

Fiscal 2020 Financial Results (Japanese GAAP) (Unaudited)

Fiscal 2020 (Year ended March 31, 2020)

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

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

English translation from the original Japanese-language document.

April 28, 2020

East Japan Railway Company

Stock Exchange Listing	Tokyo
Securities Code	9020
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Scheduled Date of Ordinary General Meeting of Shareholders	June 23, 2020
Scheduled Date of Dividend Payment Commencement	June 24, 2020
Scheduled Date for Release of Annual Securities Report	June 23, 2020
Preparation of Supplementary Explanations of Financial Results:	No
Financial Results Presentation to Be Held:	Yes

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

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

(1) Consolidated financial results

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

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

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

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

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

(2) Consolidated financial position

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

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

(3) Consolidated cash flows

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

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

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

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

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

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

※ Notes

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

Newly consolidated — excluded —

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

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

(3) Number of issued shares (common stock)

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

(Reference) Overview of the Non-consolidated Financial Results

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

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

(1) Non-consolidated financial results

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

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

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

(2) Non-consolidated financial position

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

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

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

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

※ Financial results are not subject to auditing.

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

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

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

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1. Operating Results and Financial Position

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

(1) Analysis of Operating Results

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

Overview

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

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

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

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

Deepening Trust

【Pursuing ultimate safety levels】

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

(Specific measures)

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

【Service quality reforms】

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

(Specific measures)

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

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

【Implementing ESG management】

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

(Specific measures)

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

Realizing affluent lives for “everyone”

【Reforming transportation service quality】

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

(Specific measures)

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

【Lifestyle development (town development)】

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

(Specific measures)

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

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

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

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

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

(Specific measures: Promoting MaaS)

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

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

【Tokyo 2020 Olympic and Paralympic Games】

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

(Specific measures)

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

【Developing businesses for the world】

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

(Specific measures)

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

Happiness of employees and their families

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

(Specific measures)

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

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

Segment Information

Transportation

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

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

Retail & Services

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

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

Real Estate & Hotels

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

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

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

Others

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

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

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

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

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

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

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

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

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

(2) Analysis of Financial Position

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

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

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

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

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

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

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

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

Notes: Equity ratio: Shareholders' equity / Total assets

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

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

1. Indicators are derived from the consolidated financial statements.

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

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

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

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

(Reference) Calculation of total return ratio

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

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

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

2. Status of the Group

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

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

(i) Transportation

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

Main related companies: East Japan Railway Company (passenger transportation operations, etc.)
(Bus services and railway passenger transport services)
JR Bus Kanto Co., Ltd.*
Tokyo Monorail Co., Ltd.*
(Travel agency services)
JR East View Travel Service Co., Ltd.*
JTB Corp.**
(Cleaning services)
JR East Environment Access Co., Ltd. *
(Station operations)
JR East Station Service Co., Ltd.*
(Facilities maintenance operations)
JR East Facility Management Co., Ltd. *
NIPPON DENSETSU KOGYO CO., LTD. **
NIPPON RIETEC CO., LTD. **
Total Electric Management Service Co., Ltd. **
(Railcar manufacturing operations)
Japan Transport Engineering Company*
(Railcar maintenance operations)
JR East Rail Car Technology & Maintenance Co., LTD.*

(ii) Retail & Services

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

Main related companies: East Japan Railway Company (creation of new commercial spaces within railway stations, etc.)
(Retail and restaurant operations)
JR East Retail Net Co., Ltd.*
Nippon Restaurant Enterprise Co., Ltd.*
JR EAST TOUHOKU SOUGOU SERVICE COMPANY*
(Wholesale business)
EAST JAPAN RAILWAY TRADING CO., LTD. *
(Truck transportation business)
JR East Logistics Co., Ltd. *
(Advertising and publicity)
East Japan Marketing & Communications, Inc.*

(iii) Real Estate & Hotels

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

Main related companies: East Japan Railway Company (development of shopping centers and office buildings, etc., hotel operations)
(Shopping center operations)
LUMINE Co., Ltd.*
atré Co., Ltd.*
JR East Urban Development Corporation*
(Leasing of office buildings)
JR East Building Co., Ltd.*
(Hotel operations)

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

(iv) Others

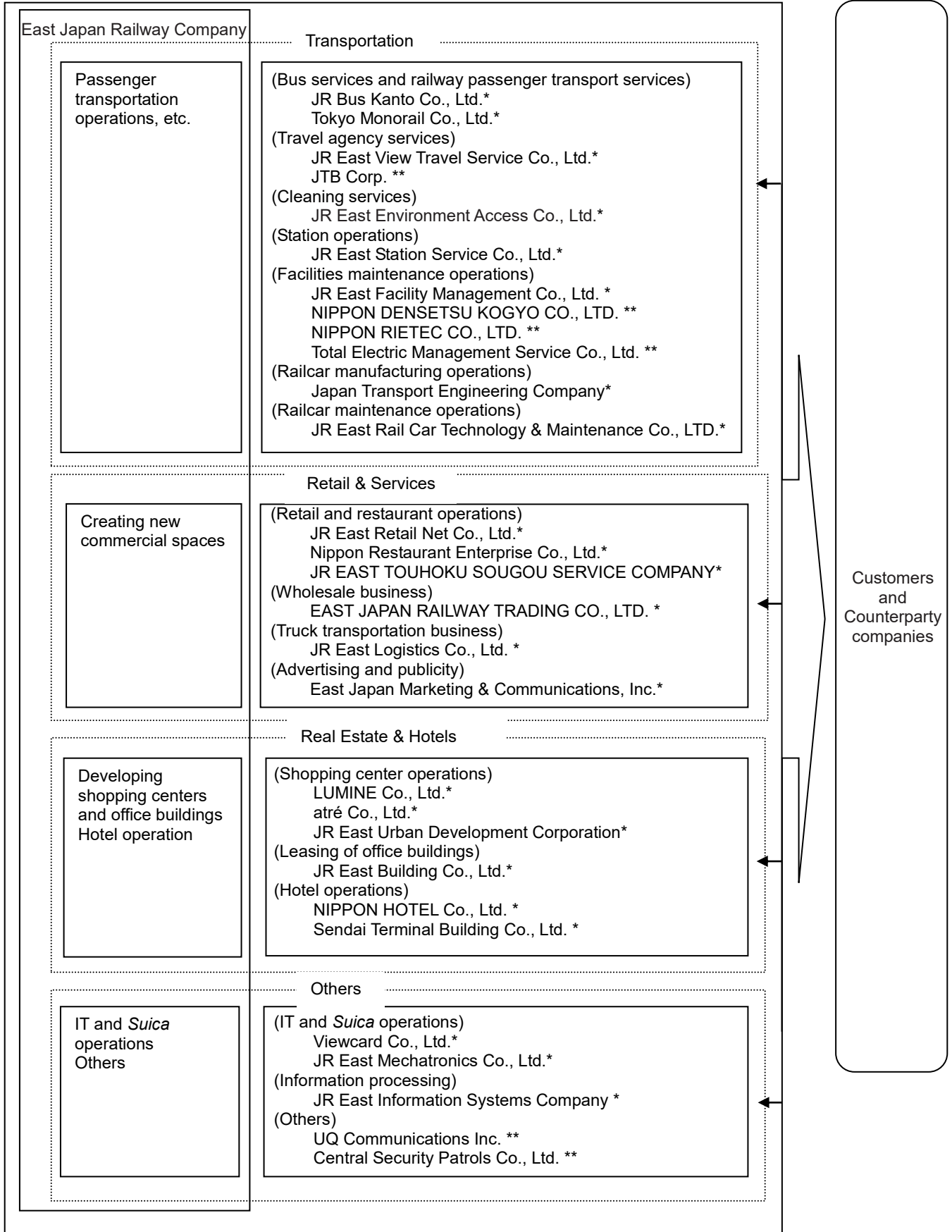
JR East conducts IT and *Suica* businesses, which include credit card operations, and information processing, among others.

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

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

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

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



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

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

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

3. Management Policies

(1) Basic Management Policies

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

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

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

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

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

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

① Medium- to Long-Term Management Strategies

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

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

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

② Management benchmarks

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

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

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

③ Issues to Address

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

◇Deepening trust

○Pursuing ultimate safety levels

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

○Improving service quality

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

○Implementing ESG management

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

◇Realizing affluent lives

○Reforming transportation service quality

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

○Offering new lifestyles and creating cities

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

○Making *Suica* a shared infrastructure and promoting MaaS

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

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

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

○Initiatives for the Tokyo 2020 Olympic and Paralympic Games

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

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

○Establishing business models for overseas businesses

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

◇Realizing happiness of employees and their families

○Promotion of the three reforms

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

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

○Strengthening of management structure

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

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

④ Our Approach toward COVID-19

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

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

4. Basic Policy for Selection of Accounting Standards

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

5. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Millions of Yen

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

Note: Amounts less than one million yen are omitted.

Millions of Yen

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

Note: Amounts less than one million yen are omitted.

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

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

(i) Consolidated Statements of Income

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

Note: Amounts less than one million yen are omitted.

(ii) Consolidated Statements of Comprehensive Income

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

Note: Amounts less than one million yen are omitted.

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

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Fiscal 2019

Millions of Yen

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

	Accumulated Other Comprehensive Income						Non-Controlling Interests	Total Net Assets
	Net Unrealized Holding Gains (Losses) on Securities	Net Deferred Gains (Losses) on Derivatives under Hedge Accounting	Revaluation Reserve for Land	Foreign currency translation adjustments	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								—
Increase/decrease in treasury stock arising from change in equity in entities accounted for using equity method								—
Change in scope of equity method								—
Purchase of shares of consolidated subsidiaries								66
Increase/decrease caused by organization restructuring of companies to which the equity method is applicable								10,640
Reversal of revaluation reserve for land								(55)
Net changes of items other than shareholders' equity	(4,373)	853	55	(5)	2,187	(1,282)	1,982	700
Total changes of items during the fiscal year	(4,373)	853	55	(5)	2,187	(1,282)	1,982	209,826
Balance at the fiscal year end	58,965	1,584	(418)	(5)	10,574	70,700	27,204	3,094,378

Fiscal 2020

Millions of Yen

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

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

(4) Consolidated Statements of Cash Flows (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Millions of Yen

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

Note: Amounts less than one million yen are omitted.

(5) Notes to Consolidated Financial Statements (Unaudited)

(Notes on Going Concern Assumption (Unaudited))

None

(Segment Information (Unaudited))

(i) Segment Information

i) General information about reportable segments

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

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

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

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

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

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

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

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

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

(ii) Relevant Information

i) Information about products and services

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

ii) Information about geographic areas

a. Operating Revenues

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

b. Property, plant and equipment

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

iii) Information about major customers

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

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

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

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

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

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

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

None

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

None

(Per Share Information (Unaudited))

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

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

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

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

JR East issued the following straight bonds.

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

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

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

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

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

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

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

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

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

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

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

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

(ii) Other Procurement of Significant Funds

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

Issuance of commercial paper

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

(Additional Information (Unaudited))

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

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

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

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

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

(ii) Impact of the spread of COVID-19

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

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

6. Non-consolidated Financial Statements
(1) Non-consolidated Balance Sheets (Unaudited)
EAST JAPAN RAILWAY COMPANY

Millions of Yen

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

Note: Amounts less than one million yen are omitted.

Millions of Yen

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

Note: Amounts less than one million yen are omitted.

Millions of Yen

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

Note: Amounts less than one million yen are omitted.

(2) Non-consolidated Statements of Income (Unaudited)

EAST JAPAN RAILWAY COMPANY

Millions of Yen

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

Note: Amounts less than one million yen are omitted.

Millions of Yen

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

Note: Amounts less than one million yen are omitted.

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

Fiscal 2019

Millions of Yen

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

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

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

Fiscal 2020

Millions of Yen

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

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

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

(Additional Information Regarding Operating Results (Unaudited))

Consolidated Principal Indicators

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

Consolidated Capital Expenditures

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

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

Forward-Looking Statements

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

Passenger Kilometers and Passenger Revenues of Parent Company

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

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

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