

Fiscal 2019 Financial Results (Japanese GAAP) (Unaudited)

Fiscal 2019 (Year ended March 31, 2019)

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

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

English translation from the original Japanese-language document.

April 25, 2019

East Japan Railway Company

Stock Exchange Listing

Securities Code

URL

Representative

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June 21, 2019

Preparation of Supplementary Explanations of Financial Results: No

Financial Results Presentation to Be Held: Yes

1. Consolidated Results for Fiscal 2019 (Year Ended March 31, 2019)

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

(1) Consolidated financial results

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

	Operating revenues		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2019	3,002,043	1.8	484,860	0.7	443,267	0.7	295,216	2.2
Fiscal 2018	2,950,156	2.4	481,295	3.2	439,969	6.7	288,957	4.0

Note: Comprehensive income – Fiscal 2019: 295,928 million yen (a decrease of 1.6%), Fiscal 2018: 300,647 million yen (an increase of 2.4%)

	Earnings per share—Basic	Earnings per share—Diluted	Return on average equity	Ratio of ordinary income to average assets	Ratio of operating income to operating revenues
	Yen	Yen	%	%	%
Fiscal 2019	773.26	—	10.0	5.4	16.2
Fiscal 2018	749.20	—	10.5	5.5	16.3

Reference: Equity in net income (losses) of affiliated companies – Fiscal 2019: 5,870 million yen, Fiscal 2018: 5,141 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2019	8,359,676	3,094,378	36.7	8,046.93
Fiscal 2018	8,147,676	2,884,552	35.1	7,426.92

Reference: Shareholders' equity – Fiscal 2019: 3,067,173 million yen, Fiscal 2018: 2,859,330 million yen

(3) Consolidated cash flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2019	663,801	(594,425)	(120,693)	263,739
Fiscal 2018	704,194	(541,857)	(135,100)	314,934

2. Dividends (Year Ended March 31, 2018 and 2019 and Year Ending March 31, 2020)

(Record date)	Dividends per share					Total dividends (annual)	Dividend ratio (consolidated)	Ratio of dividends to shareholders' equity (consolidated)
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2018	—	70.00	—	70.00	140.00	53,946	18.7	2.0
Fiscal 2019	—	75.00	—	75.00	150.00	57,224	19.4	1.9
(Forecast) Fiscal 2020	—	82.50	—	82.50	165.00	—	20.9	—

3. Forecasts for Fiscal 2020 (Year Ending March 31, 2020)

(Percentages represent percentage changes as compared with the previous corresponding fiscal period or fiscal year, as applicable.)

	Operating revenues		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share—Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six-month period ending September 30, 2019	1,517,000	2.0	288,000	(1.4)	263,000	(1.3)	184,000	2.8	482.74
Fiscal 2020	3,070,000	2.3	488,000	0.6	446,000	0.6	301,000	2.0	789.69

※ Notes

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

Newly consolidated — excluded —

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

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

(3) Number of issued shares (common stock)

- i Issued shares at period-end (including treasury stock) Fiscal 2019 381,822,200 shares Fiscal 2018 385,655,500 shares
- ii Treasury stock at period-end Fiscal 2019 661,645 shares Fiscal 2018 659,915 shares
- iii Average number of shares during period Fiscal 2019 381,779,554 shares Fiscal 2018 385,688,648 shares

(Reference) Overview of the Non-consolidated Financial Results

1. Non-consolidated Results for Fiscal 2019 (Year Ended March 31, 2019)

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

(1) Non-consolidated financial results

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

	Operating revenues		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2019	2,113,362	1.0	391,877	(0.8)	354,852	(1.1)	251,165	1.7
Fiscal 2018	2,093,264	1.2	395,131	1.7	358,943	5.1	247,085	1.5

	Earnings per share—Basic	Earnings per share—Diluted
	Yen	Yen
Fiscal 2019	657.31	—
Fiscal 2018	640.08	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2019	7,688,566	2,513,699	32.7	6,589.10
Fiscal 2018	7,548,002	2,362,982	31.3	6,132.39

Reference: Shareholders' equity – Fiscal 2019: 2,513,699 million yen, Fiscal 2018: 2,362,982 million yen

2. Forecasts for Fiscal 2020 (Year Ending March 31, 2020)

(Percentages represent percentage changes as compared with the previous corresponding fiscal period or fiscal year, as applicable.)

	Operating revenues		Operating income		Ordinary income		Profit		Earnings per share—Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six-month period ending September 30, 2019	1,074,000	1.0	242,000	(2.5)	227,000	(2.0)	161,000	(2.5)	422.03
Fiscal 2020	2,141,000	1.3	389,000	(0.7)	353,000	(0.5)	250,000	(0.5)	655.32

※ Financial results are not subject to auditing.

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

The forecasts of business results and other forward-looking statements in this document are based on information available as of the date of this document and on certain assumptions that JR East viewed as reasonable as of the date of this document. Actual results may differ from such forward-looking statements for a variety of reasons. Regarding the forecasts of business results, please refer to “Outlook for the Year Ending March 31, 2020” on page 10 of this document.

JR East is scheduled to hold an analysts' meeting on April 26, 2019, to present its operating results for Fiscal 2019. JR East plans to upload the presentation materials distributed at such meeting to its website as soon as the meeting is over.

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1. Operating Results and Financial Position

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

(1) Analysis of Operating Results

(i) Summary of the Fiscal Year Ended March 31, 2019

Overview

In the year ended March 31, 2019, despite recent signs of weakness in terms of certain exports and production activities, the Japanese economy improved in such areas as employment and income conditions and continued to recover gradually. In July 2018, the JR East Group established a new management vision for the Group, the JR East Group Management Vision "Move Up" 2027, and revised the JR East Group Philosophy in order for the Group as a whole to boldly pursue the new growth strategies and realize sustained growth, in anticipation of the drastic change in the Group's business environment, such as population decline and commercialization of autonomous driving. In light of this, JR East expeditiously executed various initiatives centered on transportation services, life-style services and IT & *Suica* services.

As a result of these initiatives, during the fiscal year under review, operating revenues increased 1.8% year on year, to ¥3,002.0 billion, with operating income rising 0.7% to ¥484.8 billion. These increases were largely due to growth in JR East's transportation revenues. In addition, ordinary income was up 0.7%, to ¥443.2 billion, and profit attributable to owners of parent increased 2.2%, to ¥295.2 billion.

① Pursuing ultimate safety levels and implementing ESG management

The JR East Group will work to resolve social issues through its businesses and contribute to the development of local communities to gain greater trust from local community members and customers and thereby achieve sustainable growth. Furthermore, the Group will pursue ultimate safety levels and implement ESG management based on three perspectives: environment, social and governance (ESG).

In consideration of the Tokyo Stock Exchange's revisions to Japan's Corporate Governance Code, JR East revised the "East Japan Railway Company Corporate Governance Guidelines" in November 2018 to realize sustainable growth and improve corporate value over the medium to long term, from the perspective of corporate governance.

【Pursuing ultimate safety levels】

Based on "Move Up" 2027, the JR East Group will continue to pursue ultimate safety levels by focusing on safety as its top management priority and thoroughly reinforcing this shared understanding among all of its employees. Specifically, JR East established its seventh five-year safety plan "Group Safety Plan 2023" in November 2018 and continued to make efforts on a Groupwide level toward the enhancement and innovation of "safety management" and "safety conduct" by each employee as well as the installation of safety equipment that proactively leverages new technologies in railway operations.

(Specific measures)

- Introduction of simulators for train crews that enable training using actual video as well as more practical education and training activities to deepen each employee's understanding of the nature of their work
- Exchange of opinions between the Company's management and Group companies and other companies to enhance safety within the Group as a whole
- Expansion and renovation of the Accident History Exhibition Hall in October 2018 to ensure that all Group employees will not forget past accidents and will gain a deep understanding of the lessons learned from these accidents
- Increase in number of security cameras on railcars and within railway facilities and implementation of network monitoring systems to strengthen railway safety and security
- Completion of crime-prevention/self-defense equipment installation on Shinkansen railcars and at major railway stations
- Additional seismic reinforcement covering more areas and facilities to be prepared for a major earthquake, such as an earthquake directly beneath the Tokyo metropolitan area
- Installation of automatic platform gates to steadily reduce injury- or death-causing accidents on railway platforms based on a policy of introducing them at all 243 railway stations (330 railway stations on a line-by-line basis) along main conventional lines in the Tokyo metropolitan area by around March 31, 2033; installation completed at 36 railway stations (41 railway stations on a line-by-line basis) as of March 31, 2019

【Service quality reforms】

Based on the "Medium-term Vision for Service Quality Reforms 2020," the JR East Group accelerated various initiatives, including to prevent transportation service disruptions and their impact on passengers from spreading as well as to strengthen information provision. Through these initiatives, the Group worked to realize its aim of becoming No.1 for customer satisfaction in the Japanese railway industry. Furthermore, in regard to the disruption to transportation services on Shinkansen lines and conventional lines in the Tokyo metropolitan area, JR East conducted an analysis of the cause of these disruptions and steadily made efforts to prevent their reoccurrence.

(Specific measures)

- Improvement of electrical equipment on conventional lines in the Tokyo metropolitan area to steadily reduce transportation disruptions due to internal causes

- As a measure to address the railcar failure that occurred between Sendai and Furukawa on the Tohoku Shinkansen Line in June 2018, sequential remodeling of railcars to minimize the impact of ground faults (short), with their completion targeted for June 30, 2019 or earlier
- Step-by-step implementation of efforts to strengthen the provision of relevant information to customers through such means as social media and to ensure that operations resume smoothly in the event of a planned suspension of operations to prevent the spread of damage from typhoons and other natural disasters
- Promotion of the use of a translation app and other language-related tools to provide guidance in multiple languages under extraordinary circumstances
- Promotion of efforts to improve mobile phone connection inside Shinkansen tunnels that are located in areas under the Company's control and orderly expansion of segments where mobile phone services can be used
- Collaboration with other railway operators and companies on a campaign to strengthen efforts to support customers, which encourages our personnel to proactively ask customers whether they require assistance
- Conclusion of an agreement in September 2018 with the Sano Educational Foundation (KANDA GAIGO GROUP) in relation to a comprehensive alliance for cooperation to strengthen the ability to handle demand from overseas visitors to Japan, among other matters
- Continued efforts to improve services for overseas visitors to Japan in such ways as increasing the number of staff that can provide foreign language guidance within train stations and opening the *JR EAST Travel Service Center* in Hamamatsucho Station

【Environment】

The JR East Group moved forward with efforts toward addressing global warming. These efforts focused on three perspectives: conserving energy, generating energy and introducing new technologies. In addition, the Group worked to diversify its energy sources through the use of hydrogen.

(Specific measures)

- Entry into a basic agreement in September 2018 and promotion of discussions for a comprehensive business partnership centered on a hydrogen-based mobility partnership between railways and automobiles with Toyota Motor Corporation
- Commencement of commercial operations in April 2018 of a woody biomass power plant in Hachinohe City, Aomori Prefecture, in collaboration with Sumitomo Forestry Co., Ltd., and others
- Development of Oga Station on the Oga Line as an “ecoste” model station in July 2018
- Development of operating styles that conserve energy on railways to realize power-saving operation
- Full-scale commencement in November 2018 of renewable energy business in collaboration with JFE Engineering Corporation that uses food waste from a food recycling plant located in Yokohama City, Kanagawa Prefecture, to generate renewable energy

② Realizing affluent lives for “everyone”

By creating new values and services with a focus on people and by reinforcing its network with a focus on technologies and information, the JR East Group aims to help all people (“everyone”) achieve affluent lives and thereby sustain its growth.

【Strengthening transportation network centered on technologies and information】

In June 2018 the Group established the Technology Innovation Headquarters as a cross-department in-house organization. In doing so, the Group took steps to expand collaborations with outside parties and conducted research and development and verification tests.

(Specific measures)

- Preparations under way for the service launch of *Ringo Pass*, a smartphone app linked to *Suica* and credit cards, after verification tests were conducted to enable seamless use of multiple means of transportation, including taxis
- Preparations under way with Tokyu Corporation and others for the implementation of verification tests for tourism-oriented Mobility as a Service (MaaS) in the Izu area in April 2019. MaaS will utilize the *Izuko* exclusive app
- Preparations under way for the integrated planning and design of business strategies for MaaS and the April 2019 establishment of a dedicated structure for implementing measures in a timely manner
- Preparations under way for the May 2019 launch of ALFA-X, a test railcar geared toward realizing the next generation of Shinkansen, and the start of its test runs
- Preparations under way for the installation of track facility monitoring devices on operational railcars with the aim of introducing technology to remotely monitor the track status of conventional lines in 50 line segments by March 31, 2021
- Implementation of verification tests for the “JR EAST STARTUP PROGRAM” for the purpose of creating new businesses and services; completion of five tests to date
- Verification test for AI guidance systems that respond to customer inquiries at terminal stations on the Yamanote Line and other locations

【Making *Suica* a shared infrastructure】

The JR East Group proceeded with the introduction of *Suica* as a shared infrastructure to enable the use of *Suica* in a variety of situations by linking it with various payment methods and apps. As a result, the number of *Suica* cards issued

and outstanding was approximately 75.87 million as of March 31, 2019.

(Specific measures)

- Commencement of *Touch de Go! Shinkansen* in April 2018, which enables the use of *Suica* for non-reserved seats of Shinkansen services, on the line segment between Tokyo and Nasushiobara on the Tohoku Shinkansen Line and on other line segments
- Achievement of compatibility with the Google Pay payment service in May 2018 and improvement of convenience of *Suica* in relation to mobile terminals
- Commencement of *Mizuho Suica* services, a type of electronic money that enables deposits from Mizuho Bank accounts without the need for card issuance, in collaboration with Mizuho Bank, Ltd., starting in August 2018
- An alliance with Seven Bank, Ltd., and commencement in October 2018 of service allowing customers to add money to their public transportation electronic money cards, and to make related transactions, at Seven Bank ATMs
- Preparations under way for the September 2019 launch of *Welcome Suica*, a new IC card for overseas visitors to Japan
- Preparations under way for the commencement of verification tests in October 2019 with Mizuho Bank, Ltd. for charging digital currency onto the *Suica* app
- Preparations for a new Shinkansen IC ticket service, which will enable ticketless usage of Shinkansen lines through online reservation services such as *eki-net*, to be introduced as of March 31, 2020
- Progress in the joint system development with Sony Imaging Products & Solutions Inc. of a regionally linked IC card, to be offered starting in spring 2021, that combines the functions of *Suica* and those of the IC public transportation cards of regional transportation systems

【Making cities more comfortable】

The JR East Group took a variety of measures, such as reform of transportation service quality and efforts to create lifestyles (town development) in preparation for the Tokyo 2020 Olympic and Paralympic Games, in order to establish an environment where customers can seamlessly use services for their daily lives through optimal combinations of transportation, purchases and payments, thereby making cities more comfortable.

(Specific measures)

- Verification test for the development of facilities for automated railway operation on the Yamanote Line, with the aim of realizing “driverless operations”
- Preparations for the commencement of a verification test for *noricon*, a service on Shinkansen lines that transmits various content such as books and videos
- Preparations for the operation of a new limited express service for tourists from spring 2020, which will promote the “real charm” of the Izu area
- Preparations to introduce new Series E235 railcars to the Yokosuka Line and the Sobu Line Rapid Service from fiscal 2021
- Preparations under way for the expansion of the *mamorail service*, which watches over children at railway stations of Bureau of Transportation. Tokyo Metropolitan Government and Tokyo Metro Co., Ltd., in spring 2020 in collaboration with CENTRAL SECURITY PATROLS CO., LTD.
- Efforts to open a cumulative total of 150 child-rearing-support facilities by March 31, 2023 (cumulative total of 131 child-rearing-support facilities as of March 31, 2019)
- Integration of *JRE POINT* with *View Thanks Point* in June 2018 (membership of *JRE POINT* reached approx. 9.98 million people as of March 31, 2019)
- Issuance of the *JRE CARD* credit card, which offers bargains for shopping at *JRE POINT* compatible stores, from July 2018
- Implementation of the second phase of verification tests of an unmanned store with AI-enabled payment systems on platforms at Akabane Station
- Verification test for the shared office business *STATION WORK* inside Tokyo Station and at other locations
- Construction below, including on station buildings, to increase the overall appeal and value of local towns together with local communities
 - Phase 1 (East Bldg.) of *SHIBUYA SCRAMBLE SQUARE* (Tokyo), scheduled for opening in November 2019
 - The *Gotanda East Exit Building* (provisional name), scheduled for opening in spring 2020
 - Phase 1 of *WATERS takeshiba* high-rise building and parking lot building (Tokyo), scheduled for opening in April 2020
 - JR Yokohama Tower* and *JR Yokohama Tsuruyacho Building* (Kanagawa) and Phase 2 of *WATERS takeshiba* theater building (Tokyo), scheduled for opening in 2020
 - Sendai Station East Exit Office* (provisional name), scheduled for opening in winter fiscal 2021
 - The *Kawasaki Station West Exit Development Plan*, scheduled for completion in spring 2021
 - The *World Trade Center South Hall* (Tokyo), scheduled for opening in 2021
- Construction of hotels below to establish a hotel chain with more than 10,000 guest rooms by around 2020
 - HOTEL METS Akihabara* (Tokyo): Scheduled for opening in October 2019
 - HOTEL METS Tokyo Bay Shin-Kiba* (Tokyo): Scheduled for opening in November 2019
 - HOTEL Metropolitan Kamakura* (Kanagawa): Scheduled for opening in March 2020
 - HOTEL METS Gotanda* (provisional name): Scheduled for opening in spring 2020
 - HOTEL Metropolitan Kawasaki* (provisional name): Scheduled for opening in spring 2020
 - HOTEL METS Sakuragicho* (provisional name): Scheduled for opening during fiscal 2021

- Construction toward the opening of Takanawa Gateway Station in spring 2020 and commencement of procedures related to urban planning of the northern peripheral area of Shinagawa Station in September 2018 for the opening of the town around 2024
- Preparations under way for the implementation of environmental assessments of plans for the Haneda Airport Access Line (provisional name)
- Upgrade of railway stations near stadiums to complete them around spring 2020, as part of its role as an Official Passenger Rail Transportation Services Partner of the Tokyo 2020 Olympic and Paralympic Games

【Making regional areas more affluent】

The JR East Group advanced various measures, including town development centered on core regional train stations and increasing passenger traffic through tourism promotion, in order to stimulate flows of people and goods between the Tokyo metropolitan area and regional areas and make regional areas more affluent.

(Specific measures)

- Enabling transfers between the Shinkansen line and conventional lines on the same platform of Niigata Station in connection with the completion of the first phase of its station-elevation project in April 2018
- Identification and distribution of information about the many different attractions of regional areas through the operation of the *TRAIN SUITE SHIKI-SHIMA* cruise train
- Progress in the *sextic industrialization* of agriculture in coordination with regional producers, processors, and other participants
- Conclusion of an agreement with JAPAN POST Co., Ltd., in June 2018 aimed at revitalizing regional communities and leveraging of the networks of both companies in November 2018 to carry out the trial sale of agricultural produce from Miyagi Prefecture on the day of harvest in Tokyo station
- Verification test for automated driving technologies for buses on the bus rapid transit (BRT) route along the Ofunato Line
- Implementation of a joint campaign with ALL NIPPON AIRWAYS CO., LTD. to establish new products that combine train and airline transport and strengthening of information transmission with the aim of promoting and increasing the flow of tourists to the Tohoku area
- Opening of a sports medicine clinic in May 2018 near Akita Station, progress in construction of *JR Akita Gate Arena* (provisional name), and other efforts to promote urban development centered on Akita Station
- Construction toward the remodelling and reopening of the entire Tsuchiura Station Building as *PLAY atre Tsuchiura* (Ibaraki), which will be one of Japan's largest resorts for cyclists, from spring 2020, in order to promote urban development centered on Tsuchiura Station

In particular, to restore line segments on the Pacific coast severely damaged by the Great East Japan Earthquake, JR East worked in close collaboration with the national government and relevant local authorities and made progress in the rebuilding of the area as a whole.

(Specific measures)

- Completion of restoration efforts along the Yamada Line between Miyako and Kamaishi stations and transfer of operations to Sanriku Railway Company in March 2019
- Progress in restoration work to restore operations between Tomioka and Namie stations on the Joban Line by March 31, 2020
- Preparations under way for the April 2019 opening of J-Village Station, a new railway station along the Joban Line

Further, in June 2017 JR East and Fukushima Prefecture reached an agreement to restore operations and separate the ownership and operation of railway facilities on the line segment between Aizu-Kawaguchi and Tadami stations on the Tadami Line, suspended since July 2011 due to damage sustained from heavy rains. To facilitate this agreement, JR East commenced construction to restore operations on this segment in June 2018.

【Developing businesses for the world】

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

(Specific measures)

- Commencement of operations of the West Midlands Railway in the United Kingdom, together with Mitsui & Co., Ltd. and Abellio UK (the U.K. subsidiary of Nederlandse Spoorwegen N.V. Group)
- Opening of *LUMINE JAKARTA* (Indonesia), the second overseas store of subsidiary Lumine Co., Ltd., in December 2018
- Preparations at the subsidiary *atre* Co., Ltd. for opening stores in commercial facilities in Taipei in January 2019 through collaboration with Mitsui & Co., Ltd., among other companies
- Preparations under way for the launch of *JR EAST Technical Intern Training*, a human resources development program for foreigners
- Preparations under way for the April 2019 opening of *JW360°*, a store featuring restaurants, retail outlets, and other establishments, within Singapore's Jewel Changi Airport by a local subsidiary of JR East in collaboration with a local subsidiary of Mitsui & Co., Ltd.

【Happiness of employees and their families】

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

(Specific measures)

- Revision to train crew systems in March 2019 with the aim of realizing flexible, more diverse working styles for employees serving in the frontline operations and in planning divisions
- Commencement of a cross-organizational project in March 2019 in which employees serving in the frontline operations go beyond the frameworks of their assigned duties and areas of expertise in order to resolve issues
- Preparations for the April 2019 launch of the Shinkansen General Management Department, which will integrate operations in a centralized, specialized manner with the aim of providing safer, higher-quality services on the Shinkansen

Segment Information

Transportation

In the Transportation segment, JR East made efforts that gave priority to increasing the safety and reliability of transportation. At the same time, JR East advanced measures centered on railways to promote the use of its transportation networks and thereby achieve reliable revenues. Specifically, JR East conducted the *Honmono no Deai Tochigi* Destination Campaign to increase inter-regional railway travel. In addition, JR East operated a special Shinkansen service from Omiya Station to Shin-Hakodate-Hokuto for the first time in June and July 2018. In order to capitalize on the high demand from visitors to Japan, JR East promoted the sale of products aimed at overseas visitors. At the same time, JR East enhanced the lineup of such tourist-oriented products as *air and land* Japan visit travel packages that offer railway services and flights in coordination with airlines in Asia. JR East also operated an access train in September 2018 in cooperation with Sendai Rinkai Railway, Co. Ltd. while a cruise ship was docked at the Port of Sendai. Further, JR East moved forward with preparations for revising train schedules and improving convenience, including efforts to shorten required travel times of certain trains for the *Hayabusa* and *Hayate* services on the Tohoku and Hokkaido Shinkansen lines.

As a result of these initiatives, JR East's number of passengers for railway operations exceeded that of the previous fiscal year, and operating revenues in the Transportation segment increased 0.9% year on year, to ¥2,123.0 billion. Similarly, operating income increased 0.5% year on year, to ¥341.9 billion.

Retail & Services

In the Retail & Services segment, JR East made efforts toward lifestyle development (town development) and enhanced the value of existing businesses. Specifically, in order to strengthen the development capabilities of stores in station concourses, in April 2018 JR East subsidiary JR East Retail Net Co., Ltd. conducted an absorption-type merger with JR East Station Retailing Co., Ltd., and JR East Water Business Co., Ltd. became a 100% subsidiary of JR East Retail Net Co., Ltd. Additionally, JR East opened an integrated sports entertainment complex, *SPORU SHINAGAWA OIMACHI* (Tokyo), which enables users to experience the sports of the Tokyo 2020 Olympic and Paralympic Games, in August 2018. JR East also proceeded with the renewal of private brand products at *NewDays* convenience stores. Also, JR East held the *Ekiben Grand Prix 2018*, which communicates the appeal of boxed lunches sold at train stations, in fall 2018. Further, in January 2019, JR East's local subsidiary opened the *JAPAN RAIL CAFE Taiwan* in Taipei, the Group's second cafe for disseminating information for visitors to Japan.

As a result of these initiatives, in addition to the favorable sales at stores in Tokyo Station and other stations, operating revenues of the Retail & Services segment increased 1.8%, to ¥593.7 billion, and operating income increased 0.6%, to ¥39.2 billion.

Real Estate & Hotels

In the Real Estate & Hotels segment, JR East proceeded with development projects that reflected an awareness of lifestyle (local and town) development in line-side areas and surrounding areas of large-scale terminal stations, including those in the Tokyo metropolitan area, to increase the overall appeal and value of local towns together with local communities. Specifically, JR East completed the opening in April 2018 of the *COTONIOR GARDEN Shin-Kawasaki* (Kanagawa) facility intended for interaction among people across generations. JR East also completed the opening of *PERIE CHIBA* (Chiba) in June 2018. In addition, as part of its efforts to become a hotel chain with over 10,000 rooms by around 2020, JR East opened *JR East HOTEL METS SAPPORO* (Hokkaido), the first of its kind to be established outside of eastern Japan, in February 2019. JR East also commenced operations of the *R-Lieto MITAKA* (Tokyo) proposal-type rental apartment, which underwent renovations for Company housing, in March 2019.

As a result of these initiatives, as well as the increased revenues following the opening of the entire *PERIE CHIBA* and the overall strong performance of the hotel business, operating revenues of the Real Estate & Hotels segment increased 2.7%, to ¥369.5 billion. Similarly, operating income increased 0.5%, to ¥81.4 billion.

Others

In *Suica* shopping services (electronic money), JR East continued to actively increase the number of compatible stores through efforts that included the introduction of *Suica* electronic money to chain stores that operate extensively, such as *Yoshinoya*. Also, in July 2018 monthly transactions for *Suica* and other public transportation electronic money broke

previous records, surpassing 200 million transactions.

With respect to participation in overseas railway projects, through the subsidiary Japan International Consultants for Transportation Co., Ltd., JR East provided consultation services for the “General Consultancy of The Mumbai-Ahmedabad High Speed Railway Project” and supervised the construction of a training center for National High Speed Rail Corporation Limited (NHSRC) in India.

Operating revenues from Others increased 12.6%, to ¥259.2 billion due to the above efforts as well as increased revenues from information processing operations and credit card operations, while operating income increased 5.4%, to ¥23.8 billion.

- Notes: 1. Google Pay is a trademark of Google LLC.
2. JR East applies the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Accounting Standards Board of Japan Statement No.17, June 30, 2010) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Accounting Standards Board of Japan Guidance No.20, March 21, 2008). The operating income of each segment of JR East corresponds to the segment income under the said Accounting Standard and Guidance.

(ii) Outlook for the Year Ending March 31, 2020

As employment and income conditions continue improving, the Japanese economy is expected to continue recovering gradually, in part due to the effect of various government initiatives. Over the medium to long term, Japan's population is expected to further decline and age, with the majority of the country's population concentrating in the Tokyo metropolitan area. At the same time, significant changes to the business environment are expected, including automated driving and other technological innovations as well as increased globalization.

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

Given this changing environment, the Group will move ahead with various initiatives as a single unit in order to achieve “Move Up” 2027, its newly established management vision, and sustainable growth going forward.

JR East's consolidated performance outlook for the fiscal year ending March 31, 2020, as of the publication date of this document is as follows.

Fiscal 2020 Performance Forecasts

Full fiscal year

Operating Revenues: ¥3,070.0 billion (2.3% year-on-year increase)
Operating Income: ¥488.0 billion (0.6% year-on-year increase)
Ordinary Income: ¥446.0 billion (0.6% year-on-year increase)
Profit Attributable to Owners of Parent: ¥301.0 billion (2.0% year-on-year increase)

Six-month period ending September 30, 2019

Operating Revenues: ¥1,517.0 billion (2.0% year-on-year increase)
Operating Income: ¥288.0 billion (1.4% year-on-year decrease)
Ordinary Income: ¥263.0 billion (1.3% year-on-year decrease)
Profit Attributable to Owners of Parent: ¥184.0 billion (2.8% year-on-year increase)

(2) Analysis of Financial Position

In the fiscal year ended March 31, 2019, operating activities provided net cash of ¥663.8 billion, ¥40.3 billion less than in the previous fiscal year. This result was mainly due to an increase in accounts receivable-trade.

Investing activities used net cash of ¥594.4 billion, ¥52.5 billion more than in the previous fiscal year. This result was mainly due to an increase in payments for the acquisition of property, plant and equipment and intangible assets.

Financing activities used net cash of ¥120.6 billion, ¥14.4 billion less than in the previous fiscal year. This result was due in part to the increase in proceeds from procurement of interest-bearing debt.

Consequently, cash and cash equivalents as of March 31, 2019, were ¥263.7 billion, a decrease of ¥51.1 billion from March 31, 2018.

In addition, the balance of consolidated interest-bearing debt was ¥3,163.7 billion as of March 31, 2019.

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

	Fiscal 2017	Fiscal 2018	Fiscal 2019
Equity ratio (%)	33.5	35.1	36.7
Equity ratio on market-value basis (%)	47.6	46.6	48.7
Interest-bearing debt / net cash provided by operating activities (times)	4.9	4.5	4.8
Interest coverage ratio (times)	9.2	10.9	10.5

Notes: Equity ratio: Shareholders' equity / Total assets

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

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

1. Indicators are derived from the consolidated financial statements.

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

(3) Basic Dividend Policy and Dividends for Fiscal 2019 and Fiscal 2020

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

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

(Reference) Calculation of total return ratio

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

Based on this policy, JR East plans to pay (payment scheduled to begin on June 24, 2019) year-end cash dividends of ¥75 per share, which are in addition to the interim cash dividends of ¥75 per share, for full-year cash dividends of ¥150 per share.

In line with its policy of achieving a dividend payout ratio of 30% over the medium to long term, JR East plans to pay cash dividends of ¥165 per share, including interim dividends of ¥82.5 per share, for the fiscal year ending March 31, 2020.

Further, JR East does not plan to pay dividends other than with respect to the record date as of the end of the second quarter and the record date at the end of the fiscal year.

In addition to enhancing returns to shareholders, JR East will actively use funds for necessary capital expenditures, such as investments to realize sustainable growth and strengthen operational foundations. Going forward, JR East will strive to strengthen its business foundation and enhance its corporate value further by continually working to improve earnings and promoting management with an emphasis on increasing operating cash flow.

2. Status of the Group

The JR East Group consists of East Japan Railway Company, 70 consolidated subsidiaries, and 5 equity-method affiliated companies (as of March 31, 2019). The JR East Group has four business segments: Transportation, Retail & Services, Real Estate & Hotels, and Others. The relationship of East Japan Railway Company and other related companies to each business segment are as shown below.

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

(i) Transportation

The Transportation segment includes passenger transportation operations centered on railway operations, as well as travel agency services, cleaning services, station operations, facilities maintenance operations, railcar manufacturing operations, and railcar maintenance operations. With a service area mainly covering Tokyo and the combined 16 prefectures of the Kanto and Tohoku regions, JR East's railway operations comprise 1,655 railway stations, 6,207.5 operating kilometers of conventional lines, and 1,194.2 kilometers of Shinkansen lines, spanning a total of 7,401.7 kilometers.

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

(Bus services and railway passenger transport services)

JR Bus Kanto Co., Ltd.*

Tokyo Monorail Co., Ltd.*

(Travel agency services)

JR East View Travel Service Co., Ltd.*

JTB Corp.**

(Cleaning services)

JR East Environment Access Co., Ltd. *

(Station operations)

JR East Station Service Co., Ltd.*

(Facilities maintenance operations)

JR East Facility Management Co., Ltd. *

NIPPON DENSETSU KOGYO CO., LTD. **

NIPPON RIETEC CO., LTD. **

(Railcar manufacturing operations)

Japan Transport Engineering Company*

(Railcar maintenance operations)

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

(ii) Retail & Services

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

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

(Retail and restaurant operations)

JR East Retail Net Co., Ltd.*

Nippon Restaurant Enterprise Co., Ltd.*

(Wholesale business)

EAST JAPAN RAILWAY TRADING CO., LTD. *

(Truck transportation business)

JR East Logistics Co., Ltd. *

(Advertising and publicity)

East Japan Marketing & Communications, Inc.*

(iii) Real Estate & Hotels

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

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

(Shopping center operations)

LUMINE Co., Ltd.*

atré Co., Ltd.*

JR East Urban Development Corporation*

(Leasing of office buildings)

JR East Building Co., Ltd.*

(Hotel operations)

NIPPON HOTEL Co., Ltd. *

Sendai Terminal Building Co., Ltd. *

(iv) Others

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

Main related companies: East Japan Railway Company (IT and *Suica* operations, others)

(IT and *Suica* operations)

Viewcard Co., Ltd.*

JR East Mechatronics Co., Ltd.*

(Information processing)

JR East Information Systems Company*

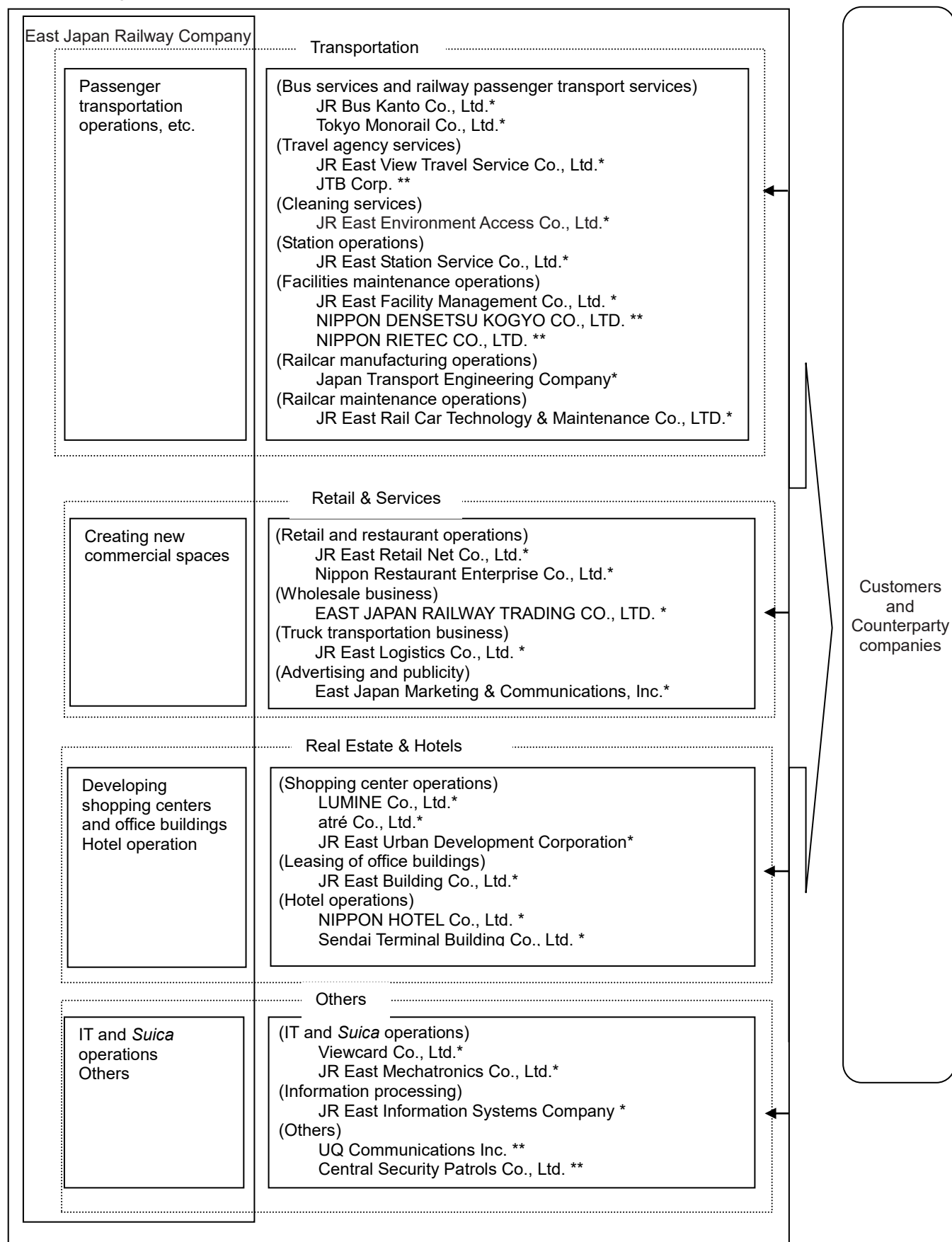
(Others)

UQ Communications Inc.**

Central Security Patrols Co., Ltd.**

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

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



Notes: 1. * indicates a consolidated subsidiary, ** indicates an equity-method affiliated company. In addition, company names are listed in the business in which they are mainly involved.
2. Arrows show the flow of main transactions and offering of services.

3. Management Policies

(1) Basic Management Policies

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

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

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

① Medium- to Long-Term Management Strategies

In line with “Move Up” 2027, the Group will shift its “stories to create values” from “the provision of services with railway infrastructure as the basis” to “the introduction of new values to society, focusing on the affluence of everyone in their daily lives.” Along with improving, evolving and developing the quality of its railway and other transportation services, the Group will concentrate its management resources on life-style services and IT & *Suica* services, which will become its growth drivers going forward. Through these efforts, the Group will aim to increase its consolidated operating revenues while raising the amount of total revenues accounted for by life-style services and IT & *Suica* services to 40% by March 31, 2028. Guided by a brand that is founded on trust, a Group strength, and by leveraging its multi-layered “real” network that supports life-style infrastructure, the Group will drive forward in creating the values of “trust” and “affluence” by “making cities more comfortable,” “making regional areas more affluent,” and “developing businesses for the world.”

Based on these initiatives, the Group will continue to aim for ultimate safety levels as its top priority for management. Also, while bearing in mind the Sustainable Development Goals (SDGs) adopted by the UN Summit, the Group will implement ESG management from the perspectives of the environment, social, and governance and help resolve social issues through its business activities as part of its efforts to contribute to the development of regional communities. These efforts will lead to greater trust from customers and everyone in society who form the bedrock of all activities of the Group.

Accordingly, the Group will help realize “affluent lives” for everyone by creating new values and services focused on people and strengthening its network capabilities focusing on technologies and information. The Group will also target sustainable growth by continuing to expand its coalition with external networks through the joint use of data and the use of field sites such as verification experiments. Further, to “move up” as a Group in the next 10 years, the Group will actively focus its operating cash flow on capital expenditures and efficiently utilize its assets with the aim of maximizing profits.

In response to the changing times, the Group will continue to confront challenges as business opportunities. The Group will meet customer needs to an even greater extent and achieve, as a corporate group, sustainable growth that contributes to the development of regional areas.

② Management benchmarks

With respect to the numerical targets of “Move Up” 2027, the JR East Group has set targets for fiscal 2023, the midway point in the period covered by “Move Up” 2027. The fiscal year ended March 31, 2019, the first year under “Move Up” 2027, progressed largely according to plan.

		Targets for Fiscal 2023	Plans for Fiscal 2019	Actual Fiscal 2019	Actual/Plan Fiscal 2019
	Consolidated operating revenues	¥3,295.0 billion	¥2,994.0 billion	¥3,002.0 billion	100.3%
By segment	Transportation	¥2,100.0 billion	¥2,032.0 billion	¥2,038.1 billion	100.3%
	Retail & Services	¥660.0 billion	¥521.0 billion	¥521.8 billion	100.2%
	Real Estate & Hotels	¥440.0 billion	¥352.0 billion	¥349.0 billion	99.2%
	Others	¥95.0 billion	¥89.0 billion	¥92.9 billion	104.4%
	Consolidated operating income	¥520.0 billion	¥482.0 billion	¥484.8 billion	100.6%
By segment	Transportation	¥330.0 billion	¥338.0 billion	¥341.9 billion	101.2%
	Retail & Services	¥56.0 billion	¥40.0 billion	¥39.2 billion	98.1%
	Real Estate & Hotels	¥109.0 billion	¥82.0 billion	¥81.4 billion	99.3%
	Others	¥26.0 billion	¥23.0 billion	¥23.8 billion	103.5%
	Consolidated operating cash flow	¥3,720.0 billion five-year total*	-	¥663.8 billion	(progress) 17.8%
	Consolidated ROA	6.0%	-	5.9%	-

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

③ Issues to Address

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

◇Deepening trust

○Pursuing ultimate safety levels

Guided by “Group Safety Plan 2023,” the Group will work toward the enhancement and innovation of “safety conduct” and “safety management” by each employee as well as the installation of safety equipment that leverages new technologies. Through these efforts, the Group will minimize the risk of occurrence of a major accident and achieve zero accidents involving passenger injuries or fatalities and zero accidents involving employee fatalities.

○Improving service quality

In line with “Medium-term Vision for Service Quality Reforms 2020”, the Group will concentrate the Groupwide capabilities of its employees on preventing transportation service disruptions and providing a comfortable usage environment for its passengers. Through this initiative, the Group will provide customers with both peace of mind and satisfaction toward its aim of becoming No.1 for customer satisfaction in the Japanese railway industry.

○Implementing ESG management

The Group will implement ESG management and make concerted efforts to resolve the issues of society through its business and contribute to the development of regional communities. The Group will deepen the trust of everyone in society including its customers and realize sustainable growth through these efforts.

◇Realizing affluent lives

○Reforming transportation service quality

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

○Offering new lifestyles and creating cities

The Group will create new cities such as the Global Gateway Shinagawa and promote the development of terminal stations to enhance its profitability. Moreover, the Group will improve its services by providing customers and everyone in society with greater convenience and comfort as well as engaging in initiatives to make regional areas more affluent, such as urban development around regional core stations and the promotion of sextic industrialization.

○Making *Suica* a shared infrastructure and promoting MaaS

With the aim of enabling *Suica* to be used in various day-to-day activities, the Group will enhance the appeal of *JRE POINT* and actively establish partnerships with other companies. The Group will also promote JR East's MaaS to provide search, reservation, and payment functions all in one, and actively expand this service in regional areas.

○Initiatives for the Tokyo 2020 Olympic and Paralympic Games

Guided by “TICKET TO TOMORROW,” the Group's communication slogan established to mark the opening of the Tokyo 2020 Olympic and Paralympic Games, the Group will raise the quality of its services in all of its business domains and pass down its “legacy” to everyone in the Group and society in 2020 and beyond.

○Establishing business models for overseas businesses

The Group will move ahead with its plans for the full-scale launch of the India High-Speed Railway and strengthen the development of its human resources overseas. These efforts will guide the Group toward its aim of creating business models for overseas businesses, with a focus on Asia.

◇Realizing happiness of employees and their families

○Work reform

The Group will improve productivity by streamlining and enhancing work duties and establish an environment in which employees are able to fulfill creative roles that can only be performed by humans.

○Workstyle reform

With the intention of enabling employees from diverse backgrounds and of varying needs to be able to create their own “Move Up Story,” the Group will expand the field of activity and improve the health and participation of each and every employee, the main contributors to “Move Up” 2027.

○Worksite reform

To enable its worksites and Group companies to undertake business activities independently and further leverage their creativity more closely to customers, the Group will revise its organization beyond the borders of traditional frameworks and have all employees take part in the establishment of measures toward achieving “Move Up” 2027.

○Strengthening of management structure

The Group will actively invest and make concerted efforts to improve productivity in order to realize greater profitability as well as work reform, workstyle reform, and worksite reform in a timely manner.

4. Basic Policy for Selection of Accounting Standards

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

5. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Millions of Yen

	Fiscal 2018	Fiscal 2019
ASSETS		
Current Assets	¥ 951,898	¥ 978,775
Cash and time deposits	255,102	173,908
Notes and accounts receivable-trade	475,522	533,453
Fares receivable	48,217	55,518
Securities	60,000	90,010
Real estate for sale	451	1,393
Inventories	62,061	60,253
Other	52,064	66,257
Allowance for doubtful accounts	(1,521)	(2,019)
Fixed Assets	7,195,580	7,380,364
Property, plant and equipment, net of accumulated depreciation	6,500,745	6,692,223
Buildings and fixtures (net)	3,362,214	3,427,567
Machinery, rolling stock and vehicles (net)	726,158	740,570
Land	2,020,741	2,064,590
Construction in progress	319,903	385,348
Other (net)	71,727	74,146
Intangible assets	112,499	109,757
Investments and other assets	582,335	578,383
Investments in securities	287,544	298,796
Long-term loans receivable	2,065	1,471
Deferred tax assets	228,086	209,049
Net defined benefit assets	173	298
Other	65,433	69,736
Allowance for doubtful accounts	(968)	(968)
Deferred Assets	197	536
Total Assets	¥8,147,676	¥8,359,676

Note: Amounts less than one million yen are omitted.

	Fiscal 2018	Fiscal 2019
LIABILITIES		
Current Liabilities	¥1,434,328	¥1,438,975
Notes and accounts payable-trade	59,536	64,610
Short-term loans and current portion of long-term loans	119,707	110,453
Current portion of bonds	164,999	125,000
Current portion of long-term liabilities		
incurred for purchase of railway facilities	4,257	4,199
Payables	492,574	516,309
Accrued consumption taxes	22,316	22,532
Accrued income taxes	64,712	58,882
Fare deposits received with regard to railway connecting services	24,431	29,672
Prepaid railway fares received	100,523	105,214
Allowance for bonuses to employees	76,544	76,376
Allowance for earthquake-damage losses	1,940	9,133
Allowance for partial transfer costs of railway operation	10,332	—
Other	292,451	316,591
Long-Term Liabilities	3,828,795	3,826,322
Bonds	1,605,134	1,605,192
Long-term loans	964,138	996,685
Long-term liabilities incurred for purchase of railway facilities	332,288	327,926
Deferred tax liabilities	3,053	3,703
Provision for large-scale renovation		
of Shinkansen infrastructure	48,000	72,000
Allowance for earthquake-damage losses	9,110	—
Allowance for partial transfer costs of railway operation	2,688	2,417
Net defined benefit liabilities	601,163	554,236
Other	263,216	264,159
Total Liabilities	¥5,263,124	¥5,265,297
NET ASSETS		
Shareholders' Equity	¥2,787,347	¥2,996,473
Common stock	200,000	200,000
Capital surplus	96,729	96,796
Retained earnings	2,496,074	2,705,184
Treasury stock, at cost	(5,457)	(5,507)
Accumulated Other Comprehensive Income	71,983	70,700
Net unrealized holding gains (losses) on securities	63,338	58,965
Net deferred gains (losses) on derivatives under		
hedge accounting	730	1,584
Revaluation reserve for land	(473)	(418)
Foreign currency translation adjustments	—	(5)
Remeasurements of defined benefit plans	8,387	10,574
Non-Controlling Interests	25,222	27,204
Total Net Assets	2,884,552	3,094,378
Total Liabilities and Net Assets	¥8,147,676	¥8,359,676

Note: Amounts less than one million yen are omitted.

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

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

(i) Consolidated Statements of Income

	Millions of Yen	
	Fiscal 2018	Fiscal 2019
Operating Revenues	¥2,950,156	¥3,002,043
Operating Expenses	2,468,860	2,517,182
Transportation, other services and cost of sales	1,891,897	1,921,527
Selling, general and administrative expenses	576,963	595,655
Operating Income	481,295	484,860
Non-Operating Income	27,868	25,712
Interest income	55	53
Dividend income	4,963	5,350
Gains on sales of equipment	1,172	1,166
Insurance proceeds and dividends	11,224	8,423
Equity in net income of affiliated companies	5,141	5,870
Other	5,310	4,848
Non-Operating Expenses	69,194	67,305
Interest expense	64,733	62,545
Losses on sales of equipment	165	229
Other	4,295	4,531
Ordinary Income	439,969	443,267
Extraordinary Gains	30,806	74,715
Gains on sales of fixed assets	442	2,675
Construction grants received	23,815	59,846
Other	6,548	12,193
Extraordinary Losses	49,181	89,363
Losses on sales of fixed assets	192	279
Losses from disposition of fixed assets	4,235	3,330
Losses on reduction entry for construction grants	23,135	59,401
Impairment losses on fixed assets	4,176	2,275
Intensive seismic reinforcement costs	8,942	10,163
Other	8,500	13,913
Income before Income Taxes	421,594	428,619
Income Taxes	130,104	131,294
Current	114,455	110,110
Deferred	15,649	21,184
Profit	291,489	297,324
Profit Attributable to Non-Controlling Interests	2,532	2,108
Profit Attributable to Owners of Parent	¥ 288,957	¥ 295,216

Note: Amounts less than one million yen are omitted.

(ii) Consolidated Statements of Comprehensive Income

	Millions of Yen	
	Fiscal 2018	Fiscal 2019
Profit	¥ 291,489	¥ 297,324
Other Comprehensive Income	9,157	(1,396)
Net unrealized holding gains (losses) on securities	9,227	(4,414)
Net deferred gains (losses) on derivatives under hedge accounting	(232)	586
Foreign currency translation adjustments	—	(5)
Remeasurements of defined benefit plans	(826)	1,324
Share of other comprehensive income of associates accounted for using equity method	988	1,112
Comprehensive Income	¥ 300,647	¥ 295,928
Comprehensive Income attributable to		
Comprehensive income attributable to owners of the parent	¥ 298,095	¥ 293,878
Comprehensive income attributable to non-controlling interests	¥ 2,551	¥ 2,049

Note: Amounts less than one million yen are omitted.

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

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Fiscal 2018

Millions of Yen

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock, at Cost	Total Shareholders' Equity
Balance at the fiscal year start	200,000	96,811	2,298,925	(5,161)	2,590,575
Changes of items during the fiscal year					
Cash dividends			(52,263)		(52,263)
Profit attributable to owners of parent			288,957		288,957
Increase/decrease due to merger					—
Purchase of treasury stock				(40,024)	(40,024)
Disposal of treasury stock		0		0	0
Retirement of treasury stock		(0)	(39,727)	39,727	—
Change of scope of consolidation			171		171
Purchase of shares of consolidated subsidiaries		(81)			(81)
Increase/decrease by corporate division in consolidated subsidiaries			12		12
Increase/decrease caused by organization restructuring of companies to which the equity method is applicable					—
Reversal of revaluation reserve for land					—
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	—	(81)	197,149	(295)	196,771
Balance at the fiscal year end	200,000	96,729	2,496,074	(5,457)	2,787,347

	Accumulated Other Comprehensive Income						Non-Controlling Interests	Total Net Assets
	Net Unrealized Holding Gains (Losses) on Securities	Net Deferred Gains (Losses) on Derivatives under Hedge Accounting	Revaluation Reserve for Land	Foreign currency translation adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at the fiscal year start	52,940	1,846	(473)	—	8,530	62,844	21,933	2,675,353
Changes of items during the fiscal year								
Cash dividends								(52,263)
Profit attributable to owners of parent								288,957
Increase/decrease due to merger								—
Purchase of treasury stock								(40,024)
Disposal of treasury stock								0
Retirement of treasury stock								—
Change of scope of consolidation								171
Purchase of shares of consolidated subsidiaries								(81)
Increase/decrease by corporate division in consolidated subsidiaries								12
Increase/decrease caused by organization restructuring of companies to which the equity method is applicable								—
Reversal of revaluation reserve for land								—
Net changes of items other than shareholders' equity	10,398	(1,116)	—	—	(143)	9,138	3,288	12,427
Total changes of items during the fiscal year	10,398	(1,116)	—	—	(143)	9,138	3,288	209,198
Balance at the fiscal year end	63,338	730	(473)	—	8,387	71,983	25,222	2,884,552

Fiscal 2019

Millions of Yen

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

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

(4) Consolidated Statements of Cash Flows (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Millions of Yen

	Fiscal 2018	Fiscal 2019
Cash Flows from Operating Activities		
Income before income taxes	¥421,594	¥428,619
Depreciation	367,997	368,722
Impairment losses on fixed assets	4,176	2,275
Amortization of long-term prepaid expense	8,337	8,758
Net change in provision for large-scale renovation of Shinkansen infrastructure	24,000	24,000
Net change in net defined benefit liabilities	(41,222)	(45,131)
Interest and dividend income	(5,019)	(5,403)
Interest expense	64,733	62,545
Construction grants received	(23,815)	(59,846)
Losses from disposition of fixed assets	37,028	37,601
Losses from provision for cost reduction of fixed assets	23,135	59,401
Net change in major receivables	(38,309)	(66,286)
Net change in major payables	66,066	48,266
Other	(24,182)	(16,962)
Sub-total	884,520	846,559
Proceeds from interest and dividends	5,606	6,090
Payments of interest	(64,786)	(62,943)
Payments of earthquake-damage losses	(10,503)	(3,145)
Payments of partial transfer costs of railway operation	(7,589)	(6,847)
Payments of income taxes	(103,052)	(115,912)
Net cash provided by operating activities	704,194	663,801
Cash Flows from Investing Activities		
Payments for purchases of fixed assets	(578,156)	(649,037)
Proceeds from sales of fixed assets	1,987	4,814
Proceeds from construction grants	49,075	65,196
Payments for purchases of investments in securities	(6,850)	(7,756)
Proceeds from sales of investments in securities	2,225	3,020
Other	(10,138)	(10,663)
Net cash used in investing activities	(541,857)	(594,425)
Cash Flows from Financing Activities		
Proceeds from long-term loans	154,500	143,000
Payments of long-term loans	(117,767)	(119,707)
Proceeds from issuance of bonds	90,000	125,000
Payments for redemption of bonds	(159,900)	(165,000)
Payments of liabilities incurred for purchase of railway facilities	(4,424)	(4,419)
Payments of acquisition of treasury stock	(40,024)	(41,020)
Cash dividends paid	(52,263)	(55,585)
Other	(5,221)	(2,961)
Net cash used in financing activities	(135,100)	(120,693)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	—	(56)
Net Change in Cash and Cash Equivalents	27,236	(51,374)
Cash and Cash Equivalents at Beginning of the Year	287,125	314,934
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiary	568	98
Increase in Cash and Cash Equivalents due to Merger	—	81
Increase in Cash and Cash Equivalents Resulting from Absorption-Type Demerger	3	—
Cash and Cash Equivalents at End of the Year	¥314,934	¥263,739

Note: Amounts less than one million yen are omitted.

(5) Notes to Consolidated Financial Statements (Unaudited)

(Notes on Going Concern Assumption (Unaudited))

None

(Segment Information (Unaudited))

(i) Segment Information

i) General information about reportable segments

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

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

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

The accounting treatment for each reportable segment is largely the same as that set forth in the "Important Items that Form the Basis for Preparing Consolidated Financial Statements" in the recent Annual Securities Report released on June 22, 2018. Moreover, intersegment transactions are between consolidated subsidiaries and based on market prices and other fair values.

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

Fiscal 2018 (Year ended March 31, 2018)	Millions of Yen					Adjustment (Note 2)	Consolidated (Note 3)
	Transportation	Retail & Services	Real Estate & Hotels	Others (Note 1)	Total		
Operating Revenues							
Outside customers	¥2,017,876	¥514,962	¥ 340,144	¥ 77,172	¥2,950,156	¥ —	¥2,950,156
Inside group	85,663	68,485	19,805	153,052	327,007	(327,007)	—
Total	2,103,540	583,447	359,950	230,225	3,277,164	(327,007)	2,950,156
Segment Income	¥ 340,412	¥ 38,998	¥ 80,986	¥ 22,588	¥ 482,985	¥ (1,690)	¥ 481,295
Segment Assets	¥6,501,620	¥351,810	¥1,318,453	¥1,019,599	¥9,191,483	¥(1,043,807)	¥8,147,676
Depreciation	280,811	15,297	41,299	30,589	367,997	—	367,997
Increase in fixed assets (Note 5)	454,492	19,276	88,936	17,801	580,507	—	580,507

- Notes: 1. "Others" represents categories of business that are not included in reportable segments and includes IT & *Suica* business including credit card business, information processing and certain other businesses.
2. The ¥(1,690) million downward adjustment to segment income includes a ¥(1,256) million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥(393) million elimination for intersegment transactions. Moreover, the ¥(1,043,807) million downward adjustment to segment assets includes a ¥(1,367,040) million elimination of intersegment claims and obligations, offset by ¥323,233 million in corporate assets not allocated to each reporting segment.
3. Segment income is adjusted to ensure consistency with the operating income set forth in the consolidated statements of income.
4. Segment information on liabilities was omitted from record, as it is not a metric used in deciding the allocation of management resources or evaluating earnings performance.
5. Increase in fixed assets includes a portion contributed mainly by national and local governments.

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

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

(ii) Relevant Information

i) Information about products and services

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

ii) Information about geographic areas

a. Operating Revenues

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

b. Property, plant and equipment

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

iii) Information about major customers

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

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

Fiscal 2018 (Year ended March 31, 2018)	Millions of Yen				
	Transportation	Retail & Services	Real Estate & Hotels	Others (Note)	Total
Impairment losses on fixed assets	340	2,724	1,111	0	4,176

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

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

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

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

None

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

None

(Per Share Information (Unaudited))

	Fiscal 2018	Fiscal 2019
Shareholders' equity per share	¥7,426.92	¥8,046.93
Earnings per share—basic	¥749.20	¥773.26
Earnings per share—diluted	Not shown because there are no convertible securities	Not shown because there are no convertible securities

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

	Fiscal 2018	Fiscal 2019
Profit attributable to owners of parent	¥288,957 million	¥295,216 million
Amount not attributable to common stockholders	—	—
Profit attributable to owners of parent related to common stock	¥288,957 million	¥295,216 million
Average number of common shares	385,688,648	381,779,554

(Subsequent Events (Unaudited))**(i) Share Repurchase**

The Board of Directors of East Japan Railway Company ("JR East") resolved at its meeting held on April 25, 2019 matters concerning JR East's repurchase of its common stock pursuant to Article 156 of the Business Corporation Law as applied pursuant to Article 165, Paragraph 3 thereof, as detailed below.

i) **Reason for share repurchase:** To enhance returns to shareholders

ii) **Class of shares to be repurchased:** Common stock

iii) **Total number of shares that may be repurchased:** 5,000,000 shares (maximum)

(1.31% of issued shares (excluding treasury stock))

iv) **Aggregate repurchase price:** ¥40,000 million (maximum)

v) **Period of repurchase:** From May 15, 2019 to July 31, 2019

(Additional Information)**(i) Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting"**

From the beginning of fiscal 2019, JR East has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018). Accordingly, deferred tax assets are classified as part of "Investments and other assets," and deferred tax liabilities are classified as part of "Long-term liabilities."

6. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY

Millions of Yen

	Fiscal 2018	Fiscal 2019
ASSETS		
Current Assets	¥ 746,055	¥ 753,360
Cash and time deposits	206,789	123,474
Fares receivable	262,798	300,898
Accounts receivable-trade	83,538	103,614
Short-term loans to affiliated companies receivable	100,341	101,962
Securities	60,000	90,000
Real estate for sale	442	419
Inventories	20,443	19,948
Prepaid expenses	4,889	5,397
Other	6,904	7,743
Allowance for doubtful accounts	(92)	(100)
Fixed Assets	6,801,946	6,935,206
Fixed assets for railway operations	4,858,386	4,941,235
Property, plant and equipment	11,070,794	11,279,615
Accumulated depreciation	(6,252,093)	(6,378,967)
Intangible assets	39,685	40,587
Fixed assets for other operations	621,338	621,788
Property, plant and equipment	811,362	824,008
Accumulated depreciation	(191,817)	(203,068)
Intangible assets	1,792	849
Fixed assets relating to both operations	283,896	290,144
Property, plant and equipment	808,608	823,979
Accumulated depreciation	(529,952)	(541,158)
Intangible assets	5,240	7,323
Construction in progress	305,900	365,229
Railway operations	255,066	255,627
Other operations	39,066	93,226
Relating to both operations	11,767	16,376
Investments and other assets	732,424	716,807
Investments in securities	208,231	201,784
Stocks of subsidiaries and affiliated companies	205,187	206,835
Long-term loans to affiliated companies receivable	89,776	92,938
Long-term prepaid expenses	33,392	36,463
Deferred tax assets	186,530	168,716
Other investment and other assets	9,463	10,226
Allowance for doubtful accounts	(157)	(157)
Total Assets	¥ 7,548,002	¥ 7,688,566

Note: Amounts less than one million yen are omitted.

Millions of Yen

	Fiscal 2018	Fiscal 2019
LIABILITIES		
Current Liabilities	¥1,473,301	¥1,475,032
Short-term loans from affiliated companies	278,100	269,700
Current portion of bonds	164,999	125,000
Current portion of long-term loans	119,639	110,423
Current portion of long-term liabilities		
incurred for purchase of railway facilities	3,956	4,109
Lease obligation	14,013	13,541
Payables	452,894	484,928
Accrued expenses	30,563	31,300
Accrued consumption taxes	16,578	14,064
Accrued income taxes	46,181	39,479
Fare deposits received with regard to railway connecting services	24,660	29,982
Deposits received	27,951	28,514
Prepaid railway fares received	100,020	104,667
Advances received	95,763	99,449
Prepaid contribution for construction	11,272	7,715
Allowance for bonuses to employees	59,849	58,428
Allowance for earthquake-damage losses	1,940	9,133
Allowance for environmental conservation costs	2,524	855
Allowance for partial transfer costs of railway operation	10,332	—
Allowance for point card certificates	—	24,752
Asset retirement obligations	2,044	1,774
Other	10,015	17,210
Long-Term Liabilities	3,711,717	3,699,834
Bonds	1,605,134	1,605,192
Long-term loans	963,976	996,553
Long-term loans from affiliated companies	46,469	47,417
Long-term liabilities incurred for purchase of railway facilities	331,614	327,343
Lease obligation	31,066	26,836
Long-term deferred contribution for construction	58,060	64,989
Provision for large-scale renovation		
of Shinkansen infrastructure	48,000	72,000
Employees' severance and retirement benefits	564,351	516,934
Allowance for earthquake-damage losses	9,110	—
Allowance for environmental conservation costs	4,937	3,977
Allowance for partial transfer costs of railway operation	2,688	2,417
Asset retirement obligations	8,835	8,285
Other	37,471	27,887
Total Liabilities	¥5,185,019	¥5,174,867

Note: Amounts less than one million yen are omitted.

Millions of Yen

	Fiscal 2018	Fiscal 2019
NET ASSETS		
Shareholders' Equity	¥2,307,821	¥2,462,384
Common stock.....	200,000	200,000
Capital surplus.....	96,600	96,600
Additional paid-in capital.....	96,600	96,600
Retained earnings.....	2,014,684	2,169,297
Legal reserve.....	22,173	22,173
Other retained earnings		
Reserve for special depreciation.....	1,908	1,462
Reserve for investment losses on developing new business.....	57	76
Reserve for deferred gain of fixed assets.....	58,225	57,115
General reserve.....	1,660,000	1,720,000
Retained earnings carried forward.....	272,319	368,469
Treasury stock, at cost.....	(3,462)	(3,512)
Valuation and Translation Adjustment	55,161	51,314
Net unrealized holding gains (losses) on securities.....	54,165	49,732
Net deferred gains (losses) on derivatives under hedge accounting ...	995	1,582
Total Net Assets	2,362,982	2,513,699
Total Liabilities and Net Assets	¥7,548,002	¥7,688,566

Note: Amounts less than one million yen are omitted.

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

Millions of Yen

	Fiscal 2018	Fiscal 2019
Railway Operations		
Operating Revenues	¥2,010,668	¥2,028,485
Passenger transportation	1,836,734	1,856,767
Trackage revenue	6,235	6,381
Miscellaneous income of transportation	167,698	165,336
Operating Expenses	1,656,011	1,676,053
Transportation expenses	1,057,926	1,065,886
General and administrative expenses	232,179	237,695
Taxes	86,106	88,810
Depreciation	279,799	283,661
Operating Income from Railway Operations	354,656	352,432
Other Operations		
Operating Revenues	82,595	84,876
Revenue from real estate lease	72,658	73,119
Miscellaneous revenue	9,937	11,757
Operating Expenses	42,120	45,431
Cost of sales	1,107	1,259
Selling, general and administrative expenses	16,827	19,894
Taxes	8,207	8,712
Depreciation	15,977	15,564
Operating Income from Other Operations	40,475	39,444
Total Operating Income	395,131	391,877
Non-Operating Income	32,678	30,498
Interest income	897	805
Dividend income	16,300	17,327
Gains on sales of equipment	1,125	1,149
Insurance proceeds and dividends	10,916	8,129
Other	3,438	3,087
Non-Operating Expenses	68,866	67,522
Interest expense	35,222	35,126
Interest on bonds	30,997	28,977
Cost of issuance of bonds	455	681
Losses on sales of equipment	152	207
Other	2,037	2,529
Ordinary Income	358,943	354,852

Note: Amounts less than one million yen are omitted.

	Millions of Yen	
	Fiscal 2018	Fiscal 2019
Extraordinary Gains	29,872	76,131
Gains on sales of fixed assets	291	5,288
Construction grants received	23,534	59,564
Other	6,047	11,279
 Extraordinary Losses	 35,790	 77,501
Losses on sales of fixed assets	147	177
Losses on reduction entry for construction grants	22,520	59,157
Impairment losses on fixed assets	343	1,057
Intensive seismic reinforcement costs	8,942	10,163
Environmental conservation costs	666	561
Provision for allowance for partial transfer costs of railway operation	2,715	—
Provision for allowance for point card certificates	—	6,092
Other	456	290
Income before Income Taxes	353,025	353,482
 Income Taxes	 105,939	 102,316
Current	86,114	79,787
Deferred	19,825	22,529
 Profit	 ¥ 247,085	 ¥ 251,165

Note: Amounts less than one million yen are omitted.

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

Fiscal 2018

Millions of Yen

	Shareholders' Equity			
	Common Stock	Capital Surplus		
		Additional Paid-in Capital	Other Capital Surplus	Total Capital Surplus
Balance at the fiscal year start	200,000	96,600	—	96,600
Changes of items during the fiscal year				
Reversal of reserve for special depreciation				
Provision of reserve for investment losses on developing new business				
Reversal of reserve for investment losses on developing new business				
Provision of reserve for deferred gain of fixed assets				
Reversal of reserve for deferred gain of fixed assets				
Provision of reserve for general reserve				
Dividends				
Profit				
Purchase of treasury stock				
Disposal of treasury stock			0	0
Retirement of treasury stock			(0)	(0)
Net changes of items other than shareholders' equity				
Total changes of items during the fiscal year	—	—	—	—
Balance at the fiscal year end	200,000	96,600	—	96,600

	Shareholders' Equity						
	Retained Earnings						Total Retained Earnings
	Legal Reserve	Other Retained Earnings					
		Reserve for Special Depreciation	Reserve for Investment Losses on Developing New Business	Reserve for Deferred Gain of Fixed Assets	General Reserve	Retained Earnings Carried Forward	
Balance at the fiscal year start	22,173	2,473	33	59,722	1,490,000	285,186	1,859,589
Changes of items during the fiscal year							
Reversal of reserve for special depreciation		(565)				565	—
Provision of reserve for investment losses on developing new business			57			(57)	—
Reversal of reserve for investment losses on developing new business			(33)			33	—
Provision of reserve for deferred gain of fixed assets							—
Reversal of reserve for deferred gain of fixed assets				(1,497)		1,497	—
Provision of reserve for general reserve					170,000	(170,000)	—
Dividends						(52,263)	(52,263)
Profit						247,085	247,085
Purchase of treasury stock							
Disposal of treasury stock							
Retirement of treasury stock						(39,727)	(39,727)
Net changes of items other than shareholders' equity							
Total changes of items during the fiscal year	—	(565)	23	(1,497)	170,000	(12,867)	155,094
Balance at the fiscal year end	22,173	1,908	57	58,225	1,660,000	272,319	2,014,684

	Shareholders' Equity		Valuation and Translation Adjustments			Total Net Assets
	Treasury Stock, at Cost	Total Shareholders' Equity	Net Unrealized Holding Gains (Losses) on Securities	Net Deferred Gains (Losses) on Derivatives under Hedge Accounting	Total Valuation and Translation Adjustments	
Balance at the fiscal year start	(3,166)	2,153,023	45,740	1,228	46,969	2,199,992
Changes of items during the fiscal year						
Reversal of reserve for special depreciation		—				—
Provision of reserve for investment losses on developing new business		—				—
Reversal of reserve for investment losses on developing new business		—				—
Provision of reserve for deferred gain of fixed assets		—				—
Reversal of reserve for deferred gain of fixed assets		—				—
Provision of reserve for general reserve		—				—
Dividends		(52,263)				(52,263)
Profit		247,085				247,085
Purchase of treasury stock	(40,024)	(40,024)				(40,024)
Disposal of treasury stock	0	0				0
Retirement of treasury stock	39,727	—				—
Net changes of items other than shareholders' equity			8,424	(232)	8,192	8,192
Total changes of items during the fiscal year	(295)	154,798	8,424	(232)	8,192	162,990
Balance at the fiscal year end	(3,462)	2,307,821	54,165	995	55,161	2,362,982

Fiscal 2019

Millions of Yen

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

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

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

(Additional Information Regarding Operating Results)

Consolidated Principal Indicators

	Fiscal 2018 (A)	Fiscal 2019 (B)	Increase (Decrease) (B)–(A)
Cash flows from operating activities (billions of yen)	704.1	663.8	(40.3)
Ratio of operating income to average assets (ROA) (%).....	6.0	5.9	(0.1)
Return on average equity (ROE) (%).....	10.5	10.0	(0.5)

Consolidated Capital Expenditures

		Billions of Yen					
		Actual Fiscal 2018	Actual Fiscal 2019	Change		Plans for Fiscal 2020	Change Increase (Decrease)
		(A)	(B)	Increase (Decrease) (B)–(A)	% (B)/(A)x100	(C)	(C)–(B)
Capital expenditures		550.4	629.9	79.4	114.4	768.0	138.0
Segment							
Transportation Services	Transportation	424.4	432.3	7.8	101.9	515.0	82.6
Life-style Services, IT & Suica Services	Retail & Services Real Estate & Hotels Others	126.0	197.6	71.5	156.8	253.0	55.3

Forward-Looking Statements

Statements contained in this report with respect to JR East's plans, strategies, and beliefs that are not historical facts are forward-looking statements about the future performance of JR East, which are based on management's assumptions and beliefs in light of the information currently available to it. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause JR East's actual results, performance, or achievements to differ materially from the expectations expressed herein. These factors include, without limitation, (i) JR East's ability to successfully maintain or increase current passenger levels on railway services, (ii) JR East's ability to improve the profitability of railway and other operations, (iii) JR East's ability to expand non-transportation operations, and (iv) general changes in economic conditions and laws, regulations, and government policies in Japan.

Passenger Kilometers and Passenger Revenues of Parent Company

	Passenger Kilometers				Revenues from Passenger Tickets			
	Millions		%		Billions of yen		%	
	Fiscal 2018	Fiscal 2019	Change		Fiscal 2018	Fiscal 2019	Change	
			Increase (Decrease) (B)–(A)	(B)/(A)x100			Increase (Decrease) (D)–(C)	(D)/(C)x100
	(A)	(B)			(C)	(D)		
Shinkansen Network								
Commuter Passes.....	1,781	1,813	31	101.8	24.2	24.6	0.3	101.6
Other.....	21,590	21,929	339	101.6	563.8	572.5	8.6	101.5
Total.....	23,371	23,742	370	101.6	588.1	597.1	9.0	101.5
Conventional Lines								
<i>Kanto Area Network</i>								
Commuter Passes.....	70,800	71,215	414	100.6	460.3	463.3	2.9	100.7
Other.....	36,696	37,036	340	100.9	718.9	726.9	8.0	101.1
Total.....	107,497	108,252	755	100.7	1,179.2	1,190.2	11.0	100.9
<i>Other Network</i>								
Commuter Passes.....	3,070	3,063	(7)	99.8	18.4	18.4	(0.0)	99.8
Other.....	2,547	2,540	(6)	99.7	50.8	50.8	0.0	100.1
Total.....	5,617	5,603	(13)	99.8	69.2	69.2	(0.0)	100.0
<i>Total</i>								
Commuter Passes.....	73,871	74,278	407	100.6	478.7	481.7	2.9	100.6
Other.....	39,243	39,577	334	100.9	769.7	777.8	8.0	101.0
Total.....	113,114	113,856	741	100.7	1,248.5	1,259.5	11.0	100.9
Total								
Commuter Passes.....	75,653	76,092	439	100.6	503.0	506.3	3.3	100.7
Other.....	60,833	61,506	673	101.1	1,333.6	1,350.3	16.6	101.3
Total.....	136,486	137,598	1,112	100.8	1,836.6	1,856.7	20.0	101.1

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

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