

Consolidated Financial Results for the Six-Month Period Ended September 30, 2021 (Japanese GAAP) (Unaudited)

Fiscal 2022 (Year ending March 31, 2022)

“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, 2021

East Japan Railway Company

Stock Exchange Listing	Tokyo
Securities Code	9020
URL	https://www.jreast.co.jp/e
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Scheduled Date for Release of a Quarterly Report	November 10, 2021
Scheduled Date of Dividend Payment Commencement	November 22, 2021
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, 2021 (April 1, 2021 – September 30, 2021)

(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 2022, 2nd Quarter	877,840	11.5	(115,891)	—	(136,275)	—	(145,209)	—
Fiscal 2021, 2nd Quarter	787,297	(48.2)	(295,288)	—	(335,543)	—	(264,379)	—

Note: Comprehensive income – Fiscal 2022, 2nd Quarter: (140,113) million yen (—%), Fiscal 2021, 2nd Quarter: (269,204) million yen (—%)

	Earnings per share —Basic	Earnings per share —Diluted
	Yen	Yen
Fiscal 2022, 2nd Quarter	(384.93)	—
Fiscal 2021, 2nd Quarter	(700.82)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Fiscal 2022, 2nd Quarter	8,836,149	2,397,609	26.9
Fiscal 2021	8,916,420	2,557,361	28.4

Reference: Shareholders' equity – Fiscal 2022, 2nd Quarter: 2,374,792 million yen, Fiscal 2021: 2,535,027 million yen

2. Dividends (Year Ended March 31, 2021 and Year Ending March 31, 2022)

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2021	—	50.00	—	50.00	100.00
Fiscal 2022	—	50.00	—	—	—
(Forecast) Fiscal 2022	—	—	—	50.00	100.00

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

3. Forecasts for Fiscal 2022 (Year Ending March 31, 2022)

(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 2022	2,057,000	16.6	(115,000)	—	(160,000)	—	(160,000)	—	(424.13)

Note: Revisions to the most recently disclosed earnings forecasts: Yes

※ 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 : Yes
- ii Changes in accounting policies other than the above : No
- iii Changes in accounting estimates : No
- iv Restatement of revisions : No

Note: For details, please refer to “Changes in Accounting Policies, Changes in Accounting Estimates and Restatement of Revisions” on page 5 in the Attachments.

(4) Number of issued shares (common stock)

i Issued shares at period-end (including treasury stock)	2nd Quarter, Fiscal 2022	377,932,400 shares	Fiscal 2021	377,932,400 shares
ii Treasury stock at period-end	2nd Quarter, Fiscal 2022	692,976 shares	Fiscal 2021	692,286 shares
iii Average number of shares during period	2nd Quarter, Fiscal 2022	377,239,934 shares	2nd Quarter, Fiscal 2021	377,240,999 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 4 in the Attachments. Further, the non-consolidated performance outlook is on the next page.

(Reference)

Forecasts of the Non-consolidated Results for Fiscal 2022 (Year Ending March 31, 2022)

(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 2022	1,491,000	25.9	(123,000)	—	(155,000)	—	(152,000)	—	(402.54)

Note: Revisions to the most recently disclosed earnings forecasts: Yes

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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, 2021, to September 30, 2021, and the six months from April 1, 2020, to September 30, 2020.)

(1) Qualitative Information on Consolidated Operating Results

Following the September 2020 announcement of Speed Up “Move Up” 2027, a policy tailored to the post-COVID-19 society, the Group has continued to position safety at the top of its management priority while working to enhance profitability, strengthen management foundation fundamentally, and implement ESG management. Through such means, the Group has expedited its progress toward the achievement of its “Move Up” 2027 management vision.

As a result, during the second quarter, operating revenues increased 11.5%, to ¥877.8 billion, due mainly to revenue increases in the Transportation and Real Estate & Hotels segments, which were attributable to the recovery from decreased sales impacted by the spread of COVID-19 during the previous fiscal year. Following these increases in operating revenues, we recorded operating loss of ¥115.8 billion (operating loss of ¥295.2 billion in the second quarter of fiscal 2021), ordinary loss of ¥136.2 billion (ordinary loss of ¥335.5 billion in the second quarter of fiscal 2021), and loss attributable to owners of parent of ¥145.2 billion (loss attributable to owners of parent of ¥264.3 billion in the second quarter of fiscal 2021).

Overview

Safety is Our Top Priority

Based on the “Group Safety Plan 2023,” the JR East Group united as one group 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.

- Acceleration of seismic reinforcement of elevated concrete pillars along the railway tracks of the Shinkansen due to damages incurred from the February 2021 earthquake off the coast of Fukushima Prefecture
- Construction work between fiscal 2022 and fiscal 2024 at approximately 200 places on the Shinkansen lines along embankment, cutting, and natural slopes where a mudslide may occur as a result of record-breaking rainfalls and other factors

Enhancing Profitability

While the business environment surrounding the railway business becomes increasingly severe, we believe the diversification of lifestyles presents a significant opportunity for the Group. Accordingly, the Group reestablished its growth and innovation strategies, combined digital technologies with physical networks, an area of Group strength, and made efforts to propose new lifestyles and take on the challenge of entering new fields.

- Trial operations for the unloading of Shinkansen-transported parcels at Omiya Station, a logistics hub for suburban Tokyo, on the Joetsu Shinkansen in July 2021 and on the Tohoku Shinkansen in August 2021
- Entry into business alliance agreement with HIKKY Co., Ltd. in the extended reality (XR) field in August 2021 and exhibition of “Virtual Akihabara Station” at the world’s largest virtual reality (VR) event

Fundamental Strengthening of Management Foundation

The Group forged ahead with its three reforms “operational reform,” “working style reform,” and “worksites reform” to enhance the job satisfaction of all Group employees, while further accelerating our digital transformation efforts, which include the use of new technology and the promotion of Smart Maintenance, to enhance productivity.

- Establishment of CalTa Inc. in July 2021 through subsidiaries JR East Start UP Co., Ltd. and JR East Consultants Company and other parties with the aim of acquiring point cloud data through compact drones for use in construction and maintenance work
- Reorganization of Group business by making subsidiary JR East Media Co., Ltd. a wholly owned subsidiary of JR East Marketing & Communications, Inc. in July 2021 to enhance the value of transportation advertising and efficient business promotion
- Trial operations along Kesenuma Line BRT (between Yanaizu Station and Rikuzen-Yokoyama Station) in pursuit of level 3 self-driving, with test-ride event to gain first-hand experience of self-driving held in September 2021
- Implementation of furloughs (without the possibility of dismissal) of head office employees from July to September 2021

Implementing ESG Management

The JR East Group established energy-saving facilities and promoted renewable energy developments in a bid to achieve net zero CO2 emissions across the Group by fiscal 2051. In addition, the Group engaged in co-creation activities with local communities aimed at revitalizing these regions, and provided safe and reliable transportation as an Official Partner (Passenger and Rail Transportation Services) of the Tokyo 2020 Olympic and Paralympic Games during the course of the event.

- Commencement of *TOHOKU Destination Campaign* in April 2021 for a duration of six months to promote enjoyable trips through the six prefectures of the Tohoku region
- Disclosure of the estimated financial impact of river floods on the railway business in *JR East Group INTEGRATED*

REPORT 2021 in July 2021 based on the framework of the Task Force on Climate-related Financial Disclosures (TCFD)

- Continuation of research in pursuit of lower operating energy based on data acquired from the trial energy-efficient operations on the Yamanote Line which achieved an approximately 10% reduction in operating energy

Segment Information

Transportation

In the Transportation segment, JR East made concerted groupwide efforts to enforce rigorous measures in response to COVID-19 while ensuring the provision of safe and reliable transportation and high-quality services.

- Installation of automatic platform gates completed at 69 railway stations (80 railway stations on a line-by-line basis) as of September 30, 2021
- Launch of Hokuriku E7 Series Shinkansen railcars equipped with wheelchair-designated free spaces in July 2021
- Campaign specifically for the Saikyo Line from September 2021 for *Off-Peak Point Service*, for customers who commute during off-peak times using *Suica* commuter passes
- Sales of *Himitsu no Heijitsu Pass*, a discount ticket for use exclusively on weekdays, from July to September 2021, to promote fun and safe travels on weekdays when trains are less crowded

As a result, during the second quarter, operating revenues in the Transportation segment increased 17.6%, to ¥613.6 billion, due mainly to increases in the passenger revenues, which were attributable to the recovery from decreased sales impacted by the spread of COVID-19 during the second quarter of fiscal 2021, and operating loss was ¥143.9 billion (operating loss of ¥294.1 billion in the second quarter of fiscal 2021).

Retail & Services

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

- Expansion of *STATION WORK* shared office business to 278 locations by the end of September 2021, including the opening of *STATION DESK TOKYO premium*, a high-end shared office space, at Tokyo Station in July 2021
- Trial operations of *JRE Passport*, a subscription-based service that allows users to purchase coffee and eki soba (bowl of buckwheat noodles served at railway stations) and to rent out shared office spaces, from July to September 2021
- Full opening of *ecute Edition lidabashi* (Tokyo) in July 2021

As a result, during the second quarter, despite the increases in the sales at stores in stations, which were attributable to the recovery from decreased sales impacted by the spread of COVID-19 during the second quarter of fiscal 2021, operating revenues in the Retail & Services segment decreased 13.6%, to ¥143.5 billion due to the application of “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, revised on March 31, 2020) (hereinafter “Accounting Standard for Revenue Recognition”), and operating income was ¥1.7 billion (operating loss of ¥5.6 billion in the second quarter of fiscal 2021).

Real Estate & Hotels

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

- Opening of *HOTEL METROPOLITAN PREMIER TAIPEI* (Taiwan), the JR East Group’s first hotel established overseas, in August 2021
- Campaign at subsidiary Nippon Hotel Co., Ltd. to provide hotel gift certificates to those with proof of COVID-19 vaccination since July 2021

As a result, during the second quarter, operating revenues in the Real Estate & Hotels segment increased 11.9%, to ¥144.6 billion, due mainly to increased sales at station buildings, which were attributable to the recovery from decreased sales impacted by the spread of COVID-19 during the second quarter of fiscal 2021, and increased income from office building leases, and operating income was ¥22.7 billion (operating income of ¥0.8 billion in the second quarter of fiscal 2021).

Others

In the Others segment, JR East promoted measures such as the enhancement of the MaaS Platform, which realizes seamless and stress-free mobility, and further expanded the scope of use of *Suica*.

- Issuance of approximately 87.5 million *Suica* cards, achievement of 15.2 million members for Mobile *Suica*, and expansion of store network accepting *Suica* electronic payment to 1.2 million stores by September 30, 2021, as a result of promoting a shared platform for *Suica*
- Rollout of *TOHOKU MaaS*, a tourism-oriented MaaS for eight locations spanning the six prefectures of the Tohoku region from April 2021 and operation of on-demand mobility services in the Hirosaki, Kakunodate, Ichinoseki and Akiu areas
- Revision of *VIEW Plus service*, which provides *VIEW card* users with additional *JRE POINTS*, in July 2021 resulting in increase in rate of points awarded for *eki-net* and other services

However, with the decline in the sales from the IC card business and effect of the application of Accounting Standard for Revenue Recognition operating revenues from Others decreased 9.7%, to ¥90.1 billion. In addition, operating income declined 14.0%, to ¥3.0 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, 2021, operating activities used net cash of ¥49.8 billion, ¥164.2 billion less than in the same period of the previous fiscal year. This result was mainly due to a decrease in loss before income taxes.

Investing activities used net cash of ¥292.9 billion, ¥96.4 billion less than in the same period of the previous fiscal year. This result was mainly due to a decrease in payments for purchases of fixed assets.

Financing activities provided net cash of ¥326.5 billion, ¥461.6 billion less than in the same period of the previous fiscal year. This result was mainly due to the decreased interest-bearing debt procured.

Consequently, cash and cash equivalents as of September 30, 2021 were ¥181.9 billion, a decrease of ¥16.0 billion from March 31, 2021.

In addition, the balance of consolidated net interest-bearing debt was ¥4,518.8 billion as of September 30, 2021. 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

We were able to increase earnings and reduce costs while ensuring safe and reliable transportation and quality services through the collective efforts of the Group. However, the state of emergency was declared between April and September 2021 in Tokyo and other areas from time to time due to the spread of COVID-19, resulting in slow customer usage. Upon considering the foregoing factors, we have made downward revisions to our consolidated forecasts for the fiscal year ending March 31, 2022 as shown below.

While we expect the number of passengers to steadily increase over time, we do not foresee it returning to its levels prior to the COVID-19 era due to changes in people's lifestyles. In order to overcome such a challenging business environment, all of us at the JR East Group will do everything in our power to increase the level and pace of initiatives toward the achievement of our "Move Up" 2027 management vision, while enhancing profitability and reforming our corporate structure.

More specifically, we will work to earn deeper trust from customers and local communities based on the conviction that safety is the top priority for management, combine physical networks, an area of Group strength, with digital technology centered on our JRE POINT service, continue to move forward with its "Beyond Stations" concept and propose new lifestyles and take on the challenge of entering new fields. The Group will also accelerate digital transformation (DX) of the railway business with a large fixed cost ratio, including through ticketless and driverless operations and smart maintenance, and establish a flexible and robust management structure. Moreover, we will move forward with ESG management in the form of "Zero-Carbon Challenge 2050," and regional revitalization initiatives toward the achievement of the Sustainable Development Goals (SDGs).

Full-Year Forecasts (Fiscal 2022)

Operating revenues	¥2,057.0 billion
Operating income	¥ (115.0) billion
Ordinary income	¥ (160.0) billion
Profit attributable to owners of parent	¥ (160.0) billion

2. Matters Concerning Summary Information (Notes)

(1) Changes in Accounting Policies, Changes in Accounting Estimates and Restatement of Revisions

(i) Changes in Accounting Policies

The Group adopted "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, revised on March 31, 2020) and its implementation guidance ("revised accounting standards" hereafter), and applied accounting policy to recognize revenue with the amounts expected to be received in exchange for the promised goods or services as the control of such goods or services are transferred to customers at the beginning of the first quarter of fiscal 2022. In regard to transactions performed by the Group as an agent, the amount of revenue to be recognized is changed from the total amount of the consideration received from customer to the net value, being the difference between the total amount received for the goods and services delivered by a third party and the amount paid by the Group to the third party. Accordingly, the Group has revised its method of revenue recognition pertaining to contracts with customers subject to the revised accounting standards.

The application of such changes in accounting policies follows the transitional treatment prescribed in the proviso of paragraph 84 of Accounting Standard for Revenue Recognition, such that the new accounting policy was applied from the beginning balance of retained earnings of the first quarter of fiscal 2022 to add to or deducted from the amount of beginning balance of retained earnings of the first quarter of fiscal 2022 the cumulative effects of applying retrospectively the new accounting policy from the beginning of the first quarter of fiscal 2022. The method prescribed in paragraph 86 of Accounting Standard for Revenue Recognition was applied, however, with no retrospective application of the new accounting policy to the contract which are that almost all amounts of revenues have been recognized in accordance with the prior treatments before the beginning of the first quarter of fiscal 2022. In addition, applying the method prescribed in the proviso (1) of paragraph 86 of Accounting Standard for Revenue Recognition, for the contracts which have been modified before the beginning of the first quarter of fiscal 2022, the cumulative effect is added to or deducted from the beginning balance of the retained earnings of the first quarter of fiscal 2022, based on the terms of the contracts that have been reflected all modifications in the contracts.

As a result, in the second quarter of fiscal 2022, operating revenues decreased ¥56,345 million and operating expenses decreased ¥54,091 million, while operating loss, ordinary loss, and loss before income taxes increased ¥2,254 million, ¥1,967 million, and ¥1,967 million, respectively. The effect on the opening balance of retained earnings at the beginning of the period is negligible.

Due to the application of the revised accounting standards, "Notes and accounts receivable-trade" under "Current Assets" on the consolidated balance sheets for the fiscal year ended March 31, 2021 is included as part of "Notes, accounts receivable-trade and contract assets" from the three months ended June 30, 2021. Meanwhile, new reporting methods have not been adopted in accordance with the transitional measures stipulated in section 89-2 of Accounting Standard for Revenue Recognition.

3. Quarterly Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

	Millions of Yen	
	Fiscal 2021 (As of March 31, 2021)	Fiscal 2022, 2nd Quarter (As of September 30, 2021)
ASSETS		
Current Assets	¥ 898,406	¥ 833,787
Cash and time deposits	198,130	182,120
Notes and accounts receivable-trade	470,611	—
Notes, accounts receivable-trade and contract assets	—	420,873
Fares receivable	38,536	43,543
Securities	137	237
Real estate for sale	4,081	12,602
Inventories	83,646	106,829
Other	105,833	70,078
Allowance for doubtful accounts	(2,572)	(2,499)
Fixed Assets	8,018,013	8,002,362
Property, plant and equipment, net of accumulated depreciation	7,118,150	7,091,521
Buildings and fixtures (net)	3,789,310	3,787,230
Machinery, rolling stock and vehicles (net)	742,251	746,697
Land	2,145,694	2,147,018
Construction in progress	361,626	340,049
Other (net)	79,266	70,525
Intangible assets	150,825	154,928
Investments and other assets	749,037	755,912
Investments in securities	314,500	329,380
Long-term loans receivable	2,035	2,002
Deferred tax assets	344,825	338,525
Net defined benefit assets	531	758
Other	88,169	86,266
Allowance for doubtful accounts	(1,024)	(1,020)
Total Assets	¥8,916,420	¥8,836,149

Note: Amounts less than one million yen are omitted.

	Millions of Yen	
	Fiscal 2021, (As of March 31, 2021)	Fiscal 2022, 2nd Quarter (As of September 30, 2021)
LIABILITIES		
Current Liabilities	¥2,032,849	¥1,542,848
Notes and accounts payable-trade	52,909	30,206
Short-term loans and current portion of long-term loans	433,320	209,550
Current portion of bonds	90,000	125,999
Current portion of long-term liabilities		
incurred for purchase of railway facilities	4,215	3,697
Payables	477,546	229,397
Accrued consumption taxes	7,856	23,277
Accrued income taxes	22,074	7,820
Fare deposits received with regard to railway connecting services	33,992	23,219
Prepaid railway fares received	77,526	78,609
Allowance for bonuses to employees	62,128	57,232
Allowance for disaster-damage losses	12,439	8,533
Other	758,840	745,303
Long-Term Liabilities	4,326,209	4,895,691
Bonds	1,930,308	2,346,637
Long-term loans	1,158,872	1,297,950
Long-term liabilities incurred for purchase of railway facilities	318,873	316,995
Deferred tax liabilities	5,221	2,601
Provision for large-scale renovation		
of Shinkansen infrastructure	120,000	132,000
Allowance for disaster-damage losses	85	68
Allowance for partial transfer costs of railway operation	1,131	1,060
Net defined benefit liabilities	482,221	475,799
Other	309,494	322,578
Total Liabilities	¥6,359,058	¥6,438,540
NET ASSETS		
Shareholders' Equity	¥2,472,539	¥2,307,312
Common stock	200,000	200,000
Capital surplus	96,522	96,572
Retained earnings	2,181,570	2,016,298
Treasury stock, at cost	(5,553)	(5,558)
Accumulated Other Comprehensive Income	62,487	67,480
Net unrealized holding gains (losses) on securities	54,322	59,937
Net deferred gains (losses) on derivatives under		
hedge accounting	2,137	2,351
Revaluation reserve for land	(433)	(256)
Foreign currency translation adjustments	(25)	98
Remeasurements of defined benefit plans	6,486	5,350
Non-Controlling Interests	22,334	22,816
Total Net Assets	2,557,361	2,397,609
Total Liabilities and Net Assets	¥8,916,420	¥8,836,149

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 2021, 2nd Quarter (Six months ended September 30, 2020)	Fiscal 2022, 2nd Quarter (Six months ended September 30, 2021)
Operating Revenues	¥ 787,297	¥ 877,840
Operating Expenses	1,082,585	993,732
Transportation, other services and cost of sales	820,075	743,185
Selling, general and administrative expenses	262,509	250,546
Operating Loss	(295,288)	(115,891)
Non-Operating Income	9,404	16,188
Interest income	28	106
Dividend income	3,182	3,392
Equity in net income of affiliated companies	—	5,268
Other	6,193	7,419
Non-Operating Expenses	49,659	36,572
Interest expense	30,535	31,091
Equity in net losses of affiliated companies	14,389	—
Other	4,734	5,480
Ordinary Loss	(335,543)	(136,275)
Extraordinary Gains	15,921	5,633
Gains on sales of fixed assets	10,812	2,010
Construction grants received	4,528	2,637
Other	580	985
Extraordinary Losses	39,610	6,452
Losses on reduction entry for construction grants	4,447	2,506
Intensive seismic reinforcement costs	2,501	1,966
Environmental conservation costs	24,018	—
Other	8,643	1,979
Loss before Income Taxes	(359,232)	(137,095)
Income Taxes	(93,429)	7,835
Current	5,677	6,035
Deferred	(99,107)	1,800
Loss	(265,803)	(144,930)
Profit (Loss) Attributable to Non-Controlling Interests	(1,423)	278
Loss Attributable to Owners of Parent	¥ (264,379)	¥ (145,209)

Note: Amounts less than one million yen are omitted.

(ii) Consolidated Statements of Comprehensive Income

	Millions of Yen	
	Fiscal 2021, 2nd Quarter (Six months ended September 30, 2020)	Fiscal 2022, 2nd Quarter (Six months ended September 30, 2021)
Loss	¥(265,803)	¥(144,930)
Other Comprehensive Income	(3,401)	4,817
Net unrealized holding gains (losses) on securities	(1,699)	5,575
Net deferred gains (losses) on derivatives under hedge accounting	(141)	193
Foreign currency translation adjustments	(36)	123
Remeasurements of defined benefit plans	(1,446)	(1,270)
Share of other comprehensive income of associates accounted for using equity method	(77)	195
Comprehensive Income	¥(269,204)	¥(140,113)
Comprehensive Income attributable to		
Comprehensive income attributable to owners of the parent	¥(267,770)	¥(140,392)
Comprehensive income attributable to non-controlling Interests	¥ (1,434)	¥ 279

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 2021, 2nd Quarter (Six months ended September 30, 2020)	Fiscal 2022, 2nd Quarter (Six months ended September 30, 2021)
Cash Flows from Operating Activities		
Loss before Income Taxes	¥(359,232)	¥(137,095)
Depreciation	189,068	191,834
Amortization of long-term prepaid expense	5,167	5,380
Net change in provision for large-scale renovation of Shinkansen infrastructure	12,000	12,000
Net change in net defined benefit liabilities	(16,416)	(8,300)
Interest and dividend income	(3,211)	(3,499)
Interest expense	30,535	31,091
Construction grants received	(4,528)	(2,637)
Losses from disposition of fixed assets	9,687	7,731
Losses from provision for cost reduction of fixed assets	4,447	2,506
Net change in major receivables	104,619	43,424
Net change in major payables	(127,751)	(147,684)
Other	(4,818)	5,202
Sub-total	(160,433)	(46)
Proceeds from interest and dividends	4,585	5,352
Payments of interest	(29,998)	(30,283)
Payments of disaster-damage losses	(8,949)	(6,639)
Payments of partial transfer costs of railway operation	(298)	(253)
Payments of income taxes	(19,064)	(18,007)
Net cash used in operating activities	(214,159)	(49,877)
Cash Flows from Investing Activities		
Payments for purchases of fixed assets	(418,308)	(314,105)
Proceeds from sales of fixed assets	12,716	2,430
Proceeds from construction grants	25,232	28,395
Payments for purchases of investments in securities	(1,325)	(3,637)
Proceeds from sales of investments in securities	1,349	289
Other	(9,104)	(6,316)
Net cash used in investing activities	(389,440)	(292,945)
Cash Flows from Financing Activities		
Net change in short-term loans	180,000	(210,000)
Net change in commercial papers	350,000	(15,000)
Proceeds from long-term loans	172,600	200,150
Payments of long-term loans	(33,176)	(74,842)
Proceeds from issuance of bonds	210,000	502,301
Payments for redemption of bonds	(55,000)	(50,000)
Payments of liabilities incurred for purchase of railway facilities	(2,284)	(2,395)
Cash dividends paid	(31,152)	(18,880)
Other	(2,793)	(4,789)
Net cash provided by financing activities	788,193	326,543
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(35)	60
Net Change in Cash and Cash Equivalents	184,558	(16,219)
Cash and Cash Equivalents at Beginning of the Period	153,794	197,960
Increase in Cash and Cash Equivalents due to Merger	163	208
Cash and Cash Equivalents at End of the Period	¥ 338,516	¥ 181,949

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 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	26,413	27,980	9,664	65,581	129,640	(129,640)	—
Total	521,643	166,211	129,245	99,837	916,937	(129,640)	787,297
Segment income (loss) ...	¥(294,126)	¥ (5,699)	¥ 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.

Fiscal 2022, 2nd Quarter (Six months ended September 30, 2021)	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	¥ 586,922	¥128,917	¥133,666	¥28,333	¥ 877,840	¥ —	¥ 877,840
Inside group	26,698	14,641	10,984	61,798	114,123	(114,123)	—
Total	613,621	143,559	144,650	90,132	991,964	(114,123)	877,840
Segment income (loss) ...	¥(143,955)	¥ 1,786	¥ 22,766	¥ 3,083	¥(116,319)	¥ 427	¥(115,891)

- 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 ¥427 million adjustment to segment income (loss) includes a ¥493 million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥(63) 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.

(Matters concerning changes to reporting segment, etc.)

(i) Change in Accounting Policy

As described in "Changes in Accounting Policies", the Group changed accounting treatment for revenue recognition by adopting "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, revised on March 31, 2020) and its implementation guidance from the beginning of the first quarter of fiscal 2022, and accordingly changed the methods relevant to measuring profits or losses of operating segments in the same manner.

As a result of these changes, in the second quarter of fiscal 2022, operating revenues decreased ¥2,855 million in the Transportation segment, decreased ¥40,992 million in the Retail & Services segment, decreased ¥13,076 million in the Real Estate & Hotels segment, and decreased ¥2,290 million in the Others segment. Meanwhile, segment income decreased ¥867 million in the Transportation segment, decreased ¥40 million in the Retail & Services segment, decreased ¥203 million in the Real Estate & Hotels segment, and decreased ¥1,143 million in the Others segment.

(ii) Change in Reporting Segment

To draw on the full potential of its advertising capabilities, JR East actively invests and pursues other efforts to enhance the value of its advertising business. Accordingly, to reflect the investments in and results of the advertising business on the Retail & Services segment, the reporting segment of the advertising business of JR East, on a non-consolidated basis, has been reclassified from the Transportation segment to the Retail & Services segment from the three months ended June 30, 2021.

The segment information for the six months ended September 30, 2020 also reflects the reclassification of the advertising business to the Retail & Services segment.

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

None

(Additional Information (Unaudited))

Accounting Estimates of the Impact from the Spread of COVID-19

For accounting estimates of recoverability of deferred tax assets as of September 30 2021, we made assumptions that the operating revenues from railway transportation business will recover to about 85% in fiscal 2022 and to about 90% in fiscal 2023 compared to the level before the spread of the COVID-19, although structural changes to society, such as widespread adoption of teleworking, will continue.

(Additional Information Regarding Operating Results)

Consolidated Principal Indicators

	Fiscal 2021, 2nd Quarter (Six months ended September 30, 2020)	Fiscal 2021 (Year ended March 31, 2021)	Fiscal 2022, 2nd Quarter (Six months ended September 30, 2021)	Increase (Decrease)
	(A)	(B)	(C)	(C)-(A)
Ratio of operating income to average assets (ROA) (%)	(3.4)	(6.0)	(1.3)	2.1
Return on average equity (ROE) (%)	(8.8)	(20.3)	(5.9)	2.9
Net interest-bearing debt / EBITDA (times)	—	—	59.5	—

- Notes: 1. Net interest-bearing debt = Balance of consolidated interest-bearing debt – Balance of consolidated cash and cash equivalents
2. EBITDA = Consolidated operating income + Consolidated depreciation expense

Numerical Targets for the Fiscal Year Ending March 31, 2026

	Billions of Yen				
	Actual	Plans for	Fiscal 2026	Change	
	Fiscal 2021	Fiscal 2022 (Revised)	Targets	Increase (Decrease)	%
	(A) (Note2)	(B) (Note3)	(C) (Note3)	(C)-(A)	(C)/(A)x100
Operating Revenues	1,764.5	2,057.0	3,090.0	1,325.4	175.1%
Transportation	1,095.7	1,336.0	1,970.0	874.2	179.8%
Retail & Services	318.0	290.0	550.0	231.9	172.9%
Real Estate & Hotels	271.2	361.0	480.0	208.7	177.0%
Others	79.5	70.0	90.0	10.4	113.2%
		[2,190.0]	[3,325.0]		
		[1,339.0]	[1,980.0]		
		[378.0]	[709.0]		
		[390.0]	[535.0]		
		[83.0]	[101.0]		
Operating Income	(520.3)	(115.0)	450.0	970.3	—
Transportation	(548.5)	(257.0)	252.0	800.5	—
Retail & Services	2.6	24.0	57.0	54.3	—
Real Estate & Hotels	15.1	106.0	113.0	97.8	745.6%
Others	14.7	14.0	30.0	15.2	203.2%
Adjustment	(4.3)	(2.0)	(2.0)	2.3	45.9%
Consolidated operating cash flow	(189.9)	-	3,693.0(Note4)	-	-
Consolidated ROA (%)	(6.0)	-	Around 4.5	-	-
Net interest-bearing debt / EBITDA (times)	-	-	5 or less	-	-

- Notes: 1. The breakdown of operating revenues by business segment shows sales to outside customers.
2. The segment breakdowns for fiscal 2021 reflect the reclassification of the advertising business to the Retail & Services segment.
3. Numbers in square brackets ([]) for consolidated operating revenues and by segment are reference values excluding an effect of application of "Accounting Standard for Revenue Recognition" and other standards.
4. Total amount covering five years from the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2026.

Consolidated Capital Expenditures

		Billions of Yen					
		Actual	Actual	Change		Plans for	Change
		Fiscal 2021, 2nd Quarter (Six months ended September 30, 2020) (Note1)	Fiscal 2022, 2nd Quarter (Six months ended September 30, 2021)	Increase (Decrease)	%	Fiscal 2022 (Revised)	Increase (Decrease)
		(A)	(B)	(B)-(A)	(B)/(A)x100	(Note2)	year on year
Capital expenditures		256.1	185.3	(70.8)	72.3	598.0 [(76.0)]	(94.2)
Segment							
Transportation Services	Transportation	120.9	106.9	(13.9)	88.5	389.0 [(35.0)]	(61.9)
Life-style Services, IT & <i>Suica</i> Services	Retail & Services Real Estate & Hotels Others	135.2	78.3	(56.8)	57.9	209.0 [(41.0)]	(32.3)

- Notes: 1. The results for the six months ended September 30, 2020 reflect the reclassification of the advertising business to the Retail & Services segment.
2. Numbers in square brackets ([]) indicate the change in amounts from the full-year capital expenditure plans announced in April 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 2021, 2nd Quarter (Six months ended September 30, 2020) (A)	Fiscal 2022, 2nd Quarter (Six months ended September 30, 2021) (B)	Change Increase (Decrease) (B)-(A)	(B)/(A)x100	Fiscal 2021, 2nd Quarter (Six months ended September 30, 2020) (C)	Fiscal 2022, 2nd Quarter (Six months ended September 30, 2021) (D)	Change Increase (Decrease) (D)-(C)	(D)/(C)x100
Shinkansen Network								
Commuter Passes	794	747	(47)	94.0	10.8	10.1	(0.7)	93.4
Other	2,430	3,553	1,122	146.2	67.0	95.5	28.5	142.6
Total	3,225	4,300	1,075	133.3	77.8	105.7	27.8	135.7
Conventional Lines								
<i>Kanto Area Network</i>								
Commuter Passes	27,470	26,471	(999)	96.4	174.8	171.5	(3.3)	98.1
Other	8,392	11,232	2,840	133.8	164.1	215.3	51.1	131.2
Total	35,863	37,704	1,841	105.1	339.0	386.8	47.8	114.1
<i>Other Network</i>								
Commuter Passes	1,321	1,377	55	104.2	7.6	8.1	0.5	106.7
Other	508	610	101	120.0	9.7	11.6	1.8	118.8
Total	1,830	1,988	157	108.6	17.4	19.7	2.3	113.5
<i>Total</i>								
Commuter Passes	28,792	27,848	(943)	96.7	182.5	179.7	(2.8)	98.5
Other	8,901	11,843	2,942	133.1	173.9	226.9	53.0	130.5
Total	37,693	39,692	1,998	105.3	356.4	406.6	50.2	114.1
Total								
Commuter Passes	29,587	28,596	(991)	96.7	193.4	189.8	(3.5)	98.2
Other	11,331	15,396	4,065	135.9	240.9	322.4	81.5	133.9
Total	40,918	43,992	3,074	107.5	434.3	512.3	78.0	118.0

- 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.