsidiaries.

3) Equity Method

The effective-influence standard is applied according to Regulations for Consolidated Financial Statements. For the year ended March 31, 2025, 11 affiliated companies were accounted for by the equity method.

Investments in unconsolidated subsidiaries and other affiliated companies are stated mainly at moving-average cost since their equity earnings in the aggregate are not material in relation to consolidated net income and retained earnings.

4) Allowance for Doubtful Accounts

According to the Japanese Accounting Standards for Financial Instruments, the Companies provide an allowance based on the past loan loss experience for a certain reference period in general.

Furthermore, for receivables from debtors with financial difficulty, which could affect their ability to perform in accordance with their obligations, the allowance is provided for estimated unrecoverable amounts on an individual basis.

5) Inventories

Inventories are stated at cost as follows:

Merchandise and finished goods: Mainly retail cost method or moving-average cost method (carrying amount on the balance sheet is written-down in accordance with decline in profitability)

Work in process: Mainly identified cost method (carrying amount on the balance sheet is written-down in accordance with decline in profitability)

Raw materials and supplies: Mainly moving-average cost method (carrying amount on the balance sheet is written-down in accordance with decline in profitability)

6) Real Estate for Sale

Real estate for sale is stated at the identified cost (carrying amount on the balance sheet is written-down in accordance with decline in profitability).

7) Securities

Securities are classified and stated as follows:

(1) Trading securities are stated at market value. The Companies had no trading securities through the year ended March 31, 2025.

(2) Held-to-maturity debt securities are stated at amortized cost.

(3) Equity securities issued by subsidiaries and affiliated companies that are neither consolidated nor accounted for using the equity method are mainly stated at moving-average cost.

(4) Available-for-sale securities are stated as follows:

(a) Securities other than shares, etc. without market prices
Market method (Net unrealized gains or losses on these securities are reported as a separate item in net assets, and the cost of sales is determined mainly by the moving-average cost method.)

(b) Shares, etc. without market prices
Available-for-sale securities for which market quotations are not available are mainly stated at moving-average cost.

(c) Investments in partnership, etc. (which are deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Law (Law No. 25 of 1948))
Investments in partnership are stated at net value of equities based on the latest financial statements available according to the closing date stipulated in the partnership agreement.

If there are significant declines in the market values of held-to-maturity debt securities, equity securities issued by subsidiaries and affiliated companies that are neither consolidated nor accounted for using the equity method or available-for-sale securities, the securities are stated at market values in the balance sheet, and the difference between the market value and the original book value is recognized as a loss in the period. The Companies' policy for such write-offs stipulates that if the market value as of the year-end has declined by 50% or more of the book value of the said security, it should be stated at the market value. If the market value has declined by 30% or more but less than 50%, the said security should be written off by the amount determined as necessary after taking the possibility of market value recovery into account.

8) Property, Plant and Equipment

Property, plant and equipment are generally stated at cost or the transfer value referred to in Note 1. To comply with the regulations, contributions received in connection with construction of certain railway improvements are deducted from the cost of acquired assets.

Depreciation is calculated primarily by the declining balance method based on the estimated useful lives of the assets as prescribed by the Japanese Tax Law. Buildings (excluding related fixtures) acquired from April 1, 1998 onward, facilities attached to buildings and structures acquired on or after April 1, 2016 and some of the property, plant and equipment of consolidated subsidiaries are depreciated using the straight-line method according to the Japanese Tax Law. Replacement assets included in structures of railway fixed assets are depreciated using the replacement method. Regarding the replacement method for certain fixtures, the initial acquisition costs are depreciated to 50% of the costs under the condition that subsequent replacement costs are charged to income.

The range of useful lives is mainly as follows:

Buildings	3 to 50 years
Structures	3 to 60 years
Machinery, rolling stock and vehicles	3 to 20 years

9) Accounting for Employees' Retirement Benefits

Almost all employees of the Companies are generally entitled to receive lump-sum severance and retirement benefits (some subsidiaries have adopted a pension plan of their own in addition to those severance and retirement benefits). Furthermore, some consolidated subsidiaries have established retirement benefit trusts.

For the calculation of projected benefit obligations, the Companies adopted the benefit formula basis as the method for attributing expected benefits to periods.

The past service costs that are yet to be recognized are amortized by the straight-line method and charged to income over the number of years (mainly 10 years), which does not exceed the average remaining service years of employees at the time when the past service costs were incurred.

Actuarial gains and losses are recognized in expenses using the straight-line basis over constant years (mainly 10 years) within the expected average remaining working lives commencing with the following year.

10) Provision for Large-scale Renovation of Shinkansen Infrastructure

The provision for large-scale renovation of Shinkansen infrastructure has been recognized based on Article 17 of the Nationwide Shinkansen Railway Development Act (Act No. 71 of 1970).

On March 29, 2016, the Company received approval for a Plan for Provision for Large-Scale Renovation of Shinkansen Infrastructure from the Minister of Land, Infrastructure, Transport and Tourism based on Article 16, Paragraph 1 of the Nationwide Shinkansen Railway Development Act. As a result, from the fiscal year ended March 31, 2017, until the fiscal year ending March 31, 2031, a provision of ¥24,000 million (total: ¥360,000 million) will be recognized each fiscal year, and from the fiscal year ending March 31, 2032, until the fiscal year ending March 31, 2041, a reversal of ¥36,000 million (total: ¥360,000 million) will be recognized each fiscal year.

11) Accounting for Certain Lease Transactions

With respect to finance leases that do not transfer ownership to lessees, depreciation is calculated by the straight-line method based on the lease term and estimated residual is zero.

12) Accounting for Research and Development Costs

According to the Accounting Standards for Research and Development Costs, etc., in Japan, research and development costs are recognized as they are incurred. Research and development costs included in operating expenses for the years ended March 31, 2024 and 2025 were ¥21,995 million and ¥23,101 million ($154 million), respectively.

13) Income Taxes

Income taxes comprise corporation, enterprise and inhabitants' taxes. Deferred tax assets are recognized for temporary differences between the financial statement basis and the tax basis of assets and liabilities.

14) Per Share Data

(1) Earnings per share
Earnings per share shown in the consolidated statement of income are computed by dividing income available to common shareholders by the weighted average number of common stock outstanding during the year. Diluted earnings per share are not shown, since there are no outstanding securities with dilutive effect on earnings per share such as convertible bonds. On April 1, 2024, the Company conducted a 3 for 1 stock split for its common shares. Earnings per share was calculated as though the stock split had been conducted at the beginning of the fiscal year ended March 31, 2024.

(2) Cash dividends per share
Cash dividends per share comprises interim dividends for the interim period ended September 30 and year-end dividends for the year ended March 31, which were decided at the annual shareholders' meeting in June. On April 1, 2024, the Company conducted a 3 for 1 stock split for its common shares. The figures shown above for dividends for the fiscal year ended March 31, 2024 represent the actual amounts of dividend paid before the stock split.

15) Derivative Transactions

Derivative transactions that do not meet requirements for hedge accounting are stated at fair value and the gains or losses resulting from change in the fair value of those transactions are recognized as income or expense in the period.

Derivative transactions that meet requirements for hedge accounting are stated at fair value, and the gains and losses resulting from changes in fair value of those transactions are deferred until the losses and gains of the hedged items are recognized on the consolidated statement of income.

Of those, certain derivative transactions of the Companies that meet certain hedging criteria are accounted in the following manner:

(1) Regarding forward exchange contracts and foreign currency swap contracts, the hedged foreign currency receivable and payable are recorded using the Japanese yen amount of the contracted forward rate or swap rate, and no gains or losses on the forward exchange contracts or foreign currency swap contracts are recorded.

(2) Regarding interest rate swap contracts, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

16) Impairment of Fixed Assets

Accounting Standards for Impairment of Fixed Assets require that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the book value of an asset or asset group may not be recoverable.

The impairment losses are recognized when the book value of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continuing use and eventual disposition of the asset or asset group.

The impairment losses are measured as the amount by which the book value of the asset exceeds its recoverable amounts, which is the higher of the discounted cash flows from the continuing use and eventual disposition of the asset or the net selling price.

Restoration of previously recognized impairment losses is prohibited. For cumulative impairment losses, the Companies deducted directly from respective asset amounts based on the revised regulation on the consolidated financial statements.

17) Revaluation of Land

A certain affiliated company accounted for by the equity-method records "Revaluation reserve for land", which was recorded in connection with the revaluation of its land for business use pursuant to the Law on Revaluation of Land (Law No. 34 of 1998) and Law for Partial Revision of the Law on Revaluation of Land (Law No. 19 of 2001).

"Revaluation reserve for land", equal to the Company's equity interest, is recorded under "Net Assets, Accumulated other comprehensive income."

(1) Revaluation method

Rational adjustment is made based on assessed value of fixed assets for property tax purposes pursuant to the Order for Enforcement of the Law on Revaluation of Land (Cabinet Order No. 119 of 1998) Article 2-3 and roadside land value pursuant to Article 2-4 of the same Order

(2) Revaluation date

March 31, 2000 and March 31, 2002

(3) Difference between book value after revaluation and market value for the years ended March 31, 2024 and 2025

Millions of Yen		Millions of U.S. Dollars
2024	2025	2025
¥(24)	¥ —*	$ —

* Difference was not recorded because the market value of the revaluated land was higher than the book value after revaluation.

18) Standards for Recognition of Significant Revenues and Expenses

The Group is engaged in businesses in the Transportation segment, the Retail & Services segment, the Real Estate & Hotels segment, and the Others segment. Revenues arising from these businesses are primarily recognized pursuant to contracts with customers, and transaction prices are calculated based on the considerations stipulated by contracts with customers. However, for transactions in which the Group acts as an agent, the transaction prices are calculated based on the considerations received from the customer net of the amount paid to the other business operators who actually provide goods or services. Principal agent transactions include certain retail transactions in the Retail & Services segment.

In addition, the Group operates JRE POINT as the Group's common points system. As the points granted to customers for the usage of railways, station buildings, and so on can be used for services and so on provided by the Group, the points granted to customers are recognized as separate performance obligations and allocated to respective performance obligations based on the ratio of independent sales prices, which are estimated based on the unit price of points and the lapse rate. JRE POINT performance obligations are recognized as contractual liabilities and are recognized as revenues as the points are used. The details of principal performance obligations by segment in relation to the recognition of revenues and the timings of the satisfaction of performance obligations are as follows.

(1) Transportation

The Transportation segment is primarily engaged in the provision of passenger transportation services by railway. Revenues obtained from commuter passes are recognized as "commuter passes revenues," and revenues that are not obtained from commuter passes, such as revenues obtained from normal train tickets and charges tickets, are recognized as "non-commuter passes revenues."

Commuter passes revenues incur performance obligations with respect to customers for the provision of passenger transportation services on the line segments specified by commuter passes during the period of validity of the commuter passes, and said performance obligations are satisfied upon expiration of the period of validity of the commuter passes.

Non-commuter passes revenues incur performance obligations with respect to customers for the provision of passenger transportation services on the line segments and trains specified by train tickets and charges tickets and so on, and said performance obligations are satisfied upon the provision of passenger transportation services to customers.

(2) Retail & Services

The Retail & Services segment is primarily engaged in the operation of retail and restaurant businesses. With respect to customers, performance obligations for the delivery products and performance obligations for the provision of services are incurred, and said performance obligations are satisfied upon the delivery of products and upon the provision of services.

(3) Real Estate & Hotels

The Real Estate & Hotels segment is primarily engaged in the operation of businesses that lease real estate properties owned by the Group, businesses that sell real estate properties developed by the Group, and hotel businesses. Businesses that lease real estate are primarily engaged in the management of shopping centers and the leasing of office buildings. Revenues from the aforementioned leasing of real estate are recognized during the periods of lease agreements, pursuant to the Accounting Standard for Lease Transactions. Real estate sales businesses incur performance obligations with respect to customers for the delivery of real estate properties, and said performance obligations are satisfied upon the delivery of real estate properties.

Hotel businesses incur performance obligations with respect to customers for the provision of accommodation services, and said performance obligations are satisfied upon the delivery of accommodation services.

(4) Others

The Others segment is primarily engaged in the operation of credit card businesses and the IT and Suica business, which includes electronic money businesses and other businesses. With respect to customers, performance obligations for the provision of credit card and electronic money settlement services and performance obligations for the delivery of IC card-related devices and so on are incurred, and said performance obligations are satisfied upon the provision of services and upon the delivery of products.

19) Method and Period of Amortization of Goodwill

Goodwill is equally amortized within five to ten years.

20) Standards and Guidance Not Yet Adopted

- Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024)

(1) Summary

For all lessee leases, recognition is made for right-of-use assets and lease liabilities. In addition, with regard to the method of allocating the lessee's lease expenses, as is the same with IFRS 16, a single accounting model is applied for recording the depreciation related to right-of-use assets and the amount equivalent to the interest on lease liabilities, regardless of whether the lease is a finance lease or an operating lease.

(2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2028

(3) Effect of the application of the said accounting standard, etc.

The effect is under evaluation as of the time of preparation of these consolidated financial statements.

3 SIGNIFICANT ACCOUNTING ESTIMATES

(Recoverability of Deferred Tax Assets)

(1) Carrying amounts in the current year's financial statements

Deferred tax assets for the years ended March 31, 2024 and 2025 were ¥342,541 million and ¥306,915 million ($2,046 million), respectively.

(2) Information on the nature of significant accounting estimates for identified items

Deferred tax assets are recognized for the future reversal of deductible temporary differences in future fiscal years and for the estimated amount of reduced taxes pertaining to the offsetting of tax losses carried forward against taxable income, judged by their recoverability based on estimates of future taxable income and other factors.

Estimates of taxable income were based on the forecasts of business results based on the medium-term management strategy and information on the external environment.

In Mobility-related businesses centered on railways, the forecast is based on expected operating revenues from the railway transportation business from new initiatives, etc. In businesses focused on Lifestyle Solutions, the forecast is premised on expected revenues mainly from retail and services, and real estate development and sales.

Regarding the estimated amount of reduced taxes resulting from offsetting tax losses carried forward against taxable income, the Company received approval for its business adaptation plan (growth and development business adaptation plan) from the Minister of Land, Infrastructure, Transport and Tourism on March 30, 2022. Therefore, the Company takes into account, for losses incurred in the fiscal year ended March 31, 2021 and the fiscal year ended March 31, 2022, application of the special taxation treatment that increases the maximum amount of deductible losses brought forward from 50% of taxable income of any given fiscal year to up to 100% of such taxable income for a maximum of five fiscal years from the fiscal year ended March 31, 2023, within the amount of investment made in accordance with the business adaptation plan.

If the business performance does not proceed as anticipated, and, as a result, changes to the estimates of taxable income are required, the determination of the recoverability of deferred tax assets in the following fiscal year could be affected.

(Impairment Loss on Fixed Assets)
(1)For Fixed Assets, the amount on balance sheet at March 31, 2024 and 2025 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Property, plant and equipments	¥7,472,379	¥7,792,162	$51,948
Intangible assets	201,452	209,478	1,397

(2) Information on the details of significant accounting estimates related to identified items
The Group makes grouping of assets mainly for each business or property in accordance with the categories of management accounting. For the Company's fixed assets for railway operations, all railway lines are treated as a single asset group since the cash flows are generated from the entire railway network. Moreover, assets which will be transferred or abolished, idle assets and others are treated as an independent unit, respectively. Among them, regarding asset groups whose market value drops significantly against the book value or those whose profitability declines significantly, we estimate future cash flow, and we reduce the book value to the recoverable value and recognize impairment losses for those whose total future cash flow before discount is below the book value of the asset group.

For the calculation of the recoverable amount, we use such assumptions as the number of years for estimating future cash flow, forecasts of operating revenues based on occupancy of tenants and renewal of facilities, effects of cost reduction measures, forecasts of net sales prices, and discount rates to calculate the present value of future cash flow. If assumptions need to be changed due to economic slowdown, bad weather, competition with other businesses, decline of market prices and outbreak of infectious diseases, among others, impairment losses could be recognized in the consolidated financial statements for the following fiscal year.

4 CHANGE IN ACCOUNTING METHOD

(Adoption of "Accounting Standard for Current Income Taxes")
The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter, the "Revised Accounting Standard of 2022") and related accounting guidance since the beginning of the fiscal year ended March 31, 2025.

With regard to the revision concerning where to recognize current income taxes (taxes on other comprehensive income), the Company has followed the transitional treatments provided for in the proviso clause of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatments provided for in proviso clause of paragraph 65-2(2) of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter, the "Revised Implementation Guidance of 2022") This change in accounting policies has no impact on the consolidated financial statements.

As for the revision related to the change in the treatment in consolidated financial statements of tax deferral of gain on sale of shares of subsidiaries, etc. between consolidated companies, the Company has applied the Revised Implementation Guidance of 2022 since the beginning of the fiscal year ended March 31, 2025. This change in accounting policies has been applied retrospectively and the consolidated financial statements for the fiscal year ended March 31, 2024 have been restated accordingly. This change in accounting policies has no impact on the consolidated financial statements for the fiscal year ended March 31, 2024.

5 CHANGE IN PRESENTATION METHOD

(Consolidated Statement of Income)
While aiming to establish a dual management structure of Mobility and Lifestyle Solutions, the Group redefined the utilization of rental space under elevated railway tracks as the real estate business, and changed the Company's rental business of such spaces that had previously been classified in the "railway business, "positioning it as "other operations".

As a result, from the fiscal year ended March 31, 2025, the Company has presented and included expenses associated with the Company's rental business for space under elevated railway tracks of "selling, general and administrative expenses". In the previous fiscal year, the Company presented and included expenses associated with the Company's rental business for space under elevated railway tracks of "transportation, other services and cost of sales".

To reflect this change in the presentation method, in the consolidated statements of income for the previous fiscal year, the Company has reclassified ¥(2,137) million that was presented and included in "transportation, other services and cost of sales" as "selling, general and administrative expenses".

(Consolidated Statement of Income)
From the fiscal year ended March 31, 2025, the Company has classified "Gains on sales of investment in securities"of "Other, net" of "Other Income (Expenses)" separately because in the fiscal year ended March 31, 2025 the monetary significance has increased. In the previous fiscal year, the Company presented and included "Gains on sales of investment in securities" in "Other, net" of "Other Income (Expenses)".

To reflect this change in the presentation method, in the consolidated statement of income for the previous fiscal year, the Company has reclassified ¥3,591 million that was presented and included in "Other, net" as "Gains on sales of investment in securities" of "Other Income (Expenses)".

(Consolidated Statement of Cash Flows)
From the fiscal year ended March 31, 2025, the Company has classified "Net change in allowance for environmental conservation costs" of "Other" of "Cash Flows from Operating Activities" separately because in the fiscal year ended March 31, 2025 the monetary significance has increased. In the previous fiscal year, the Company presented and included "Net change in allowance for environmental conservation costs" in "Other" of "Cash Flows from Operating Activities".

To reflect this change in the presentation method, in the consolidated statements of cash flows for the previous fiscal year, the Company has reclassified ¥618 million that was presented and included in "Other" as "Net change in allowance for environmental conservation costs" of "Cash Flows from Operating Activities".

(Consolidated Statement of Cash Flows)
From the fiscal year ended March 31, 2025, the Company has presented and included "Net change in short-term loans" in "Other" of "Cash Flows from Financing Activities" because the monetary significance was negligible.

To reflect this change in the presentation method, in the consolidated statement of cash flows for the previous fiscal year, the Company has presented and included ¥(1,124) million in "Other" of "Cash Flows from Financing Activities" that was classified separately as "Net change in short-term loans".

(Consolidated Statement of Cash Flows)
From the fiscal year ended March 31, 2025, the Company has classified "Payments for purchase of share of subsidiaries not resulting in change in scope of consolidation" of "Other" of "Cash Flows from Financing Activities" separately because in the fiscal year ended March 31, 2025 the monetary significance has increased. In the previous fiscal year, the Company presented and included "Payments for purchase of share of subsidiaries not resulting in change in scope of consolidation" in "Other" of "Cash Flows from Financing Activities".

To reflect this change in the presentation method, in the consolidated statements of cash flows for the previous fiscal year, the Company has reclassified ¥(244) million that was presented and included in "Other" as "Payments for purchase of share of subsidiaries not resulting in change in scope of consolidation" of "Cash Flows from Financing Activities".

6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash balances and highly liquid investments with maturities not exceeding three months at the time of purchase.

7 INVENTORIES

Inventories at March 31, 2024 and 2025 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Merchandise and finished goods	¥ 9,188	¥ 10,006	$ 67
Work in process	46,928	57,819	385
Raw materials and supplies	44,195	47,427	316
	¥100,311	¥115,252	$768

8 REAL ESTATE FOR SALE

Real estate for sale represents the cost of land acquired and related land improvements in connection with residential home site developments in eastern Honshu. Due to a change in the reason for holding real estate, ¥12,237 million and ¥39,616 million ($264 million) has been reclassified from fixed assets to real estate for sale for the years ended March 31, 2024 and 2025, respectively.

9 INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED SUBSIDIARIES AND AFFILIATED COMPANIES

Investments in and advances to unconsolidated subsidiaries and affiliated companies at March 31, 2024 and 2025 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Unconsolidated subsidiaries:			
Investments	¥ 11,777	¥ 22,249	$ 149
Advances	—	—	—
	11,777	22,249	149
Affiliated companies:			
Investments (including equity in earnings of affiliated companies)	¥152,102	¥161,456	$1,076
Advances	637	584	4
	152,739	162,040	1,080
	¥164,516	¥184,289	$1,229

10 FINANCIAL INSTRUMENTS

1) Items Relating to the Status of Financial Instruments

a) Policy in relation to financial instruments

If surplus funds arise, the Companies use only financial assets with high degrees of safety for the management of funds. The Companies principally use bond issuances and bank loans in order to raise funds. Further, the Companies use derivatives to reduce risk, as described below, and do not conduct speculative trading.

b) Details of financial instruments and related risk

Trade receivables are exposed to credit risk in relation to customers, transportation operators with connecting railway services, and other parties. Regarding the said risk, pursuant to the internal regulations of the Companies, due dates and balances are managed appropriately for each counterparty. Securities are exposed to market price fluctuation risk. Substantially all of trade payables—payables, accrued consumption taxes and accrued income taxes—have payment due dates within one year. Bonds and loans are exposed to risk associated with inability to make payments on due dates because of unforeseen decreases in free cash flow. Further, certain bonds and loans are exposed to market price fluctuation risk (foreign exchange / interest rates). Long-term liabilities incurred for purchase of railway facilities are liabilities with regard to the Japan Railway Construction, Transport and Technology Agency and, pursuant to the Law Related to the Transference of Shinkansen Railway Facilities, comprise principally interest-bearing debt related to the Company's purchase of Shinkansen railway facilities for a total purchase price of ¥3,106,970 million ($20,713 million) from the Shinkansen Holding Corporation on October 1, 1991. The Company pays such purchase price, based on regulations pursuant to the Law Related to the Transference of Shinkansen Railway Facilities, enacted in 1991, and other laws, in semiannual installments calculated using the equal payment method, whereby interest and principal are paid in equal amounts semiannually, based on interest rates approved by the Minister of Land, Infrastructure, Transport and Tourism (at the time of enactment). Long-term liabilities incurred for purchase of railway facilities are exposed to risk associated with inability to make payments on due dates because of a decrease in free cash flow for unforeseen reasons. Further, certain long-term liabilities incurred for purchase of railway facilities are exposed to market price fluctuation risk (interest rates).

c) Risk management system for financial instruments

The Companies use forward exchange contract transactions, currency swap transactions, and interest rate swap transactions with the aim of avoiding risk (market risk) related to fluctuation in future market prices (foreign exchange / interest rates) in relation to, among others, bonds and loans. Further, natural disaster derivatives are used with the aim of avoiding revenue expenditure fluctuation risk due to natural disasters. Because all derivative transaction contracts that the Companies enter into are transactions whose counterparties are financial institutions that have high creditworthiness, the Companies believe that there is nearly no risk of parties to contracts defaulting on obligations. Under the basic policy approved by the Board of Directors, with the aim of appropriately executing transactions and risk management, financial departments in the relevant companies process those derivative transactions following appropriate internal procedures or approval of the Board of Directors, based on relevant internal regulations.

d) Supplementary explanation of items relating to the fair values of financial instruments

Adopting different assumptions can change the values, because estimation of fair values incorporates variable factors.

2) Items Relating to the Fair Values of Financial Instruments

Amounts recognized for selective items in the consolidated balance sheet as of March 31, 2024 and 2025, fair values of such items, and the differences between such amounts and values are shown below. In addition, shares, etc., without Market Prices are not included in the following table. Notes for cash and cash equivalents are omitted as they are almost equal to their book value.

	Millions of Yen						Millions of U.S. Dollars		
	2024			2025			2025		
	Consolidated balance sheet amount	Fair value	Difference	Consolidated balance sheet amount	Fair value	Difference	Consolidated balance sheet amount	Fair value	Difference
a Receivables	¥ 713,243	¥ 713,243	¥ —	¥ 761,692	¥ 761,692	¥ —	$ 5,078	$ 5,078	$ —
b Securities:									
Held-to-maturity debt securities	450	450	0	450	450	0	3	3	0
Available-for-sale securities	262,231*1	262,231*1	—	258,634*1	258,634*1	—	1,723*1	1,723*1	—
Assets	¥ 975,924	¥ 975,924	¥ 0	¥1,020,776	¥1,020,776	¥ 0	$ 6,804	$ 6,804	$ 0
a Payables	¥ 854,102	¥ 854,102	¥ —	¥ 972,934	¥ 972,934	¥ —	$ 6,486	$ 6,486	$ —
b Accrued consumption taxes	40,667	40,667	—	24,002	24,002	—	160	160	—
c Accrued income taxes	22,040	22,040	—	27,021	27,021	—	180	180	—
d Long-term debt:									
Bonds	3,114,968	2,975,069	(139,899)	3,246,373	2,880,413	(365,960)	21,643	19,203	(2,440)
Long-term loans	1,442,250	1,436,132	(6,118)	1,401,782	1,345,966	(55,816)	9,345	8,973	(372)
e Long-term liabilities incurred for purchase of railway facilities	311,002	542,696	231,694	306,704	482,401	175,697	2,044	3,216	1,172
Liabilities	¥5,785,029	¥5,870,706	¥ 85,677	¥5,978,816	¥5,732,737	¥(246,079)	$39,858	$38,218	$(1,641)
Derivative transactions*2:									
Hedge accounting not applied	¥ 1,607	¥ 1,607	¥ —	¥ 1,583	¥ 1,583	¥ —	$ 11	$ 11	$ —
Hedge accounting applied	¥ 4,593	¥ 4,593	¥ —	¥ 4,556	¥ 4,556	¥ —	$ 30	$ 30	$ —

*1. Available-for-sale securities include investment trusts whose investment trust assets are real estate, to which Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) has been applied.

*2. Net receivables / payables arising from derivatives are shown.

Notes: 1. Items relating to securities, derivatives transactions

a. Securities

For notes on securities classified by the purpose for which the securities are held (See Note 11).

b. Derivative Transactions (See Note 20)

Notes: 2. Book value of Shares, etc. without market prices and Investment in partnership, etc. recognized on consolidated balance sheets

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Unlisted equity securities*1	¥ 7,784	¥ 8,610	$ 57
Investment in limited liability companies (*godo kaisha*)*1	696	1,051	7
Investment in limited partnership (*toshi jigyo kumiai*)*1*2	27,071	51,696	345
Preferred equity securities*1	1,769	2,046	14

*1. Unlisted equity securities, investment in limited liability companies (*godo kaisha*), investment in limited partnership (*toshi jigyo kumiai*), and preferred equity securities are not included in "b Available-for-sale securities."

*2. Investment in investment business partnership (*toshi jigyo kumiai*) is not subject to the disclosure of fair value in accordance with Paragraph 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).

Notes: 3. The amounts recognized in the consolidated balance sheet and fair values related to bonds, long-term loans, and long-term liabilities incurred for purchase of railway facilities included, respectively, the current portion of bonds, the current portion of long-term loans, and the current portion of long-term liabilities incurred for purchase of railway facilities.

Notes: 4. The annual maturities of financial assets and securities with maturities at March 31, 2024 and 2025 were as follows.

	Millions of Yen								Millions of U.S. Dollars			
	2024				2025				2025			
	1 Year or Less	5 Years or Less but More Than 1 Year	10 Years or Less but More Than 5 Years	More Than 10 Years	1 Year or Less	5 Years or Less but More Than 1 Year	10 Years or Less but More Than 5 Years	More Than 10 Years	1 Year or Less	5 Years or Less but More Than 1 Year	10 Years or Less but More Than 5 Years	More Than 10 Years
Cash and cash equivalents	¥280,811	¥ —	¥—	¥ —	¥233,473	¥ —	¥—	¥ —	$1,556	$—	$—	$—
Receivables	699,166	6,283	35	—	746,137	6,640	25	—	4,974	44	0	—
Securities:												
Held-to-maturity debt securities (Government bonds and Bonds)	—	10	—	440	10	—	—	440	0	—	—	3
Available-for-sale securities which have maturity (Government bonds and Bonds)	6	—	—	—	—	—	—	—	—	—	—	—
Total	¥979,983	¥6,293	¥35	¥440	¥979,620	¥6,640	¥25	¥440	$6,530	$44	$ 0	$ 3

Notes: 5. The annual maturities of bonds, long-term loans and long-term liabilities incurred for purchase of railway facilities at March 31, 2025 (See Notes 14 and 15)

3) Fair Value Information of Financial Instruments by Level of Inputs

Based on the observability and the significance of the inputs used to determine fair values, fair value information of financial instruments is presented by categorizing measurements into the following three levels:

Level 1 fair value: the fair value measured by quoted prices of identical assets or liabilities in active markets.

Level 2 fair value: the fair value measured using observable inputs other than Level 1.

Level 3 fair value: fair values measured using unobservable inputs.

When multiple inputs of different categories are used in measuring fair value, the Company and its subsidiaries classified fair values into a category to which the lowest priority is assigned.

a. Financial instruments measured at fair values in the consolidated balance sheet

Fiscal 2025 (Year ended March 31, 2025)

	Millions of Yen						Millions of U.S. Dollars		
	2024			2025			2025		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Securities:									
Available-for-sale securities	¥260,210*	¥ —*	¥—*	¥256,155*	¥ —*	¥—*	$1,708*	$—*	$—*
Equity shares	260,204	—	—	256,149	—	—	1,708	—	—
Government, municipal bonds, etc.	6	—	—	6	—	—	0	—	—
Derivative transactions									
Currency swap	—	4,593	—	—	4,556	—	—	30	—
Earthquake derivatives	—	1,607	—	—	1,583	—	—	11	—
Forward exchange contracts	—	—	—	—	0	—	—	0	—
Assets	¥260,210	¥6,200	—	¥256,155	¥6,139	—	$1,708	$41	—
Derivative transactions									
Forward exchange contracts	—	0	—	—	—	—	—	—	—
Liabilities	¥ —	¥ 0	¥—	¥ —	¥ —	¥—	$ —	$—	$—

* This table does not include investment trusts whose investment trust assets are real estate, to which Paragraph 24-9 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) has been applied. The amount recognized in the consolidated balance sheet related to such investment trusts is ¥2,429 million ($16 million).

b. Financial instruments other than those measured at fair values in the consolidated balance sheet

Fiscal 2025 (Year ended March 31, 2025)

	Millions of Yen						Millions of U.S. Dollars		
	2024			2025			2025		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Bonds									
Domestic bonds	¥1,908,299	¥ —	¥—	¥1,659,568	¥ —	¥—	$11,064	$ —	$—
Foreign currency denominated bonds	—	1,066,771	—	—	1,220,845	—	—	8,139	—
Long-term loans	—	1,436,132	—	—	1,345,966	—	—	8,973	—
Long-term liabilities incurred for purchase of railway facilities	—	542,696	—	—	482,401	—	—	3,216	—
Liabilities	¥1,908,299	¥3,045,599	¥—	¥1,659,568	¥3,049,212	¥—	$11,064	$20,328	$—

Note:Valuation techniques and inputs used in measuring fair values

a. Investments in securities classified as current or non-current
Listed equity securities, government bonds and municipal bonds are measured using quoted prices. Fair value of listed equity securities and government, municipal bonds are classified as level 1, because they are exchanged in active markets.

b. Derivative transactions
The fair value of currency-related derivatives and forward exchange contracts are based on the exchange rate at the time of contract execution, etc., and are classified as Level 2 respectively. The fair value of earthquake derivatives are calculated based on the contract period and other factors that constitute the contract related to the transaction, and are classified as Level 2.

c. Bonds
The fair values of domestic bonds are based on market prices and classified as level 1. The fair values of foreign currency denominated bonds, which are subject to treatment using foreign currency swaps, are estimated by discounting the foreign currency swaps and future cash flows treated in combination with them based on estimated interest rates if similar domestic bonds were newly issued, so they are classified as level 2 .

d. Long-term loans
The fair values of long-term loans are principally estimated by discounted future cash flows based on estimated interest rates if similar new loans were implemented. Further, the fair values of certain long-term loans, which are subject to treatment using foreign currency swaps or interest rate swaps, are estimated by discounting the foreign currency swaps or interest rate swaps and future cash flows treated in combination with them based on estimated interest rates if similar new loans were implemented, so they are classified as level 2.

e. Long-term liabilities incurred for purchase of railway facilities
Because these liabilities are special monetary liabilities that are subject to constraints pursuant to laws and statutory regulations and not based exclusively on free agreement between contracting parties in accordance with market principles, and because repeating fund raising using similar methods would be difficult, as stated in "1) Items relating to the status of financial instruments, b. Details of financial instruments and related risk," the fair values of long-term liabilities incurred for purchase of railway facilities are estimated by assuming that future cash flows were raised through bonds, the Company's basic method of fund-raising, and discounting them based on estimated interest rates if similar domestic bonds were newly issued, so they are classified as level 2. Further, certain long-term liabilities incurred for purchase of railway facilities with variable interest rates are estimated based on the most recent interest rates, notification of which is provided by the Japan Railway Construction, Transport and Technology Agency.

11 SECURITIES

For held-to-maturity debt securities, the amount on the balance sheet and market value at March 31, 2024 and 2025 were as follows:

	Millions of Yen						Millions of U.S. Dollars		
	2024			2025			2025		
	Amount on Balance Sheet	Market Value	Difference	Amount on Balance Sheet	Market Value	Difference	Amount on Balance Sheet	Market Value	Difference
Of which market value exceeds the amount on balance sheet:									
Government, municipal bonds, etc.	¥ 10	¥ 10	¥ 0	¥ 10	¥ 10	¥ 0	$ 0	$ 0	$ 0
Bonds	—	—	—	—	—	—	—	—	—
Of which market value does not exceed the amount on balance sheet:									
Government, municipal bonds, etc.	—	—	—	—	—	—	—	—	—
Bonds	440	440	—	440	440	—	3	3	—
Total	¥450	¥450	¥ 0	¥450	¥450	¥ 0	$ 3	$ 3	$ 0

For available-for-sale securities, the acquisition cost and amount on balance sheet at March 31, 2024 and 2025 were as follows:

	Millions of Yen						Millions of U.S. Dollars		
	2024			2025			2025		
	Acquisition Cost	Amount on Balance Sheet	Difference	Acquisition Cost	Amount on Balance Sheet	Difference	Acquisition Cost	Amount on Balance Sheet	Difference
Of which amount on balance sheet exceeds the acquisition cost:									
Equity shares	¥ 88,352	¥228,932	¥140,580	¥ 80,429	¥224,002	¥143,573	$536	$1,493	$957
Debt securities									
Government, municipal bonds, etc.	6	6	0	—	—	—	—	—	—
Bonds	—	—	—	—	—	—	—	—	—
Other	1,905	1,910	5	2,411	2,429	18	16	16	0
Of which amount on balance sheet does not exceed the acquisition cost:									
Equity shares	34,242	31,273	(2,969)	39,991	32,147	(7,844)	267	214	(53)
Debt securities									
Government, municipal bonds, etc	—	—	—	6	6	(0)	0	0	(0)
Bonds	—	—	—	—	—	—	—	—	—
Other	110	110	—	50	50	—	0	1	1
	¥124,615	¥262,231	¥137,616	¥122,887	¥258,634	¥135,747	$819	$1,724	$905

Note: In the fiscal year ended March 31, 2024, ¥60 million of impairment loss was implemented for securities other than shares, etc. without market prices. In the fiscal year ended March 31, 2025, ¥50 million ($0 million) of impairment loss was implemented for securities other than shares, etc. without market prices. The Companies' policy stipulates that if the market value as of the year-end has declined by 50% or more of the book value of the said security, it should be written-off to the market value. If the market value has declined by 30% or more but less than 50%, the said security should be written off by the amount determined as necessary after taking the possibility of market value recovery into account.

For Available-for-Sale Securities Disposed of during the Fiscal Year Ended March 31, 2025

	Millions of Yen						Millions of U.S. Dollars		
	2024			2025			2025		
	Disposal	Total gain on disposal	Total loss on disposal	Disposal	Total gain on disposal	Total loss on disposal	Disposal	Total gain on disposal	Total loss on disposal
Equity shares	¥5,986	¥3,530	—	¥20,989	¥13,001	¥1	$140	$87	$0

12 PLEDGED ASSETS

Pledged assets at March 31, 2024 and 2025 were summarized as follows:

Pledged assets as a collateral

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Cash and cash equivalents	¥ 285	¥ 285	$ 2
Investments in securities	10,136	14,354	96
Other	39	1,464	10

Counterpart liabilities

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Payables	¥ 1,069	¥ 1,003	$ 7
Other	21	21	0

Pledged assets as a mortgage for long-term liabilities

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Buildings and structures with net book value	¥ 299	¥ 386	$ 3
Land	2,236	2,330	16
Other assets with net book value	142	180	1

Counterpart liabilities

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Long-Term Liabilities Incurred for Purchase of Railway Facilities	¥ 224	¥ 161	$ 1

13 IMPAIRMENT LOSSES ON FIXED ASSETS

In adherence with management accounting classifications, the Company generally categorize assets according to operations or properties. For railway business assets, the Company treat railway lines as a single asset group because the railway network generates cash flow as a whole. Also, the Company separately categorize assets that are slated to be disposed of or idle. The Company determine recoverable amounts for the above asset groups by measuring the net selling values or values in use. In case the Company determine recoverable amounts for the above asset groups by measuring the net selling prices, the prices and other amounts are adjusted rationally applying real-estate appraisals prepared by external real-estate appraisers or the tax-appraised value of fixed assets. Values in use for the measurement of recoverable amounts are based on the present values of expected cash flows with the discount rate of 3.0% and 4.0% in the years ended March 31, 2024 and 2025, respectively.

For assets with fair value in sharp decline compared with book value or with profitability in sharp decline, the book values were reduced to the recoverable amounts and the reductions were recognized as impairment losses on fixed assets.

Impairment losses on fixed assets were ¥24,480 million and ¥11,508 million ($77 million) in the years ended March 31, 2024 and 2025, respectively.

The fiscal year ended March 31, 2024

Major business	Category	Location	Impairment losses on fixed assets (millions of yen)	Breakdown of impairment losses on fixed assets (millions of yen)
Shopping center operations and Hotel operations, etc.	Buildings and structures and land, etc.	Yokohama City, Kanagawa, etc.	¥19,930	Buildings and structures: 18,861; land: 386; other:683
Retail sales, restaurant business, etc.	Buildings and structures and Machinery, rolling stock and vehicles, etc.	Chiyoda City, Tokyo,etc.	3,168	Buildings and structures: 2,517; Machinery, rolling stock and vehicles:193; other:458
Railway business, etc.	Buildings and structures, etc.	Morioka City, Iwate, etc.	1,382	Buildings and structures: 1,312; other:70
Other	Buildings and structures, etc.	Morioka City, Iwate, etc.	0	

The fiscal year ended March 31, 2025

Major business	Category	Location	Impairment losses on fixed assets (millions of yen)	Impairment losses on fixed assets (millions of US dollars)	Breakdown of impairment losses on fixed assets (millions of yen)
Shopping center operations and Hotel operations, etc.	Buildings and structures and land, etc.	Atami City, Shizuoka, etc.	¥4,388	$29	Buildings and structures: 3,069; land: 877; Machinery, rolling stock and vehicles:195; intangible assets:137; other:110
Railway business, etc.	Buildings and structures and land, etc.	Toda City, Saitama, etc.	3,867	26	Buildings and structures: 1,649; land:1,098; Machinery, rolling stock and vehicles:892; other:228
Retail sales, restaurant business and Overseas Lifestyle services etc.	Buildings and structures and Machinery, rolling stock and vehicles, etc.	Taipei City, Taiwan, etc.	3,252	22	Buildings and structures: 2,218; Machinery, rolling stock and vehicles:267; other:767
Other	Buildings and structures, etc.	Kawasaki City, Kanagawa, etc.	1	0	

14 LONG-TERM DEBT

Long-term debt at March 31, 2024 and 2025 were summarized as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Unsecured bonds issued in 2002 to 2025 with interest rates ranging from 0.05% to 2.55% due in 2024 to 2073	¥2,104,992	¥2,008,995	$13,394
Unsecured loans due in 2024 to 2060 principally from banks and insurance companies with interest rates mainly ranging from 0.10% to 2.80%	1,442,250	1,401,782	9,345
Euro-pound/euro bonds issued in 2006 to 2024 with interest rates ranging from 0.77% to 5.56% due in 2025 to 2054	1,009,976	1,237,378	8,249
	4,557,218	4,648,155	30,988
Less current portion	324,101	348,766	2,325
	¥4,233,117	¥4,299,389	$28,663

Note: Issue and maturity years above are expressed in calendar years (ending December 31 in the same year).

The annual maturities of bonds at March 31, 2025 were as follows:

Year ending March 31,	Millions of Yen	Millions of U.S. Dollars
2026	¥ 207,545	$ 1,384
2027	90,000	600
2028	100,000	667
2029	135,634	904
2030	85,000	567
2031 and thereafter	2,628,628	17,521

The annual maturities of long-term loans at March 31, 2025 were as follows:

Year ending March 31,	Millions of Yen	Millions of U.S. Dollars
2026	¥ 141,221	$ 941
2027	185,154	1,234
2028	266,005	1,774
2029	189,802	1,265
2030	174,600	1,164
2031 and thereafter	445,000	2,967

15 LONG-TERM LIABILITIES INCURRED FOR PURCHASE OF RAILWAY FACILITIES

In October 1991, the Company purchased the Tohoku and Joetsu Shinkansen facilities from the Shinkansen Holding Corporation for a total purchase price of ¥3,106,970 million ($20,713 million) payable in equal semiannual installments consisting of principal and interest payments in three tranches: ¥2,101,898 million ($14,013 million), ¥638,506 million ($4,257 million) in principal amounts payable through March 2017, and ¥366,566 million ($2,443 million) payable through September 2051. In March 1997, the liability of ¥27,946 million ($186 million) payable in equal semiannual installments through March 2022 to Japan Railway Construction Public Corporation was incurred with respect to the acquisition of the Akita hybrid Shinkansen facilities. In February 2002, the Company acquired a majority interest in Tokyo Monorail Co., Ltd. As a result, the consolidated balance sheet as of March 31, 2002 included liabilities of Tokyo Monorail Co., Ltd. amounting to ¥36,726 million ($245 million) payable to Japan Railway Construction Public Corporation.

The long-term liabilities incurred for purchase of railway facilities outstanding at March 31, 2024 and 2025 were as follows:

	Millions of Yen 2024	Millions of Yen 2025	Millions of U.S. Dollars 2025
Long-term liability incurred for purchase of the Tohoku and Joetsu Shinkansen facilities:			
Payable semiannually including interest at a rate currently approximating 4.09% through 2017	¥ —	¥ —	$ —
Payable semiannually including interest at 6.35% through 2017	—	—	—
Payable semiannually including interest at 6.55% through 2051	310,778	306,543	2,043
	310,778	306,543	2,043
Long-term liability incurred for purchase of the Akita hybrid Shinkansen facilities:			
Payable semiannually at an average rate currently approximating 0.83% through 2022	—	—	—
Long-term liability incurred for purchase of the Tokyo Monorail facilities:			
Payable semiannually at an average rate currently approximating 1.33% through 2029	224	161	1
	311,002	306,704	2,044
Less current portion:			
The Tohoku and Joetsu Shinkansen purchase liability	4,235	4,518	30
The Akita hybrid Shinkansen purchase liability	—	—	—
Tokyo Monorail purchase liability	63	46	0
	4,298	4,564	30
	¥306,704	¥302,140	$2,014

Maturity years above are expressed in calendar years (ending December 31 in the same year).

The annual payments of long-term liabilities incurred for purchase of railway facilities at March 31, 2025 were as follows:

Year ending March 31,	Millions of Yen	Millions of U.S. Dollars
2026	¥ 4,564	$ 30
2027	4,850	32
2028	5,171	34
2029	5,514	37
2030	5,863	39
2031 and thereafter	280,742	1,872

16 CONSUMPTION TAXES

The Japanese consumption tax is an indirect tax levied at the rate of 10%. Accrued consumption tax represents the difference between consumption taxes collected from customers and consumption taxes paid on purchases.

17 CONTINGENT LIABILITIES

(1) The Company has extended contingent liabilities of ¥11,832 and ¥12,235 million ($82million) for orders received by Japan Transportation Technology (Thailand) Co., Ltd in the years ended March 31, 2024 and 2025, respectively.

This contract guarantee is a joint guarantee by three companies including the Company.

(2) The Company has capital call obligations etc., of ¥21,500 million ($143million) to Limited Liability Company JREAST Fund IX in the year ended March 31, 2025.

18 NET ASSETS

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Corporate Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheet.

In addition, under the Corporate Law, by a resolution of the general meeting of shareholders, all additional paid-in-capital and all legal earnings reserve may be transferred to other capital surplus and other retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the general meeting of shareholders held in June 2025, the shareholders approved cash dividends amounting to ¥38,570 million ($257 million). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2025. Such appropriations are recognized in the period in which they are approved by the shareholders.

19 INFORMATION REGARDING CERTAIN LEASES

Future lease payments for non-cancellable operating leases, including those due within one year, at March 31, 2024 and 2025 were as follows:

(Lessee)

	Millions of Yen 2024 Within one year	Millions of Yen 2024 Total	Millions of Yen 2025 Within one year	Millions of Yen 2025 Total	Millions of U.S. Dollars 2025 Within one year	Millions of U.S. Dollars 2025 Total
Non-cancellable operating leases	¥7,396	¥78,702	¥7,394	¥75,847	$49	$506

(Lessor)

	Millions of Yen 2024 Within one year	Millions of Yen 2024 Total	Millions of Yen 2025 Within one year	Millions of Yen 2025 Total	Millions of U.S. Dollars 2025 Within one year	Millions of U.S. Dollars 2025 Total
Non-cancellable operating leases	¥19,833	¥68,072	¥24,848	¥148,896	$166	$993

20 INFORMATION FOR DERIVATIVE TRANSACTIONS

1) Items Regarding Trading Circumstances (See Note 10)

2) Derivative Transactions Not Applied to Hedge Accounting

Millions of Yen

Type	Hedged item	2024 Contract amount, etc.	2024 Of which more-than-one-year contract amount, etc.	2024 Fair value (Note 2)	2024 Unrealized profits and loses	2025 Contract amount, etc.	2025 Of which more-than-one-year contract amount, etc.	2025 Fair value (Note 2)	2025 Unrealized profits and loses
Transactions other than market transactions	Earthquake derivatives	¥1,607	—	¥1,607	—	¥1,583	—	¥1,583	—
Total		¥1,607	—	¥1,607	—	¥1,583	—	¥1,583	—

Millions of U.S. Dollars

Type	Hedged item	2025 Contract amount, etc.	2025 Of which more-than-one-year contract amount, etc.	2025 Fair value (Note 2)	2025 Unrealized profits and loses
Transactions other than market transactions	Earthquake derivatives	$11	—	$11	—
Total		$11	—	$11	—

3) Derivative Transactions Applied to Hedge Accounting

Millions of Yen

Type	Hedged item	2024 Contract amount, etc.	2024 Of which more-than-one-year contract amount, etc.	2024 Fair value	2025 Contract amount, etc.	2025 Of which more-than-one-year contract amount, etc.	2025 Fair value
Currency swap	Long-term loans	¥ 20,000	¥ 20,000	¥4,593	¥ 20,000	¥ 20,000	¥4,556
Forward exchange	Accounts receivable-trade	11	—	(0)	24	—	0
Currency swap	Foreign currency denominated bonds Pay:JPY Receive:GBP	285,593	285,593	(Note)	400,220	400,220	(Note)
	Foreign currency denominated bonds Pay:JPY Receive:EUR	724,861	724,861	(Note)	837,587	740,042	(Note)
Interest swap	Long-term loans	18,000	18,000	(Note)	18,000	18,000	(Note)
Total		¥1,048,465	¥1,048,454	¥4,593	¥1,275,831	¥1,178,262	¥4,556

Millions of U.S. Dollars

Type	Hedged item	2025 Contract amount, etc.	2025 Of which more-than-one-year contract amount, etc.	2025 Fair value
Currency swap	Long-term loans	$ 134	$ 134	$ 30
Forward exchange	Accounts receivable-trade	0	—	(0)
Currency swap	Foreign currency denominated bonds Pay:JPY Receive:GBP	2,668	2,668	(Note)
	Foreign currency denominated bonds Pay:JPY Receive:EUR	5,584	4,933	(Note)
Interest swap	Long-term loans	120	120	(Note)
Total		$8,506	$7,855	$ 30

Note: As derivative transactions that meet certain hedging criteria, regarding foreign currency swaps or interest rate swaps are treated in combination with bonds or long-term loans, the fair values of these derivatives are included in the fair values of these bonds or long-term loans. (See Note 10)

21 NET DEFINED BENEFIT LIABILITY

Net defined benefit liability included in the liability section of the consolidated balance sheet as of March 31, 2024 and 2025 consisted of the following:

1) Movement in Retirement Benefit Obligations

	Millions of Yen 2024	Millions of Yen 2025	Millions of U.S. Dollars 2025
Balance at the beginning of the fiscal year	¥456,347	¥409,774	$2,732
Service costs	28,562	26,198	174
Interest costs	2,742	5,201	35
Actuarial losses (gains)	(38,079)	14,517	97
Benefits paid	(40,080)	(11,883)	(79)
Past service costs	52	(161)	(1)
Other	230	55	0
Balance at the end of the fiscal year	¥409,774	¥443,701	$2,958

2) Movements in Plan Assets

	Millions of Yen 2024	Millions of Yen 2025	Millions of U.S. Dollars 2025
Balance at the beginning of the fiscal year	¥ 11,465	¥ 12,174	$ 81
Expected return on plan assets	100	111	1
Actuarial losses (gains)	227	(74)	(0)
Contributions paid by the employer	783	822	5
Benefits paid	(401)	(400)	(3)
Other	—	(1)	(0)
Balance at the end of the fiscal year	¥ 12,174	¥ 12,632	$ 84

3) Reconciliation from Retirement Benefit Obligations and Plan Assets to Liability (Asset) for Retirement Benefits

	Millions of Yen 2024	Millions of Yen 2025	Millions of U.S. Dollars 2025
Funded retirement benefit obligations	¥ 13,002	¥ 12,775	$ 85
Plan assets	(12,174)	(12,631)	(84)
	828	144	1
Unfunded retirement benefit obligations	396,772	430,926	2,873
Total Net liability (asset) for retirement benefits at March 31	397,600	431,070	2,874
Liability for retirement benefits	399,184	432,909	2,886
Asset for retirement benefits	(1,584)	(1,839)	(12)
Total Net liability (asset) for retirement benefits at March 31	¥397,600	¥431,070	$2,874

Employees' severance and retirement benefit expenses included in the consolidated statement of income for the years ended March 31, 2024 and 2025 consisted of the following:

4) Retirement Benefit Costs

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Service costs	¥28,562	¥26,198	$175
Interest costs	2,743	5,200	35
Expected return on plan assets	(100)	(111)	(1)
Net actuarial loss amortization	(3,248)	(6,934)	(47)
Past service costs amortization	6	(34)	(0)
Other	237	263	2
Total retirement benefit costs for the fiscal year ended March 31	¥28,200	¥24,582	$164

5) Adjustments for Retirement Benefit Costs

Adjustments for retirement benefit costs (before adjustments in tax effect accounting) are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Past service costs that are yet to be recognized	¥ (46)	¥ 127	$ 1
Actuarial gains and losses that are yet to be recognized	35,058	(21,525)	(144)
Total balance at March 31	¥35,012	¥(21,398)	$(143)

6) Accumulated Adjustments for Retirement Benefit

Accumulated adjustments for retirement benefit (before adjustments in tax effect accounting) are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Past service costs that are yet to be recognized	¥ (24)	¥ 103	$ 1
Actuarial gains and losses that are yet to be recognized	46,987	25,461	169
Total balance at March 31	¥46,963	¥25,564	$170

7) Plan Assets

	2024	2025
Bonds	6%	6%
Equity securities	18%	17%
General account of life insurers	46%	47%
Other	30%	30%

The discount rates are mainly 1.4% and 1.4% in the years ended March 31, 2024 and 2025, respectively. The rates of expected return on pension assets used by the Companies were mainly 0.7% and 0.7% in the years ended March 31, 2024 and 2025, respectively.

The required contributions to the defined contribution plans of the Company and its consolidated subsidiaries were ¥1,576 million and ¥1,667 million ($11 million) in the years ended March 31, 2024 and 2025, respectively.

22 INCOME TAXES

The major components of deferred tax assets and deferred tax liabilities at March 31, 2024 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Deferred tax assets:			
Loss carried forward for tax purposes	¥210,635	¥152,967	$1,020
Net defined benefit liability	122,507	136,564	910
Impairment loss on fixed assets	45,921	45,904	306
Unrealized holding gains on fixed assets	26,582	28,035	187
Reserves for bonuses	21,585	23,493	157
Point-related contract liabilities and allowance	16,705	19,095	127
Excess depreciation and amortization of fixed assets	7,408	7,552	50
Asset retirement obligations	5,346	5,602	37
Social insurance premiums for bonuses to employees and reserves for bonuses to employees	3,424	3,698	25
Other	47,983	43,379	290
	508,096	466,289	3,109
Valuation allowance for tax losses carried forward	(20,016)	(15,689)	(105)
Valuation allowance for the total of future subtraction temporary differences, etc.	(62,616)	(56,528)	(376)
Less valuation allowance	(82,632)	(72,217)	(481)
Gross deferred tax assets	425,464	394,072	2,627
Less amounts offset against deferred tax liabilities	(82,923)	(87,157)	(581)
Net deferred tax assets	¥342,541	¥306,915	$2,046
Deferred tax liabilities:			
Net unrealized holding gains on securities	¥ 42,177	¥ 44,525	$ 297
Tax deferment for gain on transfers of certain fixed assets	30,797	31,824	212
Valuation for assets and liabilities of consolidated subsidiaries	2,198	2,175	15
Other	10,071	10,622	71
	85,243	89,146	595
Less amounts offset against deferred tax assets	(82,923)	(87,157)	(581)
Net deferred tax liabilities	¥ 2,320	¥ 1,989	$ 14

Notes: 1. The valuation allowance decreased ¥10,415 million ($69 million) compared with the fiscal year ended March 31, 2024. This was primarily attributable to a decrease in the valuation allowance pertaining to impairment losses on fixed assets.

The fiscal year ended March 31, 2024

	Millions of Yen 2024						
	1 year or less	More than 1 year, 2 years or less	More than 2 years, 3 years or less	More than 3 years, 4 years or less	More than 4 years, 5 years or less	More than 5 years	Total
Tax losses carried forward *1	¥ 186	¥ 74	¥ 97	¥ 28	¥ 94	¥210,156	¥210,635
Valuation allowance	(156)	(74)	(97)	(28)	(94)	(19,567)	(20,016)
Deferred tax assets	30	—	—	—	—	190,589	190,619*2

*1. The amounts of tax losses carried forward are calculated through multiplication by the effective statutory tax rate.

*2. Valuation allowance is not recognized with respect to the portion of tax losses carried forward that is judged to be recoverable based on estimates of future taxable income and other factors.

The fiscal year ended March 31, 2025

	Millions of Yen 2025						
	1 year or less	More than 1 year, 2 years or less	More than 2 years, 3 years or less	More than 3 years, 4 years or less	More than 4 years, 5 years or less	More than 5 years	Total
Tax losses carried forward *1	¥ 74	¥ 87	¥ 25	¥ 95	¥ 57	¥152,629	¥152,967
Valuation allowance	(26)	(87)	(25)	(95)	(57)	(15,399)	(15,689)
Deferred tax assets	48	—	—	—	—	137,230	137,278*2

	Millions of U.S. Dollars 2025						
	1 year or less	More than 1 year, 2 years or less	More than 2 years, 3 years or less	More than 3 years, 4 years or less	More than 4 years, 5 years or less	More than 5 years	Total
Tax losses carried forward *1	$ 0	$ 1	$ 0	$ 1	$ 0	$1,018	$1,020
Valuation allowance	(0)	(1)	(0)	(1)	(0)	(103)	(105)
Deferred tax assets	0	—	—	—	—	915	915*2

* 1. The amounts of tax losses carried forward are calculated through multiplication by the effective statutory tax rate.

* 2. Valuation allowance is not recognized with respect to the portion of tax losses carried forward that is judged to be recoverable based on estimates of future taxable income and other factors.

Notes: 2. Breakdown by item of the main factors causing differences between the effective statutory tax rate and the actual effective income tax rate after applying tax effect accounting

	2024	2025
Effective statutory tax rate	30.5 %	30.5 %
(Adjustment)		
Change in valuation allowance	(2.2)%	(4.0)%
Effect of tax rate change	(0.0)%	(2.0)%
Equity in net income (loss) of affiliated companies	(1.2)%	(1.1)%
Other	0.9 %	0.7 %
Actual effective income tax rate after applying tax effect accounting	28.0 %	24.1 %

Notes: 3. Amendment to the Amounts of Deferred Tax Assets and Deferred Tax Liabilities Due to Changes in Income Tax Rates,
Following the enactment of the "Act for Partial Amendment to the Income Tax Act, etc." by the Diet on March 31, 2025, a "Defense Special Corporation Tax" will be imposed starting from the fiscal year beginning on or after April 1, 2026. As a result, the statutory effective tax rate used to calculate deferred tax assets and liabilities, mainly related to temporary differences at the fiscal year ended March 31, 2025 that are expected to be eliminated on or after April 1, 2026, has been revised from 30.5% to 31.4%. The impact of this change on the Company's consolidated financial statements is immaterial.

23 INVESTMENT AND RENTAL PROPERTY

The Companies own rental office buildings and rental commercial facilities (hereafter "investment and rental property") principally within the Company's service area. In the years ended March 31, 2024 and 2025, the amounts of net income related to rental property were ¥69,592 million and ¥73,264 million ($488million) (rental income is recognized in operating revenues and rental expense is principally charged to operating expenses), respectively. The amounts recognized in the consolidated balance sheet and fair values related to investment and rental property were as follows.

		Millions of Yen		Millions of U.S. Dollars	
		Consolidated balance sheet amount	Fair value	Consolidated balance sheet amount	Fair value
2024	Difference	2025	2025	2025	2025
¥875,324	¥179,255	¥1,054,579	¥2,861,145	$7,031	$19,074

Notes: 1. The consolidated balance sheet amount is the amount equal to acquisition cost, less accumulated depreciation.

Notes: 2. Regarding difference in the above table, the increases in the year ended March 31, 2025, were principally attributable to acquisition of real estate and renewal (¥231,999 million / $1,547 million), and the decreases were mainly transfer to real estate for sale (¥39,582 million / $264 million) and attributable to depreciation expenses (¥29,752 million / $198 million).

Notes: 3. Regarding fair values at the end of fiscal year, the amount for significant properties is based on real-estate appraisals prepared by external real-estate appraisers, and the amount for other properties is estimated by the Company based on certain appraisal values or indicators that reflect appropriate market prices. If, after obtaining a property from a third party or since the most recent appraisal, there has been no material change in the relevant appraisal values or indicators that reflect the appropriate market prices, the amount is based on such appraisal values or indicators.

Notes: 4. Because fair values are extremely difficult to determine, this table does not include property that is being constructed or developed for future use as investment property. The amount recognized in the consolidated balance sheet related to such property are ¥298,027 million and ¥342,420 million ($2,283 million) in the years ended March 31, 2024 and 2025, respectively.

24 REVENUE RECOGNITON

1) Information on the Analysis of Revenues Arising from Contracts with Customers

For the year ended March 31, 2024

Millions of Yen

	2024						
	Transportation						
	Passenger transportation						
	Commuter passes	Non-commuter passes	Others	Retail & Services	Real Estate & Hotels	Others (Note 1)	Total
Revenues arising from contracts with customers	¥419,785	¥1,271,154	¥130,800	¥352,056	¥179,300	¥ 87,946	¥2,441,041
Revenues arising from other sources (Note 2)	—	—	29,845	17,285	238,837	3,111	289,078
Total	¥419,785	¥1,271,154	¥160,645	¥369,341	¥418,137	¥ 91,057	¥2,730,119

For the year ended March 31, 2025

Millions of Yen

	2025						
	Transportation						
	Passenger transportation						
	Commuter passes	Non-commuter passes	Others	Retail & Services	Real Estate & Hotels	Others (Note 1)	Total
Revenues arising from contracts with customers	¥430,738	¥1,354,953	¥139,872	¥374,402	¥190,310	¥ 99,184	¥2,589,459
Revenues arising from other sources (Note 2)	—	—	20,226	19,385	255,113	3,370	298,094
Total	¥430,738	¥1,354,953	¥160,098	¥393,787	¥445,423	¥102,554	¥2,887,553

Millions of U.S. Dollars

	2025						
	Transportation						
	Passenger transportation						
	Commuter passes	Non-commuter passes	Others	Retail & Services	Real Estate & Hotels	Others (Note 1)	Total
Revenues arising from contracts with customers	$2,872	$9,033	$ 932	$2,496	$1,269	$661	$17,263
Revenues arising from other sources (Note 2)	—	—	135	129	1,700	23	1,987
Total	$2,872	$9,033	$1,067	$2,625	$2,969	$684	$19,250

Notes: 1. The "Others segment" classification refers to the business segment comprising businesses that are not included in the reporting segments. The credit card businesses, the IT and *Suica* business, and information processing businesses, among others, are included in the Others segment.

Notes: 2. Revenues arising from other sources includes real estate lease revenues and lease revenues, among others.

2) Basic Information for the Understanding of Revenues Arising from Contracts with Customers

Basic information for the understanding of revenues arising from contracts with customers is as stated in Standards for Recognition of Significant Revenues and Expenses (See Note 2 (18)).

3) Information on the Relationship between the Satisfaction of Performance Obligations Based on Contracts with Customers and Cash Flows Arising from Said Contracts as well as the Amounts and Timing of Revenues Expected to Be Recognized Beginning from the Fiscal Year Ended March 31, 2026, from Contracts with Customers as of March 31, 2025

(1)Contract Assets and Contract Liabilities

	Millions of Yen		Millions of U.S. Dollars
	For the year ended March 31, 2024	For the year ended March 31, 2025	For the year ended March 31, 2025
Receivables arising from contracts with customers (balance at beginning of period)	¥133,474	¥164,992	$1,100
Receivables arising from contracts with customers (balance at end of period)	164,992	169,050	1,127
Contract assets (balance at beginning of period)	2,584	2,421	16
Contract assets (balance at end of period)	2,421	9,928	66
Contract liabilities (balance at beginning of period)	144,351	163,727	1,092
Contract liabilities (balance at end of period)	¥163,727	¥185,891	$1,239

Contract liabilities mainly consist of prepaid railway fares received prior to the satisfaction of performance obligations for passenger transportation services by railway and unused JRE POINT granted for the usage of railway and station buildings, etc., which are recognized as revenues when the performance obligations are satisfied.

Of the amounts of revenue recognized, the amounts included in the contract liabilities balance at beginning of period were ¥80,414 million and ¥88,397 million ($589 million), in the years ended March 31, 2024 and 2025, respectively.

(2) Transaction Prices Distributed to Remaining Performance Obligations

In noting the transaction prices distributed to remaining performance obligations, the Company and its subsidiaries adopt a simplified practical method. Contracts whose contract periods are initially expected to be one year or less are not subject to noting. The total transaction prices distributed to remaining performance obligations and the expected timing of revenue recognition are as follows.

	Millions of Yen		Millions of U.S. Dollars
	For the year ended March 31, 2024	For the year ended March 31, 2025	For the year ended March 31, 2025
One year or less	¥ 24,070	¥ 43,219	$ 288
More than one year, two years or less	21,091	49,306	329
More than two years, three years or less	37,303	121,682	811
More than three years	123,323	18,867	126
Total	¥205,787	¥233,074	$1,554

25 SEGMENT INFORMATION

1) General Information about Reportable Segments

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

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

(Information Related to Changes in Reportable Segments, etc.)
The Company has categorized 14 businesses within the four-segment classification of "Transportation," "Retail & Services," "Real Estate & Hotels," and "Others" by reviewing the categories for management decision making and has established strategies and KPIs for each of them as part of a new initiative since the beginning of the fiscal year ended March 31, 2025.

As a result, the Company's business of rent of the space under elevated railway tracks, which was previously included in the reportable segment of Transportation, and JR East Sports Co., Ltd. and GALA YUZAWA Co., Ltd., which were previously included in the reportable segment of Retail & Services, have been included in the reportable segment of Real Estate & Hotels since the fiscal year ended March 31, 2025 as they are characterized as the business of Real estate ownership and utilization held by the Group.

In addition, JREFU Hotel Management & Consulting Co., Ltd., which was previously included in the reportable segment of Real Estate & Hotels, has been included in the reportable segment of Retail & Services since the fiscal year ended March 31, 2025 as it is operated together with other overseas subsidiaries in the Retail & Services segment in an integrated manner.

The segment information for the fiscal year ended March 31, 2024 has also been prepared and presented based on the new reportable segments.

2) Basis of Measurement about Reportable Segment Operating Revenues, Segment Income or Loss, Segment Assets, and Other Material Items

The accounting treatment for each reportable segment is largely the same as that set forth in the "Significant accounting policies (Note 2)". Moreover, intersegment transactions are between consolidated subsidiaries and based on market prices and other fair values.

Fiscal 2024 (April 1, 2023 to March 31, 2024)

Millions of Yen

	Transportation	Retail & Services	Real Estate & Hotels	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Operating revenues:							
Outside customers	¥1,851,584	¥369,341	¥ 418,137	¥ 91,057	¥ 2,730,119	—	¥2,730,119
Inside group	55,458	35,864	27,156	163,043	281,521	(281,521)	—
Total	1,907,042	405,205	445,293	254,100	3,011,640	(281,521)	2,730,119
Segment income	¥ 161,863	¥ 52,606	¥ 110,420	¥ 21,915	¥ 346,804	¥ (1,642)	¥ 345,162
Segment Assets	¥7,250,146	¥380,375	¥1,997,262	¥1,174,133	¥10,801,916	¥(1,030,436)	¥9,771,480
Depreciation	288,248	17,001	55,089	31,834	392,172	—	392,172
Increase in fixed assets (Note 5)	457,236	21,416	226,790	28,884	734,326	—	734,326

Notes: 1. "Others" represents categories of business that are not included in reportable segments and includes IT & Suica business including credit card business, information processing and certain other businesses.

Notes: 2. The ¥(1,642) million upward adjustment to segment income included a ¥(1,199) million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥(433) million elimination for intersegment transactions. Moreover, the ¥(1,030,436) million downward adjustment to segment assets included a ¥(1,433,787) million elimination of intersegment claims and obligations, offset by ¥403,351 million in corporate assets not allocated to each reportable segment.

Notes: 3. Segment income was adjusted to ensure consistency with the operating income set forth in the consolidated statement of income.

Notes: 4. Segment information on liabilities was omitted from record, as it is not a metric used in deciding the allocation of management resources or evaluating earnings performance.

Notes: 5. Increase in fixed assets included a portion contributed mainly by national and local governments.

Fiscal 2025 (April 1, 2024 to March 31, 2025)

Millions of Yen

	Transportation	Retail & Services	Real Estate & Hotels	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Operating revenues:							
Outside customers	¥1,945,789	¥393,787	¥ 445,423	¥ 102,554	¥ 2,887,553	—	¥ 2,887,553
Inside group	61,186	43,277	31,349	186,100	321,912	(321,912)	—
Total	2,006,975	437,064	476,772	288,654	3,209,465	(321,912)	2,887,553
Segment income	¥ 176,092	¥ 60,508	¥ 120,349	¥ 22,939	¥ 379,888	¥ (3,102)	¥ 376,786
Segment Assets	¥7,309,594	¥402,669	¥2,297,983	¥1,268,512	¥11,278,758	¥(1,104,534)	¥10,174,224
Depreciation	299,084	19,462	55,471	32,185	406,202	—	406,202
Increase in fixed assets (Note 5)	451,212	29,512	329,320	36,774	846,818	—	846,818

Millions of U.S. Dollars

	Transportation	Retail & Services	Real Estate & Hotels	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Operating revenues:							
Outside customers	$12,972	$2,625	$ 2,969	$ 684	$19,250	—	$19,250
Inside group	408	289	209	1,240	2,146	(2,146)	—
Total	13,380	2,914	3,178	1,924	21,396	(2,146)	19,250
Segment income	$ 1,174	$ 404	$ 802	$ 153	$ 2,533	$ (21)	$ 2,512
Segment Assets	$48,731	$2,684	$15,320	$8,457	$75,192	$(7,364)	$67,828
Depreciation	1,994	129	370	215	2,708	—	2,708
Increase in fixed assets (Note 5)	3,008	197	2,195	245	5,645	—	5,645

Notes: 1. "Others" represents categories of business that are not included in reportable segments and includes IT & Suica business including credit card business, information processing and certain other businesses.

Notes: 2. The ¥(3,102) million ($(21) million) douwnward adjustment to segment income included a ¥(2,765) million ($(18) million) elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥(353) million ($(2) million) elimination for intersegment transactions. Moreover, the ¥(1,104,534) million ($(7,364) million) downward adjustment to segment assets included a ¥(1,522,512) million ($(10,150)million) elimination of intersegment claims and obligations, offset by ¥417,978 million ($2,787 million) in corporate assets not allocated to each reportable segment.

Notes: 3. Segment income was adjusted to ensure consistency with the operating income set forth in the consolidated statement of income.

Notes: 4. Segment information on liabilities was omitted from record, as it is not a metric used in deciding the allocation of management resources or evaluating earnings performance.

Notes: 5. Increase in fixed assets included a portion contributed mainly by national and local governments.

3) Relevant Information

i. Information about products and services
Information about products and services was omitted as the Company classifies such segments in the same way as it does its reportable segments.

ii. Information about geographic areas
a Operating Revenues
Information about geographic areas was omitted as operating revenues attributable to outside customers in Japan exceed 90% of the operating revenues reported in the consolidated statement of income.

b Property, plant and equipment
Information about geographic areas was omitted as property, plant and equipment in Japan exceed 90% of the property, plant and equipment reported in the consolidated balance sheet.

iii. Information about major customers
Information about major customers was omitted as no single outside customer contributes 10% or more to operating revenues in the consolidated statement of income.

4) Information about Impairment Losses on Fixed Assets in Reportable Segments

Fiscal 2024 (Year ended March 31, 2024)

Millions of Yen

	Transportation	Retail & Services	Real Estate & Hotels	Others (Note)	Total
Impairment losses on fixed assets	¥1,382	¥3,168	¥19,930	¥0	¥24,480

Fiscal 2025 (Year ended March 31, 2025)

Millions of Yen

	Transportation	Retail & Services	Real Estate & Hotels	Others (Note)	Total
Impairment losses on fixed assets	¥3,867	¥3,252	¥ 4,388	¥1	¥11,508

Millions of U.S. Dollars

	Transportation	Retail & Services	Real Estate & Hotels	Others (Note)	Total
Impairment losses on fixed assets	$26	$22	$29	$0	$77

Note: The amount in "Others" is the amount in connection with business segments and other operations excluded from the reportable segments.

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

Information about amortized amount of goodwill and unamortized balance of goodwill by reportable segments was omitted as the amount was negligible.

6) Information about Gain on Negative Goodwill by Reportable Segments

Information about gain on negative goodwill by reportable segments was omitted as there was no relevant information.

26 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Years Ended March 31, 2024 and 2025

Amounts reclassified to net income (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and tax effects for each component of other comprehensive income are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2024	2025	2025
Net unrealized holding gains (losses) on securities:			
Amount arising during the year	¥ 83,120	¥ 11,172	$ 74
Reclassification adjustments	(3,470)	(13,038)	(87)
Sub-total, before tax	79,650	(1,866)	(13)
Tax (expense) benefit	(23,788)	(803)	(5)
Sub-total, net of tax	55,862	(2,669)	(18)
Net deferred gains (losses) on derivatives under hedge accounting:			
Amount arising during the year	1,470	463	3
Reclassification adjustments	(493)	(500)	(3)
Acquisition cost adjustments	0	0	0
Sub-total, before tax	977	(37)	(0)
Tax (expense) benefit	(298)	(29)	(0)
Sub-total, net of tax	679	(66)	(0)
Foreign currency translation adjustments:			
Amount arising during the year	(102)	82	0
Reclassification adjustments	—	—	—
Sub-total, before tax	(102)	82	0
Tax (expense) benefit	—	—	—
Sub-total, net of tax	(102)	82	0
Remeasurements of defined benefit plans:			
Amount arising during the year	38,255	(14,430)	(96)
Acquisition cost adjustments	(3,243)	(6,968)	(46)
Sub-total, before tax	35,012	(21,398)	(142)
Tax (expense) benefit	(10,670)	6,514	43
Sub-total, net of tax	24,342	(14,884)	(99)
Share of other comprehensive income of associates accounted for using equity method:			
Amount arising during the year	3,503	857	6
Reclassification adjustments	(791)	(412)	(3)
Sub-total	2,712	445	3
Total other comprehensive income	¥ 83,493	¥(17,092)	$(114)

27 CONSOLIDATED STATEMENT OF CASH FLOWS

(Major components of assets and liabilities of companies that became consolidated subsidiaries through share acquisition)

For the Years Ended March 31, 2024

The breakdown of assets and liabilities at the beginning of consolidation of GATES PCM CONSTRUCTION LTD., which was newly consolidated as a result of the acquisition of its shares, and the reconciliation between acquisition cost of shares and net payment for the acquisition are as follows:

	Millions of Yen
Current assets	¥1,643
Fixed assets	1,668
Goodwill	1,677
Current liabilities	(1,834)
Long-term liabilities	(77)
Foreign currency translation adjustments	5
Non-controlling interests	(350)
Acquisition cost of shares of newly consolidated subsidiary	2,732
Cash and cash equivalents of newly consolidated subsidiary	(71)
Net: Payments for purchase of shares of newly consolidated subsidiary	¥2,661

For the Years Ended March 31, 2025

The breakdown of assets and liabilities at the beginning of consolidation of Decorum Vending Ltd. which was newly consolidated as a result of the acquisition of its shares, and the reconciliation between acquisition cost of shares and net payment for the acquisition are as follows:

	Millions of Yen	Millions of U.S. Dollars
Current assets	¥ 123	$ 1
Fixed assets	266	2
Goodwill	3,017	20
Current liabilities	(385)	(3)
Long-term liabilities	(52)	(0)
Foreign currency translation adjustments	1	0
Acquisition cost of shares of newly consolidated subsidiary	2,970	20
Cash and cash equivalents of newly consolidated subsidiary	(24)	(0)
Net: Payments for purchase of shares of newly consolidated subsidiary	¥2,946	$20

28 SUBSEQUENT EVENTS

(Revision of retirement benefit plan)

The Company plans to conduct a revision of the current retirement benefit plan to take effect on April 1, 2026, whereby it will transition from a lump-sum retirement benefit plan to a defined contribution retirement benefit plan. For the accounting treatment associated with this revision, the Company plans to apply “Accounting for Transfer between Retirement Benefit Plans” (ASBJ Guidance No. 1, December 16, 2016) and “Practical Solution on Accounting for Transfer between Retirement Benefit Plans” (ASBJ PITF No. 2, February 7, 2007). The Company is still in the process of assessing the effects of this application.

(Sales of investments in securities)

Based on our policy of continuously shrinking the overall size of our cross-shareholdings, we have sold a portion of our cross-shareholdings. As a result of this transaction, we expect to record a gains on sale of investment securities of approximately ¥22,116 million ($147 million) as Other Income in our consolidated income statement for the next consolidated fiscal year.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-looking statements in the following discussion and analysis are judgments of the JR East Group as of March 31, 2025.

Key Accounting Policies and Estimates

JR East prepares consolidated financial statements in accordance with accounting principles generally accepted in Japan. Forward-looking estimates included in those financial statements are based on a variety of factors that, in light of JR East's past performance and current circumstances, can be reasonably assumed to have affected results for assets and liabilities on the consolidated settlement date and consolidated revenues and expenses in fiscal 2025, ended March 31, 2025. JR East continuously assesses those factors. However, actual results may differ materially from those estimates, given the uncertainty of forward-looking statements.

Of the estimates and assumptions used in the preparation of consolidated financial statements, items that could have a significant effect on financial position or management performance are as follows.

a. Recoverability of Deferred Tax Assets

Assumptions related to the recoverability of deferred tax assets have been stated in "NOTE3: SIGNIFICANT ACCOUNTING ESTIMATES" Notes to Consolidated Financial Statements.

b. Impairment Loss on Fixed Assets

Assumptions related to the impairment losses on fixed assets have been stated in "NOTE3: SIGNIFICANT ACCOUNTING ESTIMATES" Notes to Consolidated Financial Statements.

c. Estimates of Retirement Benefit Obligation

In estimating retirement benefit obligation in relation to employees, actuarial assumptions concerning discount rates, salary increase rates, retirement rates, mortality rates, and other items have been used. If actuarial assumptions and actual results differ or if actuarial assumptions change, the estimates of retirement benefit obligation of the following fiscal year could be affected.

Performance Analysis

Overview

In the consolidated fiscal year ended March 31, 2025, despite some remaining weaknesses, the Japanese economy recovered at a moderate pace.

In light of this situation, the JR East Group (the Group) has positioned "Safety" as the top priority for business management and has worked on "Enhancement of Profitability," "Fundamental Strengthening of Management Culture," "Promotion of Strategies for Growth Foundation," and "Practice of ESG Management," thereby accelerating our progress toward the achievement of "Move Up" 2027, our Group management vision.

Aiming to achieve "Ultimate Safety," under the "Group Safety Plan 2028," the Group has adopted the theme of "Taking the nature of railway work to heart, imagine the unexpected, reach for safety!" and united as one group to fortify its foundations for safety and have taken proactive safety measures in order to realize "Zero customer fatalities or injuries, Zero employee fatalities." These safety measures included countermeasures for major earthquakes by seismic reinforcement of elevated railway tracks and utility poles, derailment prevention measures on Shinkansen trains, as well as installations of platform doors using the fare system established by the national government to make train stations barrier-free.

With respect to "Enhancement of Profitability (restructuring of our growth and innovation strategy)," the Group worked to promote the creation of two-way tourism between the Tokyo metropolitan area and regional areas in the mobility business. Specific measures included focusing on the Hokuriku region, which has gained more convenient access with the opening of the Tsuruga extension of the Hokuriku Shinkansen, as well as the Tohoku region, including along the Yamagata Shinkansen where the new Series E8 rolling stock has been introduced. Additionally, the Group worked to promote customer mobility in the JR East area and enhance profitability by introducing Green Cars to the Chuo Rapid Line and the Ome Line. In the lifestyle solutions business, the "Beyond the Border" strategy was formulated which aims to enhance profits through new business growth strategies, and the Group established JR East Real Estate Co., Ltd. for the purpose of accelerating the real estate rotation business and opened TAKANAWA GATEWAY CITY. In addition to launching financial services through "JRE BANK", and based on "Going beyond the Common Notion of Suica: Suica Renaissance" announced in December 2024, it released the "Welcome Suica Mobile" app aimed at foreign visitors to Japan and expanded the Suica usage area including 23 stations in the Nagano Prefecture.

With respect to "Fundamental Strengthening of Management Culture (structural reform)," the Company introduced driver-only operations on the Joban Local Line and the Nambu Line and promoted its smart maintenance initiative by introducing Shinkansen track monitoring railcars and drones. For passes sold on or after October 1, 2024, the Company lowered the prices of off-peak commuter passes to levels that are approximately 15% discount to regular commuter passes, in order to encourage more customers to use them. Meanwhile, for the sustainable continuation of the railway business, the Company submitted an application for fare revision for the first time since its foundation. Additionally, to contribute to solving social issues tailored to regional circumstances, create inspiring experiences, pursue "Ultimate Safety," improve service quality, realize a more flexible workstyle, the Company promoted the establishment of general management centers that combine stations and crew workplaces, and advanced integration and collaboration between different operational systems, frontline operational workplaces and organizations, and planning departments.

With respect to "Promotion of Strategies for Growth Foundation," the Company implemented a human resource strategy to establish flexible work systems and an environment to support employee motivation and diverse workstyles, including raising the starting salary for new graduates and enhancing support for balancing work with childcare and/or nursing care. As part of its digital transformation (DX) and intellectual property strategies, the Group promoted collaborations based on open innovation with external parties, including the WaaS Co-creation Consortium aimed at the realization of well-being, while promoting strategic acquisition and utilization of intellectual property. In terms of financial and investment strategies, the Group categorized its wide range of businesses into 14 businesses and promoted the formulation and execution of strategies specific to each business, in order to realize consolidated cash flow management.

With respect to "Practice of ESG Management," in its continued efforts toward achieving "Zero Carbon Challenge 2050" targets, the Group worked to further enhance its contribution to a decarbonized society and environmental advantages. As part of our environmental initiatives, we formulated the "UPCYCLING CIRCULAR" resource circulation business concept to collect and recycle waste generated from the business activities of the Group. Our social initiatives included continued efforts to promote the achievement of Care-Fitter certifications by employees and support parasports (boccia) towards the realization of an inclusive society, and collaboration with HERALBONY Co., Ltd. to create new value by combining welfare, art, and community development. In terms of corporate governance, the Group worked to create an environment in which its employees can work with a peace of mind by formulating and announcing the JR East Group Policy on Customer Harassment. Further, the Group has established a Group Policy on Tax Transparency to ensure that it pays taxes appropriately, which is one of its responsibilities as a corporation, while also managing tax risks appropriately and aiming to enhance its corporate value.

We will continue to make Group-wide efforts with the aim of realizing our group management vision "Move Up" 2027.

During the fiscal year under review, operating revenues increased by 5.8% from the previous year to ¥2,887.6 billion ($19,250 million), due mainly to revenue increases in all segments, which were attributable to an increase in the number of railway passengers, as well as in the sales at EKINAKA stores (stores inside railway stations). As a result of such an increase in operating revenues, operating income increased by 9.2% from the previous year to ¥376.8 billion ($2,512 million), ordinary income increased by 8.4% from the previous year to ¥321.6 billion ($2,144 million), and profit attributable to owners of parent increased by 14.2% from the previous year to ¥224.3 billion ($1,495 million).

Results by business segment were as follows.

Previously, operating revenues by segment included intersegment sales or transfers, but from the current consolidated fiscal year, this has been changed to operating revenues attributable to outside customers. This will have no impact on operating income.

Segment Information

Transportation

In the Transportation segment, JR East made concerted Group-wide efforts to ensure the provision of safe and reliable transportation and high-quality services.

As a result, operating revenues in the Transportation segment increased by 5.1%, to ¥1,945.8 billion ($12,972 million), due mainly to an increase in passenger revenues, which was attributable to an increase in the number of railway passengers, and operating income increased by 8.8%, to ¥176.1 billion. ($1,174 million).

Shinkansen Network

In the Shinkansen network, passenger kilometers increased by 6.8% year on year, to 22.7 billion, with the increased use of the railways. Shinkansen commuter pass revenues increased by 5.0% year on year, to ¥23.7 billion ($158 million), and non-commuter pass revenues increased by 8.7%, to ¥559.6 billion ($3,731 million). The total of Shinkansen commuter pass revenues and non-commuter pass revenues increased by 8.5% year on year, to ¥583.3 billion ($3,889 million).

Conventional Lines (Kanto Area Network)

For conventional lines in the Kanto area network, passenger kilometers increased by 3.1% year on year, to 96.3 billion, with increase of railway usage. Commuter pass revenues increased by 2.5%, to ¥388.1 billion ($2,588 million), while non-commuter pass revenues increased by 4.8%, to ¥732.2 billion ($4,881 million). The total of commuter pass revenues and non-commuter pass revenues increased by 4.0% year on year, to ¥1,120.3 billion ($7,469 million).

Conventional Lines (Other Network)

In the conventional lines other than the Kanto area network, passenger kilometers increased by 5.0% year on year, to 5.3 billion, an increase of railway usage. Commuter pass revenues increased 0.6%, to ¥16.7 billion ($111 million), while non-commuter pass revenues increased by 8.0%, to ¥48.6 billion ($324 million). The total of commuter pass revenues and non-commuter pass revenues increased by 6.0% year on year, to ¥65.3 billion ($435 million).

Retail & Services

In the Retail & Services segment, JR East pressed forward with the "Beyond Stations" concept to transform railway stations from transportation hubs to lifestyle platforms designed to connect people, things, and experiences.

As a result, operating revenues in the Retail & Services segment increased by 6.6%, to ¥393.8 billion ($2,625 million), due mainly to an increase in the sales at EKINAKA stores, which were attributable to an increase in customer usage, and operating income increased by 15.0%, to ¥60.5 billion ($404 million).

Real Estate & Hotels

In the Real Estate & Hotels segment, JR East proceeded with the lifestyle development (town development) such as development of large-scale terminal stations and in line-side areas and enhanced the appeal of local towns and communities.

As a result, operating revenues in the Real Estate & Hotels segment increased by 6.5%, to ¥445.4 billion ($2,969 million), due mainly to an increase in the sales at shopping centers and hotels which was attributable to increase in the number of customers, and operating income increased by 9.0%, to ¥120.3 billion ($802 million).

Others

In the Others segment, in addition to further expanding the scope of use of Suica and realizing seamless and stress-free mobility, the Group promoted the "Going beyond the Common Notion of Suica: Suica Renaissance" initiative to create new value experiences by evolving Suica into a "Lifestyle device."

As a result, operating revenues in the Others segment increased by 12.6%, to ¥102.6 billion ($684 million), due mainly to an increase in the sales from system development contracts, and operating income increased by 4.7%, to ¥22.9 billion ($153 million).

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

Operating Income

Operating expenses increased by 5.3% year on year, to ¥2,510.8 billion ($16,738 million). Operating expenses as a percentage of operating revenues were 87.0%, compared with 87.4% in the previous fiscal year.

Transportation, other services and cost of sales increased by 5.1%, to ¥1,855.5 billion ($12,370 million), because of an increase in non-personnel expenses and other factors.

Selling, general and administrative expenses increased by 5.8%, to ¥655.3 billion ($4,368 million), which was due to an increase in non-personnel expenses and other factors.

Operating income increased by 9.2%, to ¥376.8 billion ($2,512 million) (a ¥6.8 billion improvement compared with the business results forecast in April). Operating income as a percentage of operating revenues were 13.0%, compared with 12.6% in the previous fiscal year.

Income before Income Taxes

Other income increased 4.7%, to ¥73.1 billion ($487 million), due mainly to an increase in Gains on sales of investments in securities.

Other expenses increased 8.3%, to ¥152.6 billion ($1,017 million), mainly as a result of an increase in losses on reduction entry for construction grants.

Income before income taxes increased by 8.5%, to ¥297.3 billion ($1,982 million). Income before income taxes as a percentage of operating revenues were 10.3%, compared with 10.0% in the previous fiscal year.

Profit Attributable to Owners of Parent

Profit attributable to owners of parent increased by 14.2%, to ¥224.3 billion ($1,495 million) (a ¥14.3 billion improvement compared with the business results forecast in April), mainly due to an increase in profit before income taxes. Profit per share was ¥198.29 ($1), compared with profit per share of ¥173.82 in the previous fiscal year. Profit attributable to owners of parent as a percentage of operating revenues were 7.8%, compared with 7.2% in the previous fiscal year.

Liquidity and Capital Resources

Cash Flows

In fiscal 2025, net cash provided by operating activities totaled ¥732.3 billion ($4,882 million), ¥44.1 billion more than in the previous fiscal year. This result was mainly due to an increase in income before taxes and other factors.

Net cash used in investing activities amounted to ¥783.4 billion ($5,223 million), ¥92.8 billion more than in the previous fiscal year. This result was mainly due to an increase in payments for purchases of fixed assets.

Capital expenditures were as follows. In the Transportation segment, JR East implemented capital expenditures to institute countermeasures for large-scale earthquakes, install automatic platform gates, produce new railcars and construction work accompanying the introduction of green cars on the Chuo Rapid Line and others.

In the Retail & Services segment, JR East opened new stores and conducted renovation work at existing stores. In the Real Estate & Hotels segment, capital expenditures included those for development of shopping centers, hotels and office buildings such as TAKANAWA GATEWAY CITY, OIMACHI TRACKS, Shibuya Scramble Square.

In the Others segment, capital expenditures included those for systems development.

Further, free cash flows decreased by ¥48.6 billion from the previous fiscal year, to an outflow of ¥51.2 billion ($341 million).

Net cash provided by financing activities decreased by ¥62.4 billion from the previous fiscal year, to an inflow of ¥3.7 billion ($24 million).

Consequently, cash and cash equivalents as of March 31, 2025, were ¥233.5 billion ($1,556 million), a decrease of ¥47.3 billion from ¥280.8 billion on March 31, 2024.

Financial Policy

In relation to capital expenditures, the Company is actively implementing growth investments that contribute to the enhancement of profitability and the enhancement of productivity, with a view to early realization of the JR East Group Management Vision "Move Up" 2027. With respect to investment needed for the continuous operation of business, the Company will continue to steadily advance investments that contribute to even higher safety levels, including countermeasures for large-scale earthquakes and the installment of automatic platform gates. In conjunction with these efforts, the Company will rigorously select and concentrate investments with ensuring safety as a major premise. Further, the Company will carefully select and implement capital expenditures for such purposes as regional revitalization and digital transformation, with the aim of addressing the realization of a carbon-free society and other social issues, benefiting diverse stakeholders including local communities, and enhancing productivity from a long-term perspective and reforming operations.

JR East plans to invest a total of ¥3,890.0 billion from fiscal 2024 until fiscal 2028.

Further, with respect to shareholder returns, for the medium to long term JR East has set a target of 40% for the total return ratio and is aiming for a dividend payout ratio of 30%.

As for the funds required for these shareholder returns, JR East is utilizing cash flows from operating activities as well as raising funds through such methods as bond issuance and borrowing from financial institutions. JR East's medium- to long-term approach is for the balance of consolidated interest-bearing debt to be at a level that corresponds to consolidated operating revenues and consolidated operating income. Specifically, JR East aims for net interest-bearing debt / EBITDA of around 5.0 times for midterm and around 3.5 times for long-term.

Net interest-bearing debt is consolidated interest-bearing debt net of consolidated cash and cash equivalents at end of year. Net interest-bearing debt at March 31, 2025, stood at ¥4,721.9 billion ($31,479 million). Further, EBITDA is the sum of consolidated operating income and consolidated depreciation. In fiscal 2025, EBITDA of ¥783.0 billion ($5,220 million) was recognized.

JR East operates a cash management system that integrates the management of the surplus funds and the fund-raising of companies participating in the cash management system with the aim of enhancing capital efficiency on a consolidated basis. Also, JR East employs such capital management methods as the offsetting of internal settlements among subsidiaries and the operation of a payment agency system that consolidates payment operations within the Group.

JR East regards the maintenance and improvement of the soundness of its financial position and the securing of adequate liquidity on hand as a basic policy and raises funds through such methods as bond issuance and borrowing from financial institutions. Further, with the aim of curbing the risk of interest rate hikes, JR East realizes long-term fixed rates for interest payable through the lengthening of the periods of fund procurement. In addition, JR East curbs future refinancing risk by controlling the amount of debt redemption of each fiscal year and by selecting periods that facilitate standardization.

In fiscal 2025, JR East issued 4 unsecured straight bonds in Japan, with a total nominal amount of ¥49.0 billion ($327 million) and maturities from 2034 through 2045. Rating and Investment Information, Inc. (R&I), a Japanese rating agency, rated these bonds AA+. Further, JR East issued 2 unsecured straight bonds overseas, with a total nominal amount of €700 million ($752 million) and £600 million ($764 million) and maturities in 2036 and 2054. JR East received long-term debt ratings from S&P Global Ratings Japan Inc. and Moody's Japan K.K. of A+ and A1, respectively. In addition, JR East borrowed long-term funds of ¥138.6 billion ($924 million) from financial institutions.

Long-term liabilities incurred for purchase of railway facilities associated with JR East's assumption of Shinkansen railway facilities stood at ¥306.5 billion ($2,043 million), payable at a fixed annual interest rate of 6.55% through September 30, 2051.

In addition, at the fiscal year-end JR East had long-term liabilities incurred for purchase of railway facilities of ¥0.2 billion ($1 million) for Tokyo Monorail Co., Ltd.

In order to respond to short-term financing requirements, JR East has bank overdraft facilities with its principal banks totaling ¥360.0 billion ($2,400 million). In addition, R&I (Rating and Investment Information, Inc.) and JCR (Japan Credit Rating Agency, Ltd.) rated JR East's commercial paper a-1+ and J-1+, respectively, as of the end of fiscal 2025. As of March 31, 2025, there was no outstanding balance of bank overdraft facilities and commercial paper. Also, JR East has established a committee bank credit line (a financing framework that permits unrestricted borrowing within contract limits based on certain conditions) with an amount of ¥60.0 billion ($400 million). Further, there was no outstanding balance associated with usage of the committed bank credit line as of the end of fiscal 2025.

Operational and Other Risk Information

The JR East Group is taking measures to avoid or reduce the common risks of businesses as well as the risks unique to particular businesses. Specifically, each year the risks of all businesses are identified based on outside expertise and internal opinions. These risks are analyzed and assessed based on their frequency of occurrence and degree of impact. Then, the significant risks of the fiscal year are determined, and countermeasures are considered and implemented to avoid or reduce the risks. In this way, the Company reviews risks through a plan–do–check–act (PDCA) cycle, monitors the degree of achievement and progress of initiatives aimed at avoiding or reducing risks, as required, at the meeting of Board of Directors, examines future policies, and ensures the effectiveness of risk management.

Going forward, in speeding up the pace of transformation through efforts to improve profitability and undertake structural reforms, it will be important not only to view risk management as something that avoids or reduces such negative factors as loss but also to view it from a broad perspective that encompasses proactive efforts to increase the value of the JR East Group through risk taking.

By conducting this type of risk management, JR East will ensure stable and appropriate management of operations and support and encourage bold initiatives that help Group employees to grow.

The followings are issues related to the operational and accounting procedures that may have a significant bearing on the decisions of investors. Forward-looking statements in the following section are based on the assessments of the JR East Group as of March 31, 2025.

(1) Occurrence of Accidents or Other Disasters in the Railway Business

In the event that an accident occurs in the railway business, the JR East's business could be significantly impacted due not only to a loss of trust and social confidence in the JR East Group but also to the payment of compensation to customers and suspension of operations resulting from the impact of an accident.

The JR East Group regards ensuring safety as a top management priority. Accordingly, JR East is taking measures to build a railway system with high safety levels by addressing infrastructural and operational issues and is steadily advancing the measures described in the eighth five-year safety plan: JRE Group Safety Plan 2028, "Taking the nature of railway work to heart, imagine the unexpected, reach for safety!"

Specifically, aiming to prevent railway accidents attributable to the JR East Group, JR East implemented derailment countermeasures, which included the installation of ATS-P automatic train stop systems and measures to prevent the collapse of passenger sheds and train sheds.

With respect to measures to prevent accidents at level crossings, JR East proceeded with the consolidation and elimination of level crossings, increasing the installation of level crossing alarm systems and upgrading the functions of obstacle detection devices. At the same time, the Group conducted educational activities for pedestrians at railroad crossings as part of the "Zero Railroad Crossing Accidents" campaign in cooperation with the police, road administrators, and others.

As a measure to prevent passengers from coming into contact with trains or falling onto the tracks, the Group has been installing automatic platform gates at 330 railway stations and 758 tracks on major conventional lines in the Tokyo metropolitan area, and as of the end of fiscal 2025, has completed the installation at 140 stations and 288 tracks on a line-by-line basis. Further, the Group conducted educational activities such as the "Zero Platform Accidents" campaign jointly with other railroad companies and agencies.

The Group's environment is undergoing dramatic changes, including increasingly severe and frequent natural disasters, population decline, advance of digital transformation (DX). In response to these changes, the Company will strengthen its safety foundations, such as the safety culture and safety systems and facilities that it has established; formulate scenarios based on an understanding of the nature of previously unforeseen risks; advance anticipatory safety initiatives; and pursuing ultimate safety levels.

(2) Climate Change and Natural Disasters, Etc.

In recent year, risks from abnormal weather such as heavy rains and typhoons have been increasing. Natural disasters such as not only heavy rains and typhoons but also large-scale earthquakes, tsunamis, floods, and volcanoes have the potential to destroy the Group's railways and related facilities, causing significant damages for the JR East Group's business as a whole. Also, large-scale power outages caused by natural disasters have the potential to threaten the continuity of railway operations. Furthermore, when large-scale damage occurs, JR East may no longer be able to receive a steady supply of resources from suppliers.

To reduce risks associated with natural disasters, the JR East Group is advancing the following initiatives. As countermeasures for large-scale earthquakes, the Company is proceeding with seismic reinforcement measures for elevated railroad track pillars and electric poles and introducing an early earthquake detection system that will bring trains in operation to a prompt stop.

In addition, the Company is developing and improving measures to prevent the derailment of Shinkansen cars, and aims to mitigate damage after a derailment. With respect to localized heavy rainfall, the Company has revised existing operational regulations by adding rainfall-based regulations enabled by radar, which entail regulating operations based on the precise detection of rainfall. The revised regulations have been introduced to all line segments of conventional lines. As for flooding countermeasures, a Vehicle Evacuation Judgment Support System has been introduced to rail yards where there is a risk of flooding. In addition, the Company is periodically conducting drills to improve its ability to respond in natural disasters. Based on the Group Safety Plan 2028, JR East will continue advancing initiatives to reduce risks associated with natural disasters.

Meanwhile, in preparation for large-scale power outages caused by natural disasters, JR East is extending the operating hours of emergency generators at major terminal stations and other locations. In addition, to maintain procurement stability, the Company is taking steps to enable procurement from multiple suppliers.

(3) Occurrence of Infectious Diseases, Etc.

In the event that a major spread of an infectious disease occurs in Japan and overseas, the JR East Group may no longer be able to continue its business operations due to such factors as restrictions on economic activities, the trend of refraining to go outside by customers, and the contracting of such a disease by employees. In turn, the Group's financial condition and business performance could be severely impacted.

When COVID-19 spread both in Japan and overseas, in Japan, the government has issued emergency declarations, which requested people to limit economic activities and refrain from going outdoors. This resulted in a significant decrease in railway transportation volume, closure of the Group's commercial facilities, and a decrease in the number of passengers, as well as a decrease in demand from visitors to Japan due to restrictions on entry to the country from overseas. Consequently, the Group's business results were significantly affected. In accordance with government guidelines, the Group has reinforced its efforts to prevent the spread of infection through such measures as the installation disinfectant solutions at railway stations, the disinfection and cleaning of equipment and facilities, the ventilation of trains, the provision of information on congestion at railway stations and on trains, and the wearing of masks by employees and others. In the event of an outbreak or the spread of an infectious disease that could affect society, the Group will cooperate with the government and municipal authorities, among others, in taking measures necessary to ensure appropriate transportation, giving first priority to the safety and security of customers.

(4) Competition with Other Business Operators and Changes in the External Environment

The JR East Group's railway business maintains a competitive relationship with transportation sources including airlines, automobiles, buses, and other railway companies. Further, the JR East Group's life-style service business competes with existing and newly established businesses. In addition to this competition, the acceleration of changes in the external environment and other factors beyond the Group's control could have an impact on the JR East Group's financial condition and business performance.

In the railway business, various factors could have an adverse impact on profits. These include intensifying competition within the transportation market due to the expansion of low-cost carrier (LCC) routes, the expansion of expressways, and the practical application of automated driving technologies. These also include a decline in transportation volume as a result of the decreasing population, the rapidly aging population, and the popularization of workstyle reforms such as working from home. Further, factors such as a shortage of personnel due to a difficult employment environment and difficulty in procuring resources may have an impact on JR East's regular business operations.

Against this backdrop, based on the JR East Group Management Vision "Move Up" 2027 and Speed Up "Move Up" 2027, which was announced in September 2020, the Group is advancing Mobility as a Service (MaaS), *eki-net* and other initiatives that introduce seamless mobility and integrate diverse services into one-stop services, and the Group is providing services that cater to the various needs of customers in their day-to-day lives through the combination of optimal means of travel, purchasing, and payment. Also, in anticipation of changes in the business environment, the Group is tackling initiatives aimed at providing new value to society. These initiatives include the acceleration of efforts to cater to diversifying lifestyles by expanding and enhancing facilities and products suitable for telecommuting and workations and by offering the off-peak commuter passes, the *Off-Peak Point Service* and the *Repeater Point Service*. In addition, the Group will qualitatively transform its railway business by working on technological innovation and productivity improvement, such as increasing driver-only operation, realizing autonomous driving in the future, advancing the streamlining of facilities, and reforming systems for maintenance work. Moreover, JR East is promoting employment activities on a Groupwide basis to secure personnel in a stable manner. JR East is also branching out to new suppliers to ensure the stable procurement of resources.

(5) Criminal and Terrorist Activity and Disruptions to Information Systems and Protection of Personal Data

The occurrence of criminal or terrorist activity has the potential to threaten the safety of the JR East Group's railway business.

To reinforce railway security, the JR East Group has increased the number of security cameras in railcars and at railway facilities and has established a network for these cameras. In these ways, the Group carries out intensive monitoring activities. Additionally, the Group is promoting such countermeasures as deploying crime prevention and self-defense equipment in all cars of Shinkansen and conventional lines and at major train stations.

Further, the JR East Group uses a large number of information systems in its Mobility-related businesses and in its many different operational fields that provide Lifestyle Solutions. Information systems also play an important role for travel agencies as well as Railway Information Systems Co., Ltd., and other companies with which the Group has close business relationships. If the functions of those information systems were seriously damaged as a result of cyberattacks or human error, this could have an impact on the operations of JR East. Also, loss of the public's trust due to the external leakage of personal or other information stored in information systems or the falsification of data as a result of infection with a computer virus, unauthorized operation by humans, or other causes could affect the JR East Group's financial condition and business performance.

The JR East Group takes measures to prevent damage and ensure security, such as continuously upgrading the functions of in-house systems, constantly monitoring security levels, and training related personnel. In the unlikely event of a system problem, JR East would minimize the impact by taking measures through an initial action framework that would be promptly set up and coordinated across operational divisions. Further, the Group endeavors to realize strict management and protection of personal information through such measures as the establishment of internal rules and regulations, rigorous stipulations on the handling of personal information, restrictions on the personnel authorized to handle personal information, management of access authorization, and the establishment of an internal checking system.

(6) Compliance

The JR East Group conducts operations in a variety of areas, including Mobility-related businesses and in its many different operational fields that provide Lifestyle Solutions. These operations are advanced in a manner pursuant to the stipulations of related statutory laws and regulations, such as the Railway Business Act, and in adherence to corporate ethics. However, becoming subject to administrative measures or losing public confidence due to a breach of those statutory laws and regulations or corporate ethics could affect the JR East Group's financial condition and business performance.

The JR East Group has established Legal Compliance and Corporate Ethics Guidelines and checks the status of compliance with statutory laws and regulations that relate to all areas of the Group's operations.

Further, the Group's employee education efforts focus on inappropriate activities that have occurred at other companies or in the Company's immediate surroundings so as to prevent such matters from happening in the first place, and to inform employees of the whistle-blowing system. In light of the discovery of data irregularities in the axle assembly work for rolling stock in September 2024, the Company and its Group companies have set this incident as a theme for Groupwide employee training to prevent the occurrence of such incidents, and are conducting a JR East Group Compliance Awareness Survey in cooperation with an external organization. The results of this survey will be used to identify issues and to study measures for improvement, with the aim of further promoting compliance measures.

(7) Changes in the Economic Conditions in Japan and Overseas

Changes in the economic conditions in Japan or overseas and trends in interest rates, exchange rates, the price of commodities, and other matters have the potential to impact the JR East Group's financial condition and business performance.

In addition to economic factors, the economic conditions in Japan and overseas can be affected by geopolitical risks, such as wars and terrorist activities, as well as the global spread of infectious diseases and large-scale natural disasters. The occurrence of such events could result in a prolonged economic downturn, and the Group could experience a decrease in demand in its many different operational fields, such as Mobility-related businesses and businesses that provide Lifestyle Solutions. Further, the Group's profits could also be impacted by a rise in procurement costs for commodities and resources brought about by changes in the economic conditions in Japan and overseas as well as trends in interest rates, exchange rates, and the price of commodities.

To respond to such risks, the JR East Group will pursue bold measures to dramatically reinforce its management foundation. In addition to efforts to reduce all kinds of management expenses, JR East will heavily allocate management resources into its businesses that provide Lifestyle Solutions to establish them as new growth engines. Moreover, JR East is working to curtail rises in the procurement costs for commodities through such means as promoting a broad range of procurement activities in both Japan and overseas and engaging in price negotiations that utilize economies of scale. For increasing resource procurement costs, JR East is striving to control future interest rate and exchange rate risks by leveling debt repayment amounts, lengthening debt repayment periods, ensuring yen-based debt repayments, and establishing fixed interest rates for debt repayments.

(8) Overseas Business Development

Overseas businesses include a variety of risk factors, such as changes in political systems or social factors; changes in local laws and regulations for investment, tax, or the environment; differences in business practices; differences in awareness in relation to the performance of contracts and compliance with rules as well as delays in construction work due to such factors; economic trends; and fluctuations in exchange rates. As the actualization of political risk or delay risk overseas can affect the collection of receivables, the Group painstakingly manages income and expenditures for each project. At present, risks associated with such factors as political changes and conflicts are actualizing. To ensure that unforeseen changes in circumstances do not affect the financial position and operating results of the Group or the personal safety of its employees, the Group endeavors to take measures based on analysis of these various risks in light of the advice of attorneys, consultants, and other experts, and in certain cases seeks the cooperation of Japan's government in taking measures.

(9) Specific Legal Regulations

1. Legal Issues Relating to Operations

JR East manages its railway operations pursuant to the stipulations of the Railway Business Act (Act No. 92 of 1986). Under the Railway Business Act, railway operators are required to obtain the permission of the Minister of Land, Infrastructure, Transport and Tourism (hereinafter the "Minister") for each type of line and railway business operated (Article 3). Also, operators receive approval from the Minister for the upper limit of passenger fares and Shinkansen limited express surcharges (hereinafter "fares and surcharges"). Subject to prior notification, railway operators can then set or change fares and surcharges within those upper limits (Article 16). Moreover, operators are also required to give the Minister advance notice of the elimination or suspension of railway operations. In the case of eliminating operations, the notice must be given at least one year in advance (Article 28, paragraphs 1 and 2).

Changes to those procedures or the inability to flexibly change fares and surcharges based on those procedures for whatever reason could affect JR East's earnings. Through efficient business operation realized by securing revenues and reducing expenses, JR East has worked to create a management base that is not dependent on raising fares. However, if JR East was unable to secure appropriate profit levels as a result of such factors as changes in the operating environment, it would view the timely implementation of fare revisions as necessary to secure appropriate profit levels.

Based on such a perspective, the Group requested in December 2024 approval to change the upper limit of passenger fares in order to fulfill the social role required of railways and to meet the increasingly diverse needs of customers to continue operating the sustainable railway business.

The Group will continue to request the government to implement a simple and flexible system, such as notification of express charges for Shinkansen and introduction of a system that can timely respond to inflation, and to review the total cost method itself.

The JR Law (Act No. 88 of 1986), was amended in 2001, and this amended law excluded JR East from the provisions of the JR Law that had been applicable to it until then. However, based on the added amendments to the JR Law, guidelines have been determined relating to matters that should be considered for the foreseeable future. The guidelines stipulate items relating to the following three areas:

- Items relating to ensuring alliances and cooperation among companies with respect to the establishment of appropriate passenger fares and surcharges, the unhindered utilization of railway facilities, and other factors relating to railway operations.
- Items relating to the appropriate maintenance of railway routes currently in operation reflecting trends in transportation demand and other changes in circumstances following the restructuring of Japanese National Railways (JNR) and items relating to ensuring the convenience of users through the development of stations and other railway facilities.
- Items stating that the new companies should give consideration to the avoidance of actions that inappropriately obstruct business activities or infringe upon the interests of small and medium-sized companies operating businesses within the operational areas of the new companies that are similar to the businesses of the new companies.

For many years, JR East has operated its businesses with due attention to these items stipulated by the guidelines. However, given the significant changes in the environment surrounding the railway industry since the amendment, the Company intends to carefully consider the effect of these items on its business management and, as necessary, request the government to allow greater flexibility in the management of the Company's operations.

2. Development of New Shinkansen Lines

Following the division and privatization of JNR, JR East was selected as the operator of two Shinkansen line segment openings, the Takasaki–Joetsu segment of the Hokuriku Shinkansen Line and the Morioka–Aomori segment of the Tohoku Shinkansen Line. JR East started operation of the Hokuriku Shinkansen Line between Takasaki and Nagano on October 1, 1997; the Tohoku Shinkansen Line between Morioka and Hachinohe on December 1, 2002, and between Hachinohe and Shin-Aomori on December 4, 2010; and then on the Hokuriku Shinkansen Line between Nagano and Joetsumyoko on March 14, 2015.

Usage fees for new Shinkansen line segments are now regulated under the Japan Railway Construction, Transport and Technology Agency Law (enforcement ordinance, Article 6). That enforcement ordinance stipulates that the Japan Railway Construction, Transport and Technology Agency (hereinafter the "JRTT") will determine the amount of usage fees based on the benefit received as the operator of the said Shinkansen lines after opening and the sum of taxes and maintenance fees paid by the JRTT for railway facilities leased. Of those, the expected benefits are calculated based on expected demand and revenues and expenses over a 30-year period after opening. Further, as a general rule, a part of the usage fees, which are calculated based on the expected benefits, is fixed for the 30-year period after commencing services.

With respect to the treatment 30 years after the commencement date of the loaning, new determinations are established through discussions. Further, the new Shinkansen line segments on loan from the JRTT and the final fiscal years of their loan periods are as follows.

(a) Takasaki–Nagano segment of the Hokuriku Shinkansen Line; fiscal 2028

(b) Nagano–Joetsumyoko segment of the Hokuriku Shinkansen Line; fiscal 2045

(c) Morioka–Hachinohe segment of the Tohoku Shinkansen Line; fiscal 2033

(d) Hachinohe–Shin-Aomori segment of the Tohoku Shinkansen Line; fiscal 2041

KPMG

Independent auditor’s report

To the Board of Directors of East Japan Railway Company:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of East Japan Railway Company (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheet as at March 31, 2025, the consolidated statement of income, and consolidated statement of comprehensive income, the consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We determined the key audit matters in our audit of the consolidated financial statements for the current fiscal year are as follows.

Appropriateness of management’s judgment on the recoverability of deferred tax assets	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheet of East Japan Railway Company and its consolidated subsidiaries (hereinafter, collectively referred to as the “Group”), deferred tax assets of ¥306,915 million were recognized as of March 31 2025. As described in Note 22, “Income taxes” to the consolidated financial statements, the amount of the gross deferred tax assets before being offset by deferred tax liabilities amounted to ¥394,072 million. The majority of this amount was recognized by East Japan Railway Company, which was particularly material. Deferred tax assets are recognized to the extent that tax loss carryforwards and deductible temporary differences are expected to reduce future taxable income. The Group considered the application of special taxation treatment in estimating the effect of reducing the future taxable amount by tax loss carryforwards since its business adaptation plan was approved by the Minister of Land, Infrastructure, Transport and Tourism. Whether deferred tax assets have an effect to reduce future taxable income (i.e. recoverability of deferred tax assets) is determined in accordance with the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Implementation Guidance No. 26 of the Accounting Standards Board of Japan) (hereinafter, the “Implementation Guidance”). The appropriateness of this determination is dependent upon the propriety of the company classification under the Implementation Guidance and the future taxable income before considering the effect of temporary differences estimated based on the earnings potential. Especially, the future taxable income before considering the effect of temporary differences was estimated based on the earnings projection. A key assumption was expected operating revenues from the railway transportation business which involved uncertain estimates. Accordingly, management’s judgment thereon had a significant effect on the estimated future taxable income. We, therefore, determined that our assessment of the appropriateness of management’s judgment on the recoverability of deferred tax assets was one	The primary procedures we performed to assess whether management’s judgment on the recoverability of deferred tax assets was appropriate included the following: ● We assessed the appropriateness of the company classification under the Implementation Guidance considering the reasons why significant tax losses were incurred and the future taxable income before considering the effect of temporary differences estimated based on the earnings projection; ● We assessed the reasonableness of management assumptions including expected operating revenues from the railway transportation business, which was a key assumption used in developing the earnings projection, through discussion with management, as well as by inspecting and agreeing relevant internal materials and comparing them with information available from external sources; and ● We examined the consistency of the estimated future taxable income before considering the effect of temporary differences, which was used in determining the recoverability of deferred tax assets, with the earnings projection approved by the Board of Directors. ● We examined the consistency of the investment of each fiscal year based on the business adaptation plan, which was used in determining the recoverability of deferred tax assets, with the investment plan submitted to the Ministry of Land, Infrastructure, Transport and Tourism.

of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	

Accuracy of revenue recognition for revenues from the passenger transportation business	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated statements of income of East Japan Railway Company and its consolidated subsidiaries (hereinafter, collectively referred to as the "Group"), operating revenues of ¥2,887,553 million was recognized for the current fiscal year. Of this amount, operating revenues from sales to general customers within the Transportation segment amounted to ¥1,945,788 million, representing 67.4% of total operating revenues. The majority of this amount was attributable to revenues from the passenger transportation business of East Japan Railway Company, which was particularly material. In recognizing revenues from the passenger transportation business, the Group aggregates sales data of passenger tickets sold in various forms of settlement including cash, electronic money and credit cards, and then goes through complex processes, which are outsourced to Railway Information Systems Co., Ltd., including the aggregation of received with those of other JR companies, and the settlement of fares with other JR companies and transportation operators with whom the Group provides connecting railway services. As these processes involve a mechanism developed to inter-link multiple IT systems with each other, the recognition of revenues from the passenger transportation business is highly dependent on the IT systems. In order to ensure the accuracy of revenue recognition for revenues from the passenger transportation business, appropriate maintenance and operations of relevant IT systems are extremely important. Accordingly, we determined that the involvement of our IT specialists in assessing the effectiveness of these IT systems was necessary. We, therefore, determined that our assessment of the accuracy of revenue recognition for revenues from the passenger transportation business was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	In order to assess the accuracy of revenue recognition for revenues from the passenger transportation business, we primarily performed the following procedures with the assistance of IT specialists within our firm: ● We tested the effectiveness of certain application controls over the interfaces by assessing data consistency among the IT systems related to revenue recognition for revenues from the passenger transportation business, such as the station revenue management system, the Suica ID management system and the accounting system; ● We tested the effectiveness of certain general IT controls over the relevant IT systems, such as user access management, system change management and system operation management, to confirm that the application controls described above operated consistently during the period under audit; ● We tested the design and operating effectiveness of certain of the Group's internal controls related to the daily reconciliation of the counted cash balance to sales at each station, which is the activity to validate the accuracy of information in the station revenue management system; and ● We tested the design and operating effectiveness of certain internal controls over outsourced processes by inspecting the "Service Organization's Description on its Systems and Assurance Report on Controls at Service Organization by Independent Auditor of Service Organization" issued by the auditors of Railway Information Systems Co., Ltd., and inquiring of the auditors about the procedures they performed. In addition to performing the aforementioned audit procedures to assess the accuracy of the processing of the IT systems inter-linked with each other, we assessed the correlation between the passenger kilometers carried, an index for passenger transportation, and revenues from the passenger transportation business.

Other Information

The other information comprises the information included in the Financial Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The audit and supervisory committee are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee 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.

The audit and supervisory committee are responsible for overseeing the directors' performance of their duties with regard to 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and supervisory committee 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 the audit and supervisory committee 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit and supervisory committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 839 million yen and 48 million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2025 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2(1)to the consolidated financial statements.

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.

Kazuhiko Azami

Designated Engagement Partner

Certified Public Accountant

Hideki Yoshida

Designated Engagement Partner

Certified Public Accountant

Naoki Saito

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

June 18, 2025

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

East Japan Railway Company

https://www.jreast.co.jp/e/