

## Consolidated Financial Results for the Six-Month Period Ended September 30, 2019 (Japanese GAAP) (Unaudited)

Fiscal 2020 (Year ending March 31, 2020)

“Second Quarter” means the six months from April 1 to September 30.

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.

October 28, 2019

### East Japan Railway Company

Stock Exchange Listing	Tokyo
Securities Code	9020
URL	<a href="https://www.jreast.co.jp/e">https://www.jreast.co.jp/e</a>
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Scheduled Date for Release of a Quarterly Report	November 6, 2019
Scheduled Date of Dividend Payment Commencement	November 20, 2019
Preparation of Supplementary Explanations of Quarterly Financial Results:	No
Quarterly Financial Results Presentation to Be Held:	Yes

#### 1. Consolidated Results for the Six-Month Period Ended September 30, 2019 (April 1, 2019—September 30, 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 corresponding period in 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	%
<b>Fiscal 2020, 2nd Quarter</b>	<b>1,518,893</b>	<b>2.1</b>	<b>296,568</b>	<b>1.5</b>	<b>271,962</b>	<b>2.1</b>	<b>188,534</b>	<b>5.4</b>
Fiscal 2019, 2nd Quarter	1,486,993	1.5	292,226	(0.0)	266,474	0.3	178,903	0.2

Note: Comprehensive income – Fiscal 2020, 2nd Quarter: 190,615 million yen (an increase of 0.3%), Fiscal 2019, 2nd Quarter: 190,134 million yen (a decrease of 0.7%)

	Earnings per share —Basic	Earnings per share —Diluted
	Yen	Yen
<b>Fiscal 2020, 2nd Quarter</b>	<b>497.67</b>	—
Fiscal 2019, 2nd Quarter	467.85	—

##### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
<b>Fiscal 2020, 2nd Quarter</b>	<b>8,288,142</b>	<b>3,216,369</b>	<b>38.5</b>
Fiscal 2019	8,359,676	3,094,378	36.7

Reference: Shareholders' equity – Fiscal 2020, 2nd Quarter: 3,188,580 million yen, Fiscal 2019: 3,067,173 million yen

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

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2019	—	75.00	—	75.00	150.00
<b>Fiscal 2020</b>	—	<b>82.50</b>	—	—	—
(Forecast) Fiscal 2020	—	—	—	82.50	165.00

Note: Revisions to the most recently disclosed dividend forecasts: No

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

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

	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
Fiscal 2020	<b>3,070,000</b>	<b>2.3</b>	<b>488,000</b>	<b>0.6</b>	<b>446,000</b>	<b>0.6</b>	<b>301,000</b>	<b>2.0</b>	<b>797.84</b>

Note: Revisions to the most recently disclosed earnings forecasts: No

#### Notes

(1) Changes to principal subsidiaries during the period : No  
(Indicates whether changes have occurred in specified subsidiaries in accordance with changes in the scope of consolidation)

Newly consolidated — excluded —

(2) Application of special accounting treatment in preparing the quarterly consolidated financial statements: No

(3) 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

(4) Number of issued shares (common stock)

- i Issued shares at period-end (including treasury stock) 2nd Quarter, Fiscal 2020 377,932,400 shares Fiscal 2019 381,822,200 shares
- ii Treasury stock at period-end 2nd Quarter, Fiscal 2020 662,909 shares Fiscal 2019 661,645 shares
- iii Average number of shares during period 2nd Quarter, Fiscal 2020 378,838,797 shares 2nd Quarter, Fiscal 2019 382,394,737 shares

※ The quarterly financial results are not subject to quarterly review procedures by certified public accountants or audit corporations.

#### ※ 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 “Qualitative Information on Consolidated Performance Outlook” on page 6 in the Attachments. Further, the non-consolidated performance outlook is on the next page.

## (Reference)

### Forecasts of the Non-consolidated Results for Fiscal 2020 (Year Ending March 31, 2020)

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

	Operating revenues		Operating income		Ordinary income		Profit		Earnings per share—Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2020	<b>2,141,000</b>	<b>1.3</b>	<b>389,000</b>	<b>(0.7)</b>	<b>353,000</b>	<b>(0.5)</b>	<b>250,000</b>	<b>(0.5)</b>	<b>662.07</b>

Note: Revisions to the most recently disclosed earnings forecasts: No

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# 1. Qualitative Information on Quarterly Consolidated Financial Performance

(Unless otherwise stated, all comparisons are between the six months from April 1, 2019, to September 30, 2019, and the six months from April 1, 2018, to September 30, 2018.)

## (1) Qualitative Information on Consolidated Operating Results

In the first six months of the fiscal year ending March 31, 2020 (from April 1, 2019, to September 30, 2019; the second quarter), despite recent signs of weakness particularly in terms of exports, the Japanese economy improved in such areas as employment and income conditions and continued to recover gradually. In light of this, the JR East Group made progress in various initiatives in line with “Move Up” 2027, the Group’s management vision.

As a result, during the second quarter, operating revenues increased 2.1%, to ¥1,518.8 billion, mainly due to growth in JR East’s transportation revenues, while operating income increased 1.5%, to ¥296.5 billion. In addition, ordinary income was up 2.1%, to ¥271.9 billion, and profit attributable to owners of parent increased 5.4%, to ¥188.5 billion.

### ① Deepening Trust

#### 【Pursuing ultimate safety levels】

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

#### (Specific measures)

- Introduction and promotion of the use of simulators for train crews that enable training using actual video, as well as implementation of practical education and training activities
- 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 reduce injury- or death-causing accidents on railway platforms; installation completed at 39 railway stations (45 railway stations on a line-by-line basis) as of September 30, 2019
- Implementation of repair work, etc., to add a feature that automatically checks the status of door handles as a measure to address the open-door incident that occurred in August 2019 while a Shinkansen was running between Sendai and Shiroishizao stations on the Tohoku Shinkansen Line

#### 【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. Through these initiatives, the Group worked to realize its aim of becoming No.1 for customer satisfaction in the Japanese railway industry.

#### (Specific measures)

- Improvement of electrical equipment on conventional lines in the Tokyo metropolitan area to steadily reduce transportation disruptions
- Replacement of railcar components to address the railcar damage at Fukushima Station on the Tohoku Shinkansen Line and updates to the control unit program to address the substation issue on the Joetsu Shinkansen Line that occurred during Golden Week (extended Japanese holiday from late April to early May) in 2019
- Commencement of operations at JR East Service Creation Co., Ltd., which provides pleasant, comfortable services in a comprehensive manner and greater traveling environment value, in July 2019
- Prompt provision of relevant information in the event of a planned suspension of operations aimed at preventing the spread of damage from typhoons and other disasters, and strengthening of safety confirmation structure in order to swiftly restart operations

#### 【Implementing ESG management】

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

#### (Specific measures)

- Development of Nobeyama Station (scheduled to begin operations in January 2020) on the Koumi Line and Maebashi Station (scheduled to begin operations in March 2020) on the Ryomo Line as “ecoste” model stations
- Commencement of the use of “CO<sub>2</sub>-free energy,” which leverages the JR Akita Shimohama Wind Power Station, at Oga Station on the Oga Line in July 2019
- Preparations for launch of test railcar and start of verification tests by the end of fiscal 2022 for hybrid railcars based on hydrogen energy
- Preparations for replacing plastic bags and straws used inside ticket gate areas and at hotels and other locations with those made of substitute materials by September 30, 2020, with the aim of reducing plastic
- Development of child-rearing support facilities (cumulative total of 138 child-rearing-support facilities as of September 30, 2019)

- Commencement of *JR EAST Technical Intern Training* in April 2019 as the first round of training to cultivate international railway personnel, taking in interns from Vietnam. Also, commencement of *The Training for Fostering of Global-minded Railway-related Personnel* in September 2019 as the second round of such training, taking in trainees from Myanmar Railways

② Realizing affluent lives for “everyone”

**【Reforming transportation service quality】**

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

(Specific measures)

- Launch of *ALFA-X*, a test railcar geared toward realizing the next generation Shinkansen, in May 2019 and start of test runs
- Start of environmental assessments of plans for the Haneda Airport Access Line (provisional name)
- Start of construction aimed at noise reduction and measurement of ground based equipment in May 2019 to reduce travel time along the Joetsu Shinkansen Line between Omiya and Niigata stations
- Preparations for the start of operations of *KAIRI*, a new sightseeing train, in conjunction with the *Niigata Prefecture and Shonai Area Destination Campaign*, which starts in October 2019
- Preparations under way for the November 2019 opening of the Sotetsu-JR direct Line, which will connect the Sotetsu Line with the JR Line
- Preparations for start of operations of *SAPHIR ODORIKO*, a limited express service for tourists, from spring 2020, which will promote the “real charm” of the Izu area
- Expansion of sales area for products aimed at overseas visitors to Japan from September 2019 based on the strategic partnership with Ctrip.com International Ltd., one of the largest online travel agencies in China
- Progress in restoration work to restore operations between Tomioka and Namie stations on the Joban Line by March 31, 2020
- Reduction of travel time through extension of dedicated bus rapid transit (BRT) routes along the Kesenuma and Ofunato lines

**【Lifestyle development (town development)】**

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

(Specific measures)

- Urban planning for the Shinagawa Development Project (Phase 1) finalized in April 2019 and its realization under way for its opening in around 2024
- Construction under way for start of operations of Takanawa Gateway Station in spring 2020
- *JR EAST STARTUP PROGRAM 2019* held from April 2019 in an effort to promote open innovation while also focusing on collaboration at Takanawa Gateway Station
- Commencement of shared office business *STATION WORK* inside Tokyo Station, Shinjuku Station, and Tachikawa Station in August 2019, and inside Ikebukuro Station in September 2019
- Promotion of urban development centered on Akita Station and construction in progress for *Akita Northern Gate Square* (Akita) and other projects
- Preparations under way for the launch of a large-scale tourist orchard at the end of fiscal 2021 in an area of Sendai City affected by the Great East Japan Earthquake
- Implementation of logistics operations on trial basis in collaboration with JAPAN POST Co., Ltd., involving the moving of fresh fruit harvested in Nagano Prefecture to Tokyo Station. In addition, advancement of preparations for the integration of post office and station counter operations at Emi Station on the Uchibo Line from August 2020
- Establishment of Co., Ltd. TOUCH TO GO by the subsidiary JR East startup Co., Ltd., together with Signpost Corporation, in July 2019, with the aim of commercializing unmanned stores with AI-enabled payment systems
- The following projects, which will increase the overall appeal and value of local towns together with local communities, are currently under construction:  
Phase 1 (East Bldg.) of *SHIBUYA SCRAMBLE SQUARE* (Tokyo), scheduled for opening in November 2019  
*WATERS takeshiba* (tower building and parking lot building) (Tokyo), scheduled for opening in April 2020  
*JR Yokohama Tower* and *JR Yokohama Tsuruyacho Building* (Kanagawa), scheduled for opening in spring 2020  
*WATERS takeshiba* (theater building) (Tokyo), scheduled for opening in July 2020  
*The Kawasaki Station West Exit Development Plan*, scheduled for completion in spring 2021
- Construction under way for the hotels in Akihabara, Shin-Kiba, Kamakura, Kawasaki, Gotanda, Sakuragicho and other areas to establish a hotel chain with more than 10,000 guest rooms by around 2020

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

The Group has promoted efforts to enable *Suica* to be used in various day-to-day activities by enhancing the appeal of *JRE POINT*, the JR EAST Group’s integrated point system, and actively establishing partnerships with other companies. As a result, as of September 30, 2019, the number of *Suica* cards issued was 79.5 million, and the number of *JRE POINT* members was 10.7million. The Group will also launch JR EAST’s MaaS, which provides search, reservation, and payment

functions all in one, and promote other efforts.

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

- Launch of *Welcome Suica*, a new IC card for overseas visitors to Japan, in September 2019
- Preparations under way for commencement of verification tests in around December 2019 with Mizuho Bank, Ltd. for charging digital currency onto the *Suica* app
- Preparations for a new 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
- Preparations under way for the spring 2020 launch of a collaborative service with Rakuten Payment, Inc. for issuing *Suica* through the Rakuten Pay app
- Preparations for the October 2019 launch of a service where users can accumulate *JRE POINT* by using JR East railways with a *Suica* card
- Preparations for participation in a cashless, consumer-returns business to launch in October 2019. Also, preparations for a campaign to be carried out in conjunction with this business aimed at increasing the percentage of *JRE POINT* earned when making cashless payments at train stations and inside ticket gate areas

(Specific measures: Promoting MaaS)

- Establishment of the MaaS Strategy Design & Management Dept. in April 2019 to promote the integrated planning and design of MaaS business strategies and implement measures in a timely manner
- Complete renewal of *JR EAST app* in April 2019, which included adding route searches as a basic feature and creating a simple, easy-to-use design, as well as the launch of additional route-searching features in September 2019, which made it possible to search walking routes and bus routes
- Implementation of verification tests in the Izu area for the *Izuko* service, which will realize tourism-oriented MaaS, in collaboration with TOKYU CORPORATION and other companies from April 2019, as well as preparations for the second round of verification tests for this service, slated to begin in December 2019, which will expand the service's content
- Commencement of discussions on tourism-oriented MaaS for the Sendai region through collaboration with Miyagi Prefecture and Sendai City
- Preparations for verification tests of tourism-oriented MaaS centered on Niigata City to be carried out during the period of the *Niigata Prefecture and Shonai Area Destination Campaign*, which is due to begin from October 2019
- Conclusion of agreement with All Nippon Airways Co., Ltd. in August 2019 for collaboration in the establishment and expansion of MaaS

**【Tokyo 2020 Olympic and Paralympic Games】**

Guided by its communication slogan "TICKET TO TOMORROW," 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 as an Official Passenger Rail Transportation Services Partner of the Tokyo 2020 Olympic and Paralympic Games.

(Specific measures)

- Upgrade of railway stations near stadiums to be completed in around spring 2020
- Implementation of efforts to ease congestion on early-morning trains, including increasing the number of trains during morning commute hours and promoting Smooth Biz, to prepare for the Olympic games next year in collaboration with the Tokyo metropolitan government and other organizations. Also, trial implementation of efforts to combat heat in collaboration with medical institutions
- Discussions under way for extending services into late-night hours and increasing services during the daytime
- Provision of protective materials to stations and trains to heighten security through employees and monitoring through the use of networks and increased installation of security cameras to strengthen security measures for railways
- Promotion of the use of translation apps and other language-related tools to provide guidance in multiple languages under extraordinary circumstances
- Bolstering of transportation capacity during Rugby World Cup Japan 2019 in conjunction with the holding of games, as well as the reinforcement of our guidance structure, starting with the enhancement of foreign-language guidance
- Implementation of hands-on prosthetic leg experiences and other activities at various events in collaboration with TETSUDOKOSAIKAI FOUNDATION Prosthetics and Orthotics Support Center, with a view to realizing a society of coexistence

**【Developing businesses for the world】**

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

(Specific measures)

- Opening of *JW360°*, a store featuring restaurants, retail outlets, and other establishments, within Singapore's Jewel Changi Airport, in April 2019 by a local subsidiary of JR East in collaboration with a local subsidiary of Mitsui & Co., Ltd.
- Start of trial operation of vending machines from July 2019 at West Midlands Railway stations in the United

- Kingdom
- Opening of *One&Co*, an interactive platform for Japanese companies with locations in Singapore's central business district, in August 2019
- Acquisition of commercial rights within ticket gate areas of the Thomson-East Coast Line by local subsidiary and other local companies in Singapore in August 2019

### ③ Happiness of employees and their families

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

#### (Specific measures)

- Establishment of new Shinkansen General Management Department, which integrates operations in a centralized, specialized manner, in April 2019 with the aim of providing safer, higher-quality services on the Shinkansen
- Formulation of "Medium-term Vision for Health and Productivity Management 2023" in April 2019 to improve the health and energy of each employee
- Promotion of support for the active role of female employees and balancing work with child-rearing, including establishing facilities for women in all workplaces and improving the convenience of in-house childcare facilities, based on the new General Employer Action Plan formulated in April 2019
- Preparations for the implementation of a new job rotation system starting in April 2020 that aims to flexibly respond to the diverse ambitions of employees and promote an even more active role and further growth of each employee in a broad range of fields

## Overview by Segment

### **Transportation**

In the Transportation segment, JR East made efforts that gave priority to increasing the safety and reliability of transportation. At the same time, JR East advanced measures centered on railways to promote the use of its transportation networks and thereby achieve reliable revenues. Specifically, we held the *Shizuoka Destination Campaign* and various other campaigns with the aim of expanding opportunities for interaction. We also began operations of J-Village Station, a new railway station along the Joban Line, in April 2019. Further, we worked to capture the high demand during the 10-day Golden Week period and the Obon holiday in such ways as temporarily increasing the number of trains and designing products to spur demand. In addition, we proceeded with the necessary preparations for revising train fares in response to the consumption tax hike in October 2019 by revamping our systems and providing easy-to-understand guidance to our customers, among other measures.

As a result of these initiatives, JR East's number of passengers for railway operations exceeded that during the same period of the previous fiscal year, and operating revenues in the Transportation segment increased 1.9%, to ¥1,082.1 billion. Similarly, operating income increased 2.0%, to ¥224.1 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, we opened new stores and renewed existing stores in *GranSta* (Tokyo) in April 2019, and opened additional new stores in July 2019. In June 2019, we also commenced deliveries of deep-water shrimp from Niigata Prefecture and raw sea urchin from Iwate Prefecture on the Shinkansen and conducted verification tests on sales at seafood shops inside *ecute Shinagawa* (Tokyo). Further, we partnered with JAPAN POST Co., Ltd. and other companies to launch *JJ+T*, which provides one-stop solutions for lifestyle development, inside *ecute Tachikawa* (Tokyo) in May 2019. Additionally, at Musashi-Sakai Station, we opened a *NewDays* convenience store for the first time ever that specializes in cashless payment utilizing self-checkouts in July 2019.

As a result of these initiatives, mainly due to strong sales at stores in Tokyo Station and other stations, operating revenues of the Retail & Services segment increased 0.1%, to ¥287.8 billion. Operating income decreased 4.0%, to ¥18.9 billion, due in part to increases in non-personnel expenses.

### **Real Estate & Hotels**

In the Real Estate & Hotels segment, JR East proceeded with development projects that reflected an awareness of lifestyle development (town development) in line-side areas and surrounding areas, including large-scale terminal stations in the Tokyo metropolitan area, to increase the overall appeal and value of local towns together with local communities. Specifically, we moved ahead with construction for the remodeling and reopening of the Tsuchiura Station Building and newly began operations of the restaurant area, retail stores, and other establishments at *PLAY atre TSUCHIURA* (Ibaraki), one of Japan's largest resorts for cyclists. We also underwent renewal and began operations of the *Ekichika Kitchen* area inside *S-PAL Sendai's* main building (Miyagi) in April 2019. Additionally, we opened *Lieto-garden MITAKA*, a residential project that renovates and utilizes former company buildings and dormitories, in July 2019.



In addition, increased revenues from office buildings and LUMINE Co., Ltd. contributed to the operating revenues of the Real Estate & Hotels segment to increase 2.8%, to ¥185.9 billion. Similarly, operating income increased 1.7%, to ¥44.0 billion.

### **Others**

In *Suica* shopping services (electronic money), JR East continued efforts to actively expand *Suica* use in such ways as introducing *Suica* electronic money to taxis and increasing the number of compatible stores through the use of payment terminals that can be introduced at low costs. As a result, in August 2019 monthly transactions for *Suica* and other public transportation electronic money reached a record high of 232.72 million transactions.

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

In addition, revenues from IC cards operations and credit card operations increased. As the result operating revenues from Others increased 7.1%, to ¥113.0 billion and operating income increased 9.3%, to ¥9.3 billion.

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

## **(2) Qualitative Information on Consolidated Financial Position**

In the six months ended September 30, 2019, operating activities provided net cash of ¥266.7 billion, ¥23.6 billion less than in the same period of the previous fiscal year. This result was mainly due to an increase in accounts receivable–trade.

Investing activities used net cash of ¥312.1 billion, ¥46.1 billion more than in the same period of 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 ¥79.3 billion, ¥1.4 billion less than in the same period of the previous fiscal year.

Consequently, cash and cash equivalents as of September 30, 2019 were ¥138.5 billion, a decrease of ¥125.1 billion from March 31, 2019.

In addition, the balance of consolidated net interest-bearing debt was ¥3,016.9 billion as of September 30, 2019. Net interest-bearing debt means the balance of consolidated interest-bearing debt minus the balance of consolidated cash and cash equivalents.

## **(3) Qualitative Information on Consolidated Performance Outlook**

In line with the Group Mission and “Move Up” 2027, the JR East Group’s management vision, we will continue to position safety as management’s top priority, strive to further enhance the trust of our customers, strengthen our network capabilities centered on technology and information, and realize affluent lives for customers and everyone in communities.

The business environment surrounding the Group is undergoing significant changes, such as the continuous population decline as well as autonomous driving and other technological innovations. However, we are moving ahead with efforts such as the introduction of various innovations that look ahead to the future and the active formation of partnerships with external organizations in order to raise our profitability and productivity while shifting our business story from a railway perspective to a human perspective to advance new growth strategies.

Regarding consolidated business performance, due to the impact of Typhoon No. 19 (Hagibis) landed on October 12, 2019, revenues are expected to decline following the temporary suspension and reduction of operations on the Hokuriku Shinkansen and other lines. In addition, repair expenses and other expenses will likely be incurred owing to damage such as the flooding of Shinkansen railcars and other equipment, the destruction of bridges caused by swollen rivers, and sediment flow on railway equipment. However, it is difficult to calculate the specific impact this will have on the Group’s full-year performance at this time. Accordingly, we have maintained our consolidated full-term business forecast for the fiscal year ending March 31, 2020, which we announced on April 25, 2019, at the time of the announcement of our consolidated financial results for the six months ended September 30, 2019. We will report the specific impact in terms of monetary amounts once these amounts have been made clear and are able to be calculated.

We sincerely apologize for any concern and inconvenience caused, and will employ the full strength of the Group to restore operations as soon as possible and limit the impact of the damage on our business performance.

## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Millions of Yen

	Fiscal 2019 (As of March 31, 2019)	Fiscal 2020, 2nd Quarter (As of September 30, 2019)
<b>ASSETS</b>		
<b>Current Assets</b> .....	¥ 978,775	¥ 891,013
Cash and time deposits .....	173,908	138,765
Notes and accounts receivable-trade .....	533,453	534,564
Fares receivable .....	55,518	65,120
Securities .....	90,010	10
Real estate for sale .....	1,393	1,688
Inventories .....	60,253	85,051
Other .....	66,257	67,852
Allowance for doubtful accounts .....	(2,019)	(2,039)
<b>Fixed Assets</b> .....	7,380,364	7,396,416
Property, plant and equipment, net of accumulated depreciation .....	6,692,223	6,709,221
Buildings and fixtures (net) .....	3,427,567	3,421,207
Machinery, rolling stock and vehicles (net) .....	740,570	720,775
Land .....	2,064,590	2,098,386
Construction in progress .....	385,348	396,642
Other (net) .....	74,146	72,210
Intangible assets .....	109,757	106,234
Investments and other assets .....	578,383	580,960
Investments in securities .....	298,796	305,726
Long-term loans receivable .....	1,471	1,485
Deferred tax assets .....	209,049	204,434
Net defined benefit assets .....	298	316
Other .....	69,736	69,972
Allowance for doubtful accounts .....	(968)	(974)
<b>Deferred Assets</b> .....	536	712
<b>Total Assets</b> .....	¥8,359,676	¥8,288,142

Note: Amounts less than one million yen are omitted.

	Millions of Yen	
	Fiscal 2019, (As of March 31, 2019)	Fiscal 2020, 2nd Quarter (As of September 30, 2019)
<b>LIABILITIES</b>		
<b>Current Liabilities</b> .....	¥1,438,975	¥1,287,933
Notes and accounts payable-trade .....	64,610	43,171
Short-term loans and current portion of long-term loans .....	110,453	141,285
Current portion of bonds .....	125,000	125,000
Current portion of long-term liabilities		
incurred for purchase of railway facilities .....	4,199	4,358
Payables .....	516,309	272,888
Accrued consumption taxes .....	22,532	28,252
Accrued income taxes .....	58,882	81,782
Fare deposits received with regard to railway connecting services .....	29,672	34,905
Prepaid railway fares received .....	105,214	146,231
Allowance for bonuses to employees .....	76,376	82,000
Allowance for disaster-damage losses .....	9,133	11,733
Other .....	316,591	316,324
<b>Long-Term Liabilities</b> .....	3,826,322	3,783,839
Bonds .....	1,605,192	1,590,220
Long-term loans .....	996,685	972,508
Long-term liabilities incurred for purchase of railway facilities .....	327,926	325,585
Deferred tax liabilities .....	3,703	3,789
Provision for large-scale renovation		
of Shinkansen infrastructure .....	72,000	84,000
Allowance for partial transfer costs of railway operation .....	2,417	2,377
Net defined benefit liabilities .....	554,236	534,175
Other .....	264,159	271,181
<b>Total Liabilities</b> .....	¥5,265,297	¥5,071,772
<b>NET ASSETS</b>		
<b>Shareholders' Equity</b> .....	¥2,996,473	¥3,116,383
Common stock .....	200,000	200,000
Capital surplus .....	96,796	96,796
Retained earnings .....	2,705,184	2,824,985
Treasury stock, at cost .....	(5,507)	(5,398)
<b>Accumulated Other Comprehensive Income</b> .....	70,700	72,196
Net unrealized holding gains (losses) on securities .....	58,965	60,263
Net deferred gains (losses) on derivatives under		
hedge accounting .....	1,584	1,690
Revaluation reserve for land .....	(418)	(418)
Foreign currency translation adjustments .....	(5)	(46)
Remeasurements of defined benefit plans .....	10,574	10,707
<b>Non-Controlling Interests</b> .....	27,204	27,789
<b>Total Net Assets</b> .....	3,094,378	3,216,369
<b>Total Liabilities and Net Assets</b> .....	¥8,359,676	¥8,288,142

Note: Amounts less than one million yen are omitted.

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

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

### (i) Consolidated Statements of Income

	Millions of Yen	
	Fiscal 2019, 2nd Quarter (Six months ended September 30, 2018)	Fiscal 2020, 2nd Quarter (Six months ended September 30, 2019)
<b>Operating Revenues</b> .....	¥1,486,993	¥1,518,893
<b>Operating Expenses</b> .....	1,194,766	1,222,324
Transportation, other services and cost of sales .....	905,227	925,651
Selling, general and administrative expenses .....	289,539	296,672
<b>Operating Income</b> .....	292,226	296,568
<b>Non-Operating Income</b> .....	8,252	8,796
Interest income .....	26	23
Dividend income .....	3,188	3,922
Equity in net income of affiliated companies .....	2,114	2,077
Other .....	2,923	2,772
<b>Non-Operating Expenses</b> .....	34,004	33,402
Interest expense .....	31,515	30,652
Other .....	2,488	2,749
<b>Ordinary Income</b> .....	266,474	271,962
<b>Extraordinary Gains</b> .....	41,152	11,355
Construction grants received .....	32,935	5,008
Insurance proceeds related to disaster .....	5,988	5,595
Other .....	2,227	752
<b>Extraordinary Losses</b> .....	47,556	11,852
Losses on reduction entry for construction grants .....	32,838	3,418
Disaster-damage losses .....	—	117
Provision for allowance for disaster-damage losses .....	—	2,789
Other .....	14,718	5,526
<b>Income before Income Taxes</b> .....	260,070	271,466
<b>Income Taxes</b> .....	80,132	82,342
Current .....	74,550	78,417
Deferred .....	5,581	3,925
<b>Profit</b> .....	179,938	189,123
<b>Profit Attributable to Non-Controlling Interests</b> .....	1,034	588
<b>Profit Attributable to Owners of Parent</b> .....	¥ 178,903	¥ 188,534

Note: Amounts less than one million yen are omitted.

## (ii) Consolidated Statements of Comprehensive Income

	Millions of Yen	
	Fiscal 2019, 2nd Quarter (Six months ended September 30, 2018)	Fiscal 2020, 2nd Quarter (Six months ended September 30, 2019)
<b>Profit</b> .....	¥179,938	¥189,123
<b>Other Comprehensive Income</b> .....	10,196	1,491
Net unrealized holding gains (losses) on securities .....	7,660	1,479
Net deferred gains (losses) on derivatives under hedge accounting .....	486	258
Foreign currency translation adjustments .....	(1)	(40)
Remeasurements of defined benefit plans .....	(104)	(209)
Share of other comprehensive income of associates accounted for using equity method .....	2,155	4
<b>Comprehensive Income</b> .....	¥190,134	¥190,615
<b>Comprehensive Income attributable to</b>		
Comprehensive income attributable to owners of the parent .....	¥189,079	¥190,031
Comprehensive income attributable to non-controlling interests .....	¥ 1,054	¥ 584

Note: Amounts less than one million yen are omitted.

### (3) Consolidated Statements of Cash Flows (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

	Millions of Yen	
	Fiscal 2019, 2nd Quarter (Six months ended September 30, 2018)	Fiscal 2020, 2nd Quarter (Six months ended September 30, 2019)
<b>Cash Flows from Operating Activities</b>		
Income before income taxes	¥260,070	¥271,466
Depreciation	180,155	182,144
Amortization of long-term prepaid expense	4,182	4,619
Net change in provision for large-scale renovation of Shinkansen infrastructure	12,000	12,000
Net change in net defined benefit liabilities	(20,920)	(20,343)
Interest and dividend income	(3,215)	(3,946)
Interest expense	31,515	30,652
Construction grants received	(32,935)	(5,008)
Insurance proceeds related to disaster	(5,988)	(5,595)
Losses from disposition of fixed assets	8,822	8,541
Losses from provision for cost reduction of fixed assets	32,838	3,418
Disaster-damage losses	—	117
Provision for allowance for disaster-damage losses	—	2,789
Net change in major receivables	13,520	(15,513)
Net change in major payables	(88,520)	(82,039)
Other	(6,113)	(29,735)
Sub-total	385,411	353,568
Proceeds from interest and dividends	3,831	5,784
Payments of interest	(31,600)	(30,362)
Payments of disaster-damage losses	(3,008)	(1,776)
Payments of partial transfer costs of railway operation	(3,281)	(4,116)
Payments of income taxes	(60,999)	(56,359)
<b>Net cash provided by operating activities</b>	<b>290,353</b>	<b>266,739</b>
<b>Cash Flows from Investing Activities</b>		
Payments for purchases of fixed assets	(300,924)	(336,514)
Proceeds from sales of fixed assets	3,982	2,316
Proceeds from construction grants	29,116	31,746
Payments for purchases of investments in securities	(1,384)	(4,839)
Proceeds from sales of investments in securities	2,423	1,501
Other	770	(6,358)
<b>Net cash used in investing activities</b>	<b>(266,016)</b>	<b>(312,148)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from long-term loans	88,500	9,000
Payments of long-term loans	(71,235)	(2,344)
Proceeds from issuance of bonds	60,000	40,000
Payments for redemption of bonds	(85,000)	(55,000)
Payments of liabilities incurred for purchase of railway facilities	(2,290)	(2,182)
Payments of acquisition of treasury stock	(41,010)	(40,013)
Cash dividends paid	(26,972)	(28,612)
Other	(2,734)	(159)
<b>Net cash used in financing activities</b>	<b>(80,744)</b>	<b>(79,311)</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>(27)</b>	<b>(76)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(56,434)</b>	<b>(124,797)</b>
<b>Cash and Cash Equivalents at Beginning of the Period</b>	<b>314,934</b>	<b>263,739</b>
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiary	98	—
Decrease in Cash and Cash Equivalents due to Corporate Division	—	(350)
<b>Cash and Cash Equivalents at End of the Period</b>	<b>¥258,598</b>	<b>¥138,592</b>

Note: Amounts less than one million yen are omitted.

## (4) Notes to Quarterly Consolidated Financial Statements (Unaudited)

### (Notes on Going Concern Assumption (Unaudited))

None

### (Segment Information (Unaudited))

(Information related to amounts of operating revenues, income, and loss of each reportable segment)

Fiscal 2019, 2nd Quarter (Six months ended September 30, 2018)	Millions of Yen						Quarterly Consolidated Statements of Income (Note 3)
	Transportation	Retail & Services	Real Estate & Hotels	Others (Note 1)	Total	Adjustment (Note 2)	
Operating Revenues							
Outside customers	¥1,021,924	¥256,460	¥170,845	¥37,763	¥1,486,993	¥ —	¥1,486,993
Inside group	40,476	31,171	10,123	67,773	149,546	(149,546)	—
Total	1,062,400	287,631	180,969	105,537	1,636,539	(149,546)	1,486,993
Segment income	¥ 219,880	¥ 19,788	¥ 43,286	¥ 8,545	¥ 291,500	¥ 725	¥ 292,226

- 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 ¥725 million adjustment to segment income includes a ¥938 million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥(169) million elimination for intersegment transactions.  
 3. Segment income is adjusted to ensure consistency with the operating income set forth in the quarterly consolidated statements of income.

Fiscal 2020, 2nd Quarter (Six months ended September 30, 2019)	Millions of Yen						Quarterly Consolidated Statements of Income (Note 3)
	Transportation	Retail & Services	Real Estate & Hotels	Others (Note 1)	Total	Adjustment (Note 2)	
Operating Revenues							
Outside customers	¥1,041,297	¥257,097	¥175,622	¥44,876	¥1,518,893	¥ —	¥1,518,893
Inside group	40,840	30,733	10,365	68,131	150,071	(150,071)	—
Total	1,082,138	287,830	185,988	113,008	1,668,965	(150,071)	1,518,893
Segment income	¥ 224,190	¥ 18,991	¥ 44,029	¥ 9,338	¥ 296,550	¥ 18	¥ 296,568

- 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 ¥18 million adjustment to segment income includes a ¥160 million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥(141) million elimination for intersegment transactions.  
 3. Segment income is adjusted to ensure consistency with the operating income set forth in the quarterly consolidated statements of income.

### (Notes on Significant Changes in the Value of Shareholders' Equity (Unaudited))

Based on a resolution at a meeting of the Board of Directors convened on April 25, 2019, JR East acquired 3,889,800 shares of its common stock at a total cost of ¥39,999 million through open market purchases on the Tokyo Stock Exchange from May 15, 2019, to July 12, 2019, and the shares were designated as treasury stock. Further, based on a resolution at a meeting of the Board of Directors convened on July 30, 2019, JR East retired 3,889,800 shares of treasury stock on August 5, 2019, and reduced retained earnings by the ¥40,121 million book value of the said shares of treasury stock.

### (Subsequent Events (Unaudited))

#### Damage Caused by Typhoon No.19 in 2019

JR East suffered significant damage from Typhoon No. 19 (Hagibis) landed on October 12, 2019, centered on Shinkansen railcars on the Hokuriku Shinkansen and railway equipment on some conventional lines. While operations were suspended on certain segments of the Hokuriku Shinkansen Line (between Nagano and Joetsumyoko stations), direct service between Tokyo and Kanazawa stations was resumed on October 25, 2019.

We expect operating revenues to decline and repair expenses and other expenses to be incurred starting from the third quarter of the fiscal year ending March 31, 2020. However, regarding the impact on business results it is difficult to calculate specific amounts at this moment. The book value as of September 30, 2019 of the Shinkansen railcars that suffered flood damage, after deducting accumulated depreciation from the acquisition price, was ¥11,802 million.

## (Additional Information Regarding Operating Results)

### Consolidated Principal Indicators

	Fiscal 2019, 2nd Quarter (Six months ended September 30, 2018)	Fiscal 2019 (Year ended March 31, 2019)	Fiscal 2020, 2nd Quarter (Six months ended September 30, 2019)	Increase (Decrease)
	(A)	(B)	(C)	(C)-(A)
Cash flows from operating activities (billions of yen).....	290.3	663.8	<b>266.7</b>	(23.6)
Ratio of operating income to average assets (ROA) (%) ...	3.6	5.9	<b>3.6</b>	(0.0)
Return on average equity (ROE) (%).....	6.1	10.0	<b>6.0</b>	(0.1)

### Numerical Targets for the Fiscal Year Ending March 31, 2023

	Billions of Yen				
	Actual Fiscal 2019	Forecast Fiscal 2020	Fiscal 2023 Targets	Change	
	(A)	(B)	(C)	Increase (Decrease) (C)-(A)	% (C)/(A)x100
<b>Operating Revenues</b> .....	3,002.0	3,070.0	<b>3,295.0</b>	292.9	109.8
Transportation.....	2,038.1	2,080.0	<b>2,100.0</b>	61.8	103.0
Retail & Services.....	521.8	524.0	<b>660.0</b>	138.1	126.5
Real Estate & Hotels.....	349.0	362.0	<b>440.0</b>	90.9	126.1
Others.....	92.9	104.0	<b>95.0</b>	2.0	102.2
<b>Operating Income</b> .....	484.8	488.0	<b>520.0</b>	35.1	107.2
Transportation.....	341.9	342.0	<b>330.0</b>	(11.9)	96.5
Retail & Services.....	39.2	40.0	<b>56.0</b>	16.7	142.7
Real Estate & Hotels.....	81.4	83.0	<b>109.0</b>	27.5	133.9
Others.....	23.8	25.0	<b>26.0</b>	2.1	109.2
Elimination and/or corporate.....	(1.5)	(2.0)	<b>(1.0)</b>	0.5	64.7

Note: The breakdown of operating revenues by business segment shows sales to outside customers.

### Consolidated Capital Expenditures

	Billions of Yen					
	Actual Fiscal 2019, 2nd Quarter (Six months ended September 30, 2018)	Actual Fiscal 2020, 2nd Quarter (Six months ended September 30, 2019)	Change		Plans for Fiscal 2020	Change Increase (Decrease)
	(A)	(B)	Increase (Decrease) (B)-(A)	% (B)/(A)x100		year on year
<b>Capital expenditures</b>	165.0	<b>206.8</b>	41.7	125.3	<b>768.0</b>	<b>138.0</b>
<b>Segment</b>						
Transportation Services	102.4	<b>105.6</b>	3.2	103.1	<b>515.0</b>	<b>82.6</b>
Life-style Services, IT & Suica Services	62.6	<b>101.1</b>	38.5	161.6	<b>253.0</b>	<b>55.3</b>

### Forward-Looking Statements

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



## Passenger Kilometers and Passenger Revenues of Parent Company

	Passenger Kilometers				Revenues from Passenger Tickets			
	Millions		%		Billions of yen		%	
	Fiscal 2019, 2nd Quarter (Six months ended September 30, 2018)	Fiscal 2020, 2nd Quarter (Six months ended September 30, 2019)	Change Increase (Decrease)		Fiscal 2019, 2nd Quarter (Six months ended September 30, 2018)	Fiscal 2020, 2nd Quarter (Six months ended September 30, 2019)	Change Increase (Decrease)	
(A)	(B)	(B)-(A)	(B)/(A)x100	(C)	(D)	(D)-(C)	(D)/(C)x100	
<b>Shinkansen Network</b>								
Commuter Passes .....	916	<b>927</b>	10	101.2	12.4	<b>12.6</b>	0.1	101.5
Other .....	11,098	<b>11,217</b>	118	101.1	288.5	<b>293.9</b>	5.3	101.9
Total .....	12,014	<b>12,144</b>	129	101.1	301.0	<b>306.5</b>	5.5	101.8
<b>Conventional Lines</b>								
<i>Kanto Area Network</i>								
Commuter Passes .....	36,208	<b>36,323</b>	115	100.3	234.5	<b>235.4</b>	0.9	100.4
Other .....	18,553	<b>18,918</b>	365	102.0	366.0	<b>370.8</b>	4.7	101.3
Total .....	54,761	<b>55,242</b>	480	100.9	600.5	<b>606.2</b>	5.7	101.0
<i>Other Network</i>								
Commuter Passes .....	1,586	<b>1,571</b>	(14)	99.1	9.4	<b>9.3</b>	(0.0)	99.3
Other .....	1,319	<b>1,330</b>	11	100.8	26.3	<b>26.5</b>	0.2	100.9
Total .....	2,905	<b>2,902</b>	(3)	99.9	35.7	<b>35.9</b>	0.1	100.5
<i>Total</i>								
Commuter Passes .....	37,794	<b>37,894</b>	100	100.3	243.9	<b>244.8</b>	0.8	100.4
Other .....	19,873	<b>20,249</b>	376	101.9	392.3	<b>397.3</b>	4.9	101.3
Total .....	57,667	<b>58,144</b>	476	100.8	636.3	<b>642.2</b>	5.8	100.9
<b>Total</b>								
Commuter Passes .....	38,710	<b>38,821</b>	111	100.3	256.4	<b>257.4</b>	1.0	100.4
Other .....	30,971	<b>31,467</b>	495	101.6	680.9	<b>691.2</b>	10.3	101.5
Total .....	69,682	<b>70,289</b>	606	100.9	937.3	<b>948.7</b>	11.4	101.2

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.