

Consolidated Financial Results for the Six-Month Period Ended September 30, 2020 (Japanese GAAP) (Unaudited)

Fiscal 2021 (Year ending March 31, 2021)

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

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

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

English translation from the original Japanese-language document.

October 28, 2020

East Japan Railway Company

Stock Exchange Listing	Tokyo
Securities Code	9020
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Preparation of Supplementary Explanations of Quarterly Financial Results:	No
Quarterly Financial Results Presentation to Be Held:	Yes

1. Consolidated Results for the Six-Month Period Ended September 30, 2020 (April 1, 2020—September 30, 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 corresponding period in the previous fiscal year.)

	Operating revenues		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2021, 2nd Quarter	787,297	(48.2)	(295,288)	—	(335,543)	—	(264,379)	—
Fiscal 2020, 2nd Quarter	1,518,893	2.1	296,568	1.5	271,962	2.1	188,534	5.4

Note: Comprehensive income – Fiscal 2021, 2nd Quarter: (269,204) million yen (— %), Fiscal 2020, 2nd Quarter: 190,615 million yen (an increase of 0.3%)

	Earnings per share —Basic	Earnings per share —Diluted
	Yen	Yen
Fiscal 2021, 2nd Quarter	(700.82)	—
Fiscal 2020, 2nd Quarter	497.67	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Fiscal 2021, 2nd Quarter	8,781,015	2,873,349	32.4
Fiscal 2020	8,537,059	3,173,427	36.9

Reference: Shareholders' equity – Fiscal 2021, 2nd Quarter: 2,847,403 million yen, Fiscal 2020: 3,146,196 million yen

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

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2020	—	82.50	—	82.50	165.00
Fiscal 2021	—	50.00			
(Forecast) Fiscal 2021			—	50.00	100.00

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

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

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

	Operating revenues		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share—Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2021	1,930,000	(34.5)	(500,000)	—	(549,000)	—	(418,000)	—	(1,108.05)

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

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

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

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

(4) Number of issued shares (common stock)

- i Issued shares at period-end (including treasury stock) 2nd Quarter, Fiscal 2021 377,932,400 shares Fiscal 2020 377,932,400 shares
- ii Treasury stock at period-end 2nd Quarter, Fiscal 2021 691,847 shares Fiscal 2020 691,228 shares
- iii Average number of shares during period 2nd Quarter, Fiscal 2021 377,240,999 shares 2nd Quarter, Fiscal 2020 378,838,797 shares

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

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

The forecasts of business results and other forward-looking statements in this document are based on information available as of the date of this document and on certain assumptions that JR East viewed as reasonable as of the date of this document. Actual results may differ from such forward-looking statements for a variety of reasons. Regarding the forecasts of business results, please refer to “Qualitative Information on Consolidated Performance Outlook” on page 6 in the Attachments. Further, the non-consolidated performance outlook is on the next page.

(Reference)

Forecasts of the Non-consolidated Results for Fiscal 2021 (Year Ending March 31, 2021)

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

	Operating revenues		Operating income		Ordinary income		Profit		Earnings per share— Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2021	1,251,000	(39.3)	(463,000)	—	(501,000)	—	(364,000)	—	(963.98)

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

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(Unless otherwise stated, all comparisons are between the six months from April 1, 2020, to September 30, 2020, and the six months from April 1, 2019, to September 30, 2019.)

(1) Qualitative Information on Consolidated Operating Results

In the first six months of the fiscal year ending March 31, 2021 (from April 1, 2020, to September 30, 2020, the second quarter of fiscal 2021), although there are signs of recovery in the Japanese economy, circumstances remain extremely difficult due to the spread of COVID-19.

The external environment surrounding the JR East Group was also severe. There was a significant decline in the number of customers using railways following the spread of COVID-19. In addition, with respect to the life-style service business, there have been 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 been placing the utmost priority on preventing the spread of COVID-19 to its customers and employees and ensuring the safety and reliability of transportation and the quality of its services. Furthermore, in light of structural changes that will occur in the “post-COVID” society, the Group proactively confronted a number of challenges to realize its management vision “Move Up” 2027.

As a result, during the second quarter, operating revenues decreased 48.2%, to ¥787.2 billion, due mainly to the significant revenue declines in the Transportation, Retail & Services, and Real Estate & Hotels segments, which were attributable to the impact from the spread of COVID-19. In addition, as a result of these decreases in operating revenues, we recorded operating loss of ¥295.2 billion (operating income of ¥296.5 billion in the second quarter of fiscal 2020), ordinary loss of ¥335.5 billion (ordinary income of ¥271.9 billion in the second quarter of fiscal 2020), and loss attributable to owners of parent of ¥264.3 billion (profit attributable to owners of parent of ¥188.5 billion in the second quarter of fiscal 2020).

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)

- Installation of automatic platform gates completed at 51 railway stations (62 railway stations on a line-by-line basis) as of September 30, 2020
- Implementation of verification tests at Tokyo, Ueno, and Omiya stations in August 2020 of hazardous-material detection dogs for baggage check to enhance security
- Launch of a “system to support decisions on moving railcars,” which assists the moving of railcars to safe places in light of the damage caused by flooded rivers and other hazards brought about by Typhoon No. 19 (Hagibis) in 2019
- Implementation of practical training for train crew through actual video making use of simulators installed at all workplaces
- Additional seismic reinforcement covering more areas and facilities to prepare for a major earthquake, such as an earthquake directly beneath the Tokyo metropolitan area

【Service quality reforms】

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

(Specific measures)

- Improvement of electrical equipment on conventional lines in the Tokyo metropolitan area to reduce transportation disruptions
- Establishment of a framework to promptly provide relevant information in the event of a planned suspension of operations when a typhoon approaches
- Implementation of year-round “Assistance and support campaign”, which encourages our personnel to proactively ask customers whether they require assistance
- Commencement of the provision of information on the status of congestion inside trains over the last week in 15 sections of 13 line segments in the Tokyo metropolitan area via the JR East corporate website and the *JR East app*
- Expansion of services on the *JR East app* in July 2020 for providing real-time information on congestion within train cars, etc., to cover not only the Yamanote Line but also major line segments in the Tokyo metropolitan area
- Commencement of mobile phone services in July 2020 on all train lines, including within tunnels, on the Tohoku, Joetsu, and Hokuriku Shinkansen lines
- Continuing preparations under way to provide services with revamped content, including linkages with *JRE POINT* and support for reserving and purchasing discount tickets, for the online ticket purchase service *eki-net* by around

summer 2021

【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 the Sustainable Development Goals (SDGs).

(Specific measures)

- May 2020 announcement of “Zero-Carbon Challenge 2050,” a long-term environmental goal toward achievement of net zero CO₂ emissions by fiscal 2051, as to the railway business, followed by September 2020 announcement as a Groupwide target
- Publication of the Group's first-ever integrated report *JR East Group INTEGRATED REPORT 2020* in August 2020 with the aim to introduce the Group's medium- to long-term value creation and sustainability initiatives, among other efforts
- First-ever disclosure in August 2020 of information that estimates the future financial impact of climate change on the railway business, utilizing the Task Force on Climate-related Financial Disclosures (TCFD) framework
- Establishment of the Energy Strategy Department in June 2020 to accelerate promotion of energy strategies
- 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 with a campaign to distribute eco-bags in June 2020, with the aim of reducing plastic
- Participation in food recycling and biogas generation business in the Tohoku region through Tohoku Bio Food Recycle Corporation
- Preparations under way for launching of test hybrid railcars based on hydrogen energy and starting of verification tests by the end of fiscal 2022
- Installation of disinfectant spray and provision of hand wipes and other materials at stations and at stores within stations to ensure that customers can enjoy travel with peace of mind
- Expansion of the number of stations offering the *mamorail* service, which watches over children, to 495 railway stations in the Tokyo metropolitan area in April 2020, including stations of the Bureau of Transportation of Tokyo Metropolitan Government and Tokyo Metro Co., Ltd.
- Development of child-rearing support facilities (cumulative total of 144 child-rearing-support facilities as of September 30, 2020)

Realizing affluent lives for “everyone”

【Reforming transportation service quality】

In addition to improving the quality of its transportation services, the JR East Group made such efforts as building momentum for travel and promoting the flow of people while taking measures to prevent the spread of COVID-19.

(Specific measures)

- Preparations underway to revise the timetables by spring 2021 to make the last train times earlier in order to expand the hours of maintenance work and improve services by reforming work styles in railway construction and speeding up the installation and maintenance of railway equipment
- Commencement of consideration for measures to encourage off-peak commuting in accordance with new lifestyles and level out seasonal railway use
- Implementation of test runs of *ALFA-X*, a test railcar geared toward realizing the next generation Shinkansen
- Promotion of procedures related to environmental assessments for the Haneda Airport Access Line (provisional name)
- Implementation of examinations of technological issues, such as installing new systems and facilities needed to implement driver-less train operations
- Parallelization of the train platforms of the Saikyo Line and the Yamanote Line at Shibuya Station in June 2020, thereby making it easier for customers to transfer trains
- Gradual completion of new Series E235 railcars for the Yokosuka Line and the Sobu Line Rapid Service from June 2020 and commenced preparations under way to put these railcars into operation
- Preparations under way to introduce new railcars in the Boso and Kashima areas around spring 2021

【Lifestyle development (town development)】

The JR East Group promoted such efforts as urban development, terminal station development, and the opening of hotels with the aim of enhancing profitability.

(Specific measures)

- Accomplishment of our initial target ahead of schedule of establishing 30 locations as part of the *STATION WORK* shared office business, including the opening of *STATION DESK* in Yokohama Station in August 2020. At the same time, establishment of a new target of expanding to 1,000 locations nationwide by fiscal 2026 in order to further promote the business
- Establishment of Station City Energy Create Co., Ltd. in April 2020 to manage energy for the Shinagawa Development Project by utilizing advanced environmental technologies

- Holding of the *Takanawa Gateway Fest* from July 2020 to September 2020, which provided participants with a simulated experience of the future and a digital art museum that uses the latest imaging technology
- Commencement of various kinds of robot verification tests in July 2020 at Takanawa Gateway Station to introduce robots to perform disinfecting procedures, deliveries, and other work
- Holding of *JR EAST STARTUP PROGRAM 2020*, based on the theme of regional revitalization, in April 2020 to promote open innovation
- Establishment of JR East Foods Co., Ltd. in April 2020 through the merger of the subsidiaries Nippon Restaurant Enterprise Co., Ltd. and JR EAST FOOD BUSINESS CO., LTD. with the goal of maximizing station value
- Implementation of capital alliance with SENSUKAI CO., LTD., a company with an abundance of production development capabilities and robust membership foundation, to strengthen the EC business by expanding the products available on *JRE MALL* and increasing the number of *JRE POINT* members
- Preparations under way to open *JR SENDAI EAST GATE BLDG.* (Miyagi) and *KAWASAKI DELTA* (Kanagawa) in a bid to increase the overall appeal and value of local towns together with local communities
- Preparations under way to open hotels in Yamagata, Akita, and other areas to establish a hotel chain with more than 10,000 guest rooms

【Regional revitalization】

The JR East Group is working to promote regional revitalization in all areas of East Japan through not only the promotion of tourism and urban development around regional core stations, but also the *sextic industrialization* of the agriculture, forestry, and fishing industries. By doing so, the Group will enrich local communities.

(Specific measures)

- Opening of *A-FACTORY Hirosaki Yoshino-cho Cider Brewery* (Aomori) in April 2020
- Sale of products, such as fruit and seafood, in the Tokyo metropolitan area and Hokkaido through the utilization of distribution via Shinkansen lines and other measures in collaboration with organizations such as JAPAN POST Co., Ltd., local governments, and companies
- Launch of integrated post office and station counter operations at Emi Station on the Uchibo Line in August 2020 in collaboration with JAPAN POST Co., Ltd.
- Commencement of preparations for the launch of a large-scale tourist orchard in March 2021 in an area of Sendai City that was affected by the Great East Japan Earthquake

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

By enhancing the attractiveness of *JRE POINT* and actively collaborating with other companies, the JR East Group promoted efforts to enable *Suica* use in a variety of lifestyle settings. At the same time, the Group worked to popularize MaaS in Japan.

(Specific measures)

- Establishment of the MaaS & *Suica* Promotion Headquarters in June 2020 to promote a three-pronged approach focused on *Suica*, MaaS, and data marketing
- Participation in a “cashless, consumer-returns business” and, in conjunction with this participation, an original campaign that increased the amount of *JRE POINTs* returned to customers when making cashless purchases at station buildings and inside railway stations
- Implementation of *Gugutto GunMaaS*, a verification test for *tourism-oriented MaaS*, from April to June 2020 in tandem with the *Gunma Destination Campaign*
- Implementation of *TOHOKU MaaS Sendai & Miyagi trial*, the second round of a verification test for tourism-oriented MaaS in collaboration with Miyagi Prefecture and Sendai City, in September 2020
- Launch of a service that enables *Suica* use with the Rakuten Pay app in May 2020 in collaboration with Rakuten Payment, Inc.
- Launch of a feature from July 2020 that enables seat reservations to be made smoothly by linking the *JR East app* with the *eki-net app*
- Participation in *Individual Number Card Points Program*, starting in July 2020, and implementation of the *Earn Individual Number Card Points* with *Suica* campaign to promote *Suica* use
- Conclusion of agreement for business alliance with Tokio Marine & Nichido Fire Insurance Co., Ltd. in July 2020, in order to expand the usage area of MaaS services and promote the development of new insurance products
- Preparations under way to introduce *Multi-function Card for Regional Transit*, which combines the functions of *Suica* with those of IC public transportation cards of regional transportation systems to promote increased use of *Suica* in regional areas, in the Utsunomiya and Iwate areas from spring 2021

【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 proceed with preparations as an Official Passenger Rail Transportation Services Partner of the Tokyo 2020 Olympic and Paralympic Games.

(Specific measures)

- Promotion of upgrades to railway stations near stadiums; completion of construction at Sendagaya, Shin-Kiba,

- and other stations, and opening of an east-west free passage at Shinjuku Station in July 2020
- 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
- Display of real-time information on platforms of the Yamanote Line by showing the time until train arrival
- Continuing of display *TOKYO SPORTS STATION*, a project that introduces the highlights and must-see points of each competition of the Tokyo 2020 Olympic and Paralympic Games, primarily on monitors on trains
- Conclusion of gold partner agreement with the Japan Boccia Association to help strengthen the national team

【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)

- Preparations under way to open *Hotel Metropolitan Premier Taipei*, the JR East Group's first overseas hotel, around spring 2021
- Provision of opportunities for employees to receive English conversation lessons from foreign instructors with the aim of improving their business-level English

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 "a new job rotation system" in April 2020 that aims to flexibly respond to the diverse ambitions of employees and promote an even more active role and further the growth of each employee in a broad range of fields
- Renewal of 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
- Revision of systems for enhancing job fulfillment for employees through such means as further enhancing child-rearing and nursing-care leave. At the same time, promotion of the introduction of flextime at certain on-site work locations
- Promotion of a *cross-organizational project* in which employees at on-site work locations go beyond the framework of their position to create opportunities to leverage their creativity more closely with customers

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 to secure revenues after giving first priority to establishing an environment where customers can use its railways safely. Specifically, we engaged in PR activities that focused on safety and sanitation, which involved such efforts as disinfecting and ventilating areas within stations and railcars as well as requiring all station staff and train crew to wear masks. In addition, we encouraged the use of touchless payment services such as *Suica* and Shinkansen e-tickets. Furthermore, as a means to promote the flow of people, in June 2020 we launched bargain travel products that involved limited departure dates to spread out peak travel times. Also, in July 2020, not only did we commence the *Osakini Tokudane Special* (50%-off) *Campaign*, we also launched travel products in conjunction with the Japanese government's *Go To Travel Campaign*.

Despite these efforts, operating revenues in the Transportation segment were down 51.0%, to ¥530.0 billion, owing to major revenue declines in the railway and bus businesses caused by the impact from the spread of COVID-19. In addition, the segment recorded operating loss of ¥286.0 billion (operating income of ¥224.1 billion in the second quarter of fiscal 2020).

Retail & Services

In the Retail & Services segment, JR East made efforts toward lifestyle development (town development) by opening new stores and enhancing the value of existing businesses. Specifically, we renovated and reopened *Gyutan Street* and *Sushi Street* at Sendai Station in May 2020. In the same month, we opened the *KINOKUNIYA JR Kyoto Isetan* branch (Kyoto), which represents the first *KINOKUNIYA* store to open outside of JR East's area of operation. Furthermore, in June 2020 we opened four new stores in the newly developed area of *ecute Ueno* (Tokyo). Additionally, in August 2020 we opened *GranSta Tokyo* (Tokyo), our largest commercial facility inside a railway station. In the same month, we also opened *ecute EDITION Yokohama* (Kanagawa).

However, operating revenues in the Retail & Services segment were down 42.3%, to ¥166.2 billion, due in part to the

significant revenue declines at stores and restaurants within railway stations and in advertising and publicity services, which were the result of the impact from the spread of COVID-19. Furthermore, the segment recorded operating loss of ¥13.7 billion (operating income of ¥18.9 billion in the second quarter of fiscal 2020).

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 opened *mesm Tokyo*, *Autograph Collection* (Tokyo), and *HOTEL METROPOLITAN KAMAKURA* (Kanagawa) in April 2020. In May 2020, we opened *HOTEL METROPOLITAN KAWASAKI* (Kanagawa). We also opened *JR-EAST HOTEL METS YOKOHAMA* (Kanagawa) and *JR-EAST HOTEL METS YOKOHAMA SAKURAGICHO* (Kanagawa) in June 2020. Furthermore, in the same month we opened *atré Takeshiba* (Phase I opening) (Tokyo), *CIAL YOKOHAMA* (Kanagawa), and *NEWoMan YOKOHAMA* (Kanagawa). Additionally, to promote lifestyle development in line-side areas, in June 2020 we began accepting residents at *View Lieto Gran Shinjuku Toyama* (Tokyo), a large-scale rental housing complex. Moreover, we opened *atré TAKESHIBA* (Grand opening) (Tokyo) and *Hibiya OKUROJI* (Tokyo) in August and September 2020, respectively.

Despite these efforts, operating revenues in the Real Estate & Hotels segment were down 30.5%, to ¥129.2 billion, as the spread of COVID-19 led to a major revenue decline at station buildings and hotels. The segment also posted operating income of ¥0.8 billion, a 98.0% decline, in the first half of fiscal 2020.

Others

In *Suica* shopping services (electronic money), JR East continued efforts to expand the number of compatible stores by enabling *Suica* use at restaurants, supermarkets, and other locations. As of September 30, 2020, approximately 84.22 million *Suica* cards were issued. Also, in September 2020 the number of *Mobile Suica* members exceeded 10 million.

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.

However, with the decline in revenue from the data processing business and the significant decrease in revenue from the credit card business due to the impact from the spread of COVID-19, operating revenues from Others were down 11.7%, to ¥99.8 billion. In addition, operating income declined 61.6%, to ¥3.5 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 (loss) of each segment of JR East corresponds to the segment income (loss) under the said Accounting Standard and Guidance.

(2) Qualitative Information on Consolidated Financial Position

In the six months ended September 30, 2020, operating activities used net cash of ¥214.1 billion, ¥480.8 billion swing from net cash provided in the same period of the previous fiscal year of ¥266.7 billion. This result was mainly due to a loss before income taxes.

Investing activities used net cash of ¥389.4 billion, ¥77.2 billion more than in the same period of the previous fiscal year. This result was mainly due to increases in payments for purchases of fixed assets.

Financing activities provided net cash of ¥788.1 billion, ¥867.5 billion swing from net cash used in the same period of the previous fiscal year of ¥79.3 billion. This was mainly due to the procurement of interest-bearing debt.

Consequently, cash and cash equivalents as of September 30, 2020 were ¥338.5 billion, an increase of ¥184.7 billion from March 31, 2020.

In addition, the balance of consolidated net interest-bearing debt was ¥3,796.5 billion as of September 30, 2020. Net interest-bearing debt means the balance of consolidated interest-bearing debt minus the balance of consolidated cash and cash equivalents.

(3) Qualitative Information on Consolidated Performance Outlook

The spread of COVID-19 has significantly impacted the entire Japanese economy, and, while we are now seeing a recovery trend in transportation demand, the virus may continue to spread. We therefore recognize that we will continue to face a severe situation. In addition, transformation in people’s behavior and values in the “post-COVID” society is changing the Group’s external business environment in a dramatic and rapid manner, and as a result, we do not believe that we will see customer use of railways return to the pre-COVID-19 pandemic level.

In light of these circumstances, the JR East Group will use its best efforts to respond to the impact of the spread of COVID-19 to achieve early recovery of its business performance. At the same time, based on the Speed up “Move up” 2027 policy announced in September 2020, the JR East Group will further enhance and accelerate efforts geared toward realizing its management vision “Move Up” 2027. By doing so, we aim to become a corporate group that contributes to the

development of society in a sustainable manner.

We had previously announced that our consolidated performance forecasts for the fiscal year ending March 31, 2021 were indeterminable, as revenue trends and other factors had been extremely uncertain due to the impact of COVID-19. However, based on the performance of our transportation services over the summer and other factors, it became possible to forecast future revenue trends to a certain degree. Accordingly, we announced the following forecasts on September 16, 2020. After carrying out examinations based on our financial performance in the second quarter, we have decided not to make any revisions to the full-year forecasts that were announced on September 16, 2020.

Full-Year Forecasts

Operating revenues	¥1,930.0 billion
Operating income	¥ (500.0 billion)
Ordinary income	¥ (549.0 billion)
Profit attributable to owners of parent	¥ (418.0 billion)

(4) Our Approach toward COVID-19

Since the spread of COVID-19 intensified, customer use of each of the JR East Group's businesses, including railways, declined significantly (the downward impact of the spread of COVID-19 was approximately ¥716.0 billion in operating revenues for the second quarter).

The Group has implemented responses to the COVID-19 pandemic based on the following three pillars.

- Thoroughly enforce measures to ensure that our customers can use our services in a safe and sanitary environment, including disinfecting and ventilating areas within railway stations and railcars. At the same time, fulfill our social mission by providing optimized transportation and other services in order to realize an economic recovery.
- With securing safety as a prerequisite, review the Group's approach to maintenance and renewal investment and costs, and steadily make growth investments for the future and investments geared toward innovation to achieve the Group's management vision "Move Up" 2027.
- Unite as one to create transportation demand through such efforts as implementing measures that utilize *JRE POINT* across the transportation, life-style and IT & *Suica* service businesses; introducing products with highly attractive value in collaboration with government agencies, municipalities, and local communities; and actively proposing new ways to travel and new lifestyles.

In addition, it is certain that irreversible structural changes will occur in the post-COVID society, such as change from concentration to dispersion, from company-focused to lifestyle-focused, and from mass to personal. Considering these situations, the Group will make efforts based on the following policies.

- Restructure our growth and innovation strategies and undertake efforts to propose new lifestyles and overcome challenges in new domains by combining physical networks, in which the Group has an advantage, and digital technologies. To propose new lifestyles, promote such initiatives as encouraging teleworking, so-called "workations", and other diverse working styles, creating attractive and convenient spaces within railway stations, strengthening *JRE MALL*, proposing new travel utilizing MaaS and digital technologies, and developing Group-wide customer strategies. To overcome challenges in new domains, promote logistics services that utilize train cars, collaboration with start-up companies and other organizations, sharing of 5G antenna infrastructure, and the introduction of robot technology.
- Make efforts to fundamentally strengthen our management foundation, promote cost structure reforms centered on the railway business, which has a large fixed cost ratio, and enhance productivity. In addition, further accelerate digital transformation (DX) such as through ticketless, driverless operations and smart maintenance. At the same time, conduct review to achieve more flexible management of the fundamentals for the operation of the railway business, such as train fare systems and train schedules, based on the status of service use.
- Implement ESG management to a greater extent than ever before and contribute to the development of local communities and the achievement of the SDGs through the further promotion of regional revitalization and other efforts.

The external environment is undergoing dramatic changes. We must come together as a group to overcome these challenging circumstances so that our business model centered on railways can evolve and we can achieve creation of new values that focus on people.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

	Millions of Yen	
	Fiscal 2020 (As of March 31, 2020)	Fiscal 2021, 2nd Quarter (As of September 30, 2020)
ASSETS		
Current Assets	¥ 857,624	¥ 968,685
Cash and time deposits	153,967	338,686
Notes and accounts receivable-trade	516,388	428,013
Fares receivable	59,267	35,890
Real estate for sale	1,875	3,007
Inventories	69,652	89,402
Other	58,410	75,620
Allowance for doubtful accounts	(1,936)	(1,936)
Fixed Assets	7,679,435	7,812,329
Property, plant and equipment, net of accumulated depreciation	6,962,034	7,004,390
Buildings and fixtures (net)	3,592,627	3,702,133
Machinery, rolling stock and vehicles (net)	753,979	723,107
Land	2,121,843	2,138,555
Construction in progress	412,753	360,796
Other (net)	80,830	79,797
Intangible assets	124,280	130,573
Investments and other assets	593,120	677,365
Investments in securities	295,469	278,039
Long-term loans receivable	1,478	1,937
Deferred tax assets	217,781	317,488
Net defined benefit assets	225	297
Other	78,913	80,569
Allowance for doubtful accounts	(747)	(968)
Total Assets	<u>¥8,537,059</u>	<u>¥8,781,015</u>

Note: Amounts less than one million yen are omitted.

	Millions of Yen	
	Fiscal 2020, (As of March 31, 2020)	Fiscal 2021, 2nd Quarter (As of September 30, 2020)
LIABILITIES		
Current Liabilities	¥1,549,236	¥1,804,192
Notes and accounts payable-trade	47,981	39,805
Short-term loans and current portion of long-term loans	115,293	330,871
Current portion of bonds	120,000	115,000
Current portion of long-term liabilities		
incurred for purchase of railway facilities	4,307	4,418
Payables	551,696	266,768
Accrued consumption taxes	6,832	5,691
Accrued income taxes	32,251	19,279
Fare deposits received with regard to railway connecting services	24,665	26,339
Prepaid railway fares received	96,780	86,374
Allowance for bonuses to employees	75,869	80,147
Allowance for disaster-damage losses	10,837	10,216
Other	462,720	819,279
Long-Term Liabilities	3,814,395	4,103,473
Bonds	1,590,249	1,750,277
Long-term loans	1,010,492	1,114,337
Long-term liabilities incurred for purchase of railway facilities	323,404	321,009
Deferred tax liabilities	4,830	4,528
Provision for large-scale renovation		
of Shinkansen infrastructure	96,000	108,000
Allowance for disaster-damage losses	3,811	596
Allowance for partial transfer costs of railway operation	1,759	1,704
Net defined benefit liabilities	512,063	497,625
Other	271,784	305,393
Total Liabilities	¥5,363,632	¥5,907,665
NET ASSETS		
Shareholders' Equity	¥3,100,618	¥2,805,217
Common stock	200,000	200,000
Capital surplus	96,796	96,796
Retained earnings	2,809,369	2,513,971
Treasury stock, at cost	(5,546)	(5,551)
Accumulated Other Comprehensive Income	45,577	42,186
Net unrealized holding gains (losses) on securities	32,975	31,050
Net deferred gains (losses) on derivatives under		
hedge accounting	2,405	2,263
Revaluation reserve for land	(418)	(418)
Foreign currency translation adjustments	(15)	(51)
Remeasurements of defined benefit plans	10,629	9,342
Non-Controlling Interests	27,231	25,945
Total Net Assets	3,173,427	2,873,349
Total Liabilities and Net Assets	¥8,537,059	¥8,781,015

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 2020, 2nd Quarter (Six months ended September 30, 2019)	Fiscal 2021, 2nd Quarter (Six months ended September 30, 2020)
Operating Revenues	¥1,518,893	¥ 787,297
Operating Expenses	1,222,324	1,082,585
Transportation, other services and cost of sales	925,651	820,075
Selling, general and administrative expenses	296,672	262,509
Operating Income (Loss)	296,568	(295,288)
Non-Operating Income	8,796	9,404
Interest income	23	28
Dividend income	3,922	3,182
Equity in net income of affiliated companies	2,077	—
Subsidies for employment adjustment	—	3,012
Other	2,772	3,180
Non-Operating Expenses	33,402	49,659
Interest expense	30,652	30,535
Equity in net losses of affiliated companies	—	14,389
Other	2,749	4,734
Ordinary Income (Loss)	271,962	(335,543)
Extraordinary Gains	11,355	15,921
Gains on sales of fixed assets	154	10,812
Construction grants received	5,008	4,528
Insurance proceeds related to disaster	5,595	—
Other	597	580
Extraordinary Losses	11,852	39,610
Losses on reduction entry for construction grants	3,418	4,447
Environmental conservation costs	—	24,018
Disaster-damage losses	117	—
Provision for allowance for disaster-damage losses	2,789	—
Other	5,526	11,144
Income (Loss) before Income Taxes	271,466	(359,232)
Income Taxes	82,342	(93,429)
Current	78,417	5,677
Deferred	3,925	(99,107)
Profit (Loss)	189,123	(265,803)
Profit (Loss) Attributable to Non-Controlling Interests	588	(1,423)
Profit (Loss) Attributable to Owners of Parent	¥ 188,534	¥(264,379)

Note: Amounts less than one million yen are omitted.

(ii) Consolidated Statements of Comprehensive Income

	Millions of Yen	
	Fiscal 2020, 2nd Quarter (Six months ended September 30, 2019)	Fiscal 2021, 2nd Quarter (Six months ended September 30, 2020)
Profit (Loss)	¥189,123	¥(265,803)
Other Comprehensive Income	1,491	(3,401)
Net unrealized holding gains (losses) on securities	1,479	(1,699)
Net deferred gains (losses) on derivatives under hedge accounting	258	(141)
Foreign currency translation adjustments	(40)	(36)
Remeasurements of defined benefit plans	(209)	(1,446)
Share of other comprehensive income of associates accounted for using equity method	4	(77)
Comprehensive Income	¥190,615	¥(269,204)
Comprehensive Income attributable to		
Comprehensive income attributable to owners of the parent	¥190,031	¥(267,770)
Comprehensive income attributable to non-controlling Interests	¥ 584	¥ (1,434)

Note: Amounts less than one million yen are omitted.

(3) Consolidated Statements of Cash Flows (Unaudited)
EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

	Millions of Yen	
	Fiscal 2020, 2nd Quarter (Six months ended September 30, 2019)	Fiscal 2021, 2nd Quarter (Six months ended September 30, 2020)
Cash Flows from Operating Activities		
Income (Loss) before Income Taxes	¥271,466	¥(359,232)
Depreciation	182,144	189,068
Amortization of long-term prepaid expense	4,619	5,167
Net change in provision for large-scale renovation of Shinkansen infrastructure	12,000	12,000
Net change in net defined benefit liabilities	(20,343)	(16,416)
Interest and dividend income	(3,946)	(3,211)
Interest expense	30,652	30,535
Construction grants received	(5,008)	(4,528)
Insurance proceeds related to disaster	(5,595)	—
Losses from disposition of fixed assets	8,541	9,687
Losses from provision for cost reduction of fixed assets	3,418	4,447
Disaster-damage losses	117	—
Provision for allowance for disaster-damage losses	2,789	—
Net change in major receivables	(15,513)	104,619
Net change in major payables	(82,039)	(127,751)
Other	(29,735)	(4,818)
Sub-total	353,568	(160,433)
Proceeds from interest and dividends	5,784	4,585
Payments of interest	(30,362)	(29,998)
Payments of disaster-damage losses	(1,776)	(8,949)
Payments of partial transfer costs of railway operation	(4,116)	(298)
Payments of income taxes	(56,359)	(19,064)
Net cash provided by (used in) operating activities	266,739	(214,159)
Cash Flows from Investing Activities		
Payments for purchases of fixed assets	(336,514)	(418,308)
Proceeds from sales of fixed assets	2,316	12,716
Proceeds from construction grants	31,746	25,232
Payments for purchases of investments in securities	(4,839)	(1,325)
Proceeds from sales of investments in securities	1,501	1,349
Other	(6,358)	(9,104)
Net cash used in investing activities	(312,148)	(389,440)
Cash Flows from Financing Activities		
Net change in short-term loans	—	180,000
Net change in commercial papers	—	350,000
Proceeds from long-term loans	9,000	172,600
Payments of long-term loans	(2,344)	(33,176)
Proceeds from issuance of bonds	40,000	210,000
Payments for redemption of bonds	(55,000)	(55,000)
Payments of liabilities incurred for purchase of railway facilities	(2,182)	(2,284)
Payments of acquisition of treasury stock	(40,013)	(4)
Cash dividends paid	(28,612)	(31,152)
Other	(159)	(2,788)
Net cash provided by (used in) financing activities	(79,311)	788,193
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(76)	(35)
Net Change in Cash and Cash Equivalents	(124,797)	184,558
Cash and Cash Equivalents at Beginning of the Period	263,739	153,794
Increase in Cash and Cash Equivalents due to Merger	—	163
Decrease in Cash and Cash Equivalents due to Corporate Division	(350)	—
Cash and Cash Equivalents at End of the Period	¥138,592	¥ 338,516

Note: Amounts less than one million yen are omitted.

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

(Notes on Going Concern Assumption (Unaudited))

None

(Segment Information (Unaudited))

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

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

- Notes: 1. "Others" represents categories of business that are not included in reportable segments and includes IT & *Suica* business including credit card business, information processing and certain other businesses.
2. The ¥18 million adjustment to segment income includes a ¥160 million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥(141) million elimination for intersegment transactions.
3. Segment income is adjusted to ensure consistency with the operating income set forth in the quarterly consolidated statements of income.

Fiscal 2021, 2nd Quarter (Six months ended September 30, 2020)	Millions of Yen						Quarterly Consolidated Statements of Income (Note 3)
	Transportation	Retail & Services	Real Estate & Hotels	Others (Note 1)	Total	Adjustment (Note 2)	
Operating Revenues							
Outside customers	¥ 495,229	¥ 138,230	¥ 119,581	¥34,255	¥ 787,297	¥ —	¥ 787,297
Inside group	34,869	27,980	9,664	65,581	138,096	(138,096)	—
Total	530,099	166,211	129,245	99,837	925,393	(138,096)	787,297
Segment income (loss) ...	¥(286,079)	¥ (13,746)	¥ 872	¥ 3,584	¥(295,369)	¥ 80	¥(295,288)

- 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 ¥80 million adjustment to segment income (loss) includes a ¥218 million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥(136) million elimination for intersegment transactions.
3. Segment income (loss) is adjusted to ensure consistency with the operating loss set forth in the quarterly consolidated statements of income.

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

None

(Significant Subsequent Events (Unaudited))

Issuance of Bonds

JR East issued the following straight bonds.

Unsecured straight bonds, 157th issue, East Japan Railway Company

- (1) Issue date: October 20, 2020
- (2) Amount: ¥100,000 million
- (3) Issue price: ¥100.003 per ¥100
- (4) Coupon rate: 0.001% per annum
- (5) Maturity date: October 20, 2023
- (6) Use of proceeds: the repayment of interest-bearing debt, etc.

(Additional Information (Unaudited))**Accounting Estimates of the Impact from the Spread of COVID-19**

For accounting estimates of impairment losses on fixed assets and recoverability of deferred tax assets, we assume that structural changes to society, such as widespread adoption of teleworking, will continue, although demand which declined due to the spread of COVID-19 will recover to a certain level within the current consolidated fiscal year.

(Additional Information Regarding Operating Results)

Consolidated Principal Indicators

	Fiscal 2020, 2nd Quarter (Six months ended September 30, 2019)	Fiscal 2020 (Year ended March 31, 2020)	Fiscal 2021, 2nd Quarter (Six months ended September 30, 2020)	Increase (Decrease)
	(A)	(B)	(C)	(C)–(A)
Cash flows from operating activities (billions of yen)	266.7	548.6	(214.1)	(480.8)
Ratio of operating income to average assets (ROA) (%)	3.6	4.5	(3.4)	(7.0)
Return on average equity (ROE) (%)	6.0	6.4	(8.8)	(14.8)

Numerical Targets for the Fiscal Year Ending March 31, 2023

	Billions of Yen				
	Actual Fiscal 2020	Forecast Fiscal 2021	Fiscal 2023 Targets	Change	
	(A)	(B)	(C)	Increase (Decrease) (C)–(A)	% (C)/(A)x100
Operating Revenues	2,946.6	1,930.0	3,295.0	348.3	111.8
Transportation	1,994.5	1,170.0	2,100.0	105.4	105.3
Retail & Services	502.0	375.0	660.0	157.9	131.5
Real Estate & Hotels	348.5	305.0	440.0	91.4	126.2
Others	101.5	80.0	95.0	(6.5)	93.6
Operating Income	380.8	(500.0)	520.0	139.1	136.5
Transportation	250.5	(529.0)	330.0	79.4	131.7
Retail & Services	34.3	(4.0)	56.0	21.6	162.9
Real Estate & Hotels	74.6	24.0	109.0	34.3	146.1
Others	23.8	11.0	26.0	2.1	108.9
Elimination and/or corporate	(2.6)	(2.0)	(1.0)	1.6	38.4

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

Consolidated Capital Expenditures

		Billions of Yen				Plans for Fiscal 2021	Change Increase (Decrease)
		Actual Fiscal 2020, 2nd Quarter (Six months ended September 30, 2019)	Actual Fiscal 2021, 2nd Quarter (Six months ended September 30, 2020)	Change			
				Increase (Decrease)	%		
		(A)	(B)	(B)–(A)	(B)/(A)x100		year on year
Capital expenditures		206.8	256.1	49.3	123.9	711.0	(29.6)
Segment							
Transportation Services	Transportation	105.6	121.1	15.5	114.7	453.0	(17.7)
Life-style Services, IT & Suica Services	Retail & Services Real Estate & Hotels Others	101.1	135.0	33.8	133.4	258.0	(11.8)

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 2020, 2nd Quarter (Six months ended September 30, 2019) (A)	Fiscal 2021, 2nd Quarter (Six months ended September 30, 2020) (B)	Change		Fiscal 2020, 2nd Quarter (Six months ended September 30, 2019) (C)	Fiscal 2021, 2nd Quarter (Six months ended September 30, 2020) (D)	Change	
			Increase (Decrease)	(B)-(A)			Increase (Decrease)	(D)-(C)
				(B)/(A)x100				(D)/(C)x100
Shinkansen Network								
Commuter Passes	927	794	(132)	85.7	12.6	10.8	(1.7)	86.0
Other	11,217	2,430	(8,787)	21.7	293.9	67.0	(226.9)	22.8
Total	12,144	3,225	(8,919)	26.6	306.5	77.8	(228.6)	25.4
Conventional Lines								
<i>Kanto Area Network</i>								
Commuter Passes	36,323	27,470	(8,852)	75.6	235.4	174.8	(60.5)	74.3
Other	18,918	8,392	(10,526)	44.4	370.8	164.1	(206.6)	44.3
Total	55,242	35,863	(19,378)	64.9	606.2	339.0	(267.2)	55.9
<i>Other Network</i>								
Commuter Passes	1,571	1,321	(249)	84.1	9.3	7.6	(1.7)	81.6
Other	1,330	508	(821)	38.2	26.5	9.7	(16.7)	36.8
Total	2,902	1,830	(1,071)	63.1	35.9	17.4	(18.4)	48.5
<i>Total</i>								
Commuter Passes	37,894	28,792	(9,102)	76.0	244.8	182.5	(62.3)	74.6
Other	20,249	8,901	(11,348)	44.0	397.3	173.9	(223.4)	43.8
Total	58,144	37,693	(20,450)	64.8	642.2	356.4	(285.7)	55.5
Total								
Commuter Passes	38,821	29,587	(9,234)	76.2	257.4	193.4	(64.0)	75.1
Other	31,467	11,331	(20,135)	36.0	691.2	240.9	(450.3)	34.8
Total	70,289	40,918	(29,370)	58.2	948.7	434.3	(514.4)	45.8

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.