

Fiscal 2022 Financial Results (Japanese GAAP) (Unaudited)

Fiscal 2022 (Year ended March 31, 2022)

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

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

English translation from the original Japanese-language document.

April 27, 2022

East Japan Railway Company

Stock Exchange Listing

Securities Code

URL

Representative

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Scheduled Date of Ordinary General Meeting of Shareholders

June 22, 2022

Scheduled Date of Dividend Payment Commencement

June 23, 2022

Scheduled Date for Release of Annual Securities Report

June 22, 2022

Preparation of Supplementary Explanations of Financial Results:

No

Financial Results Presentation to Be Held:

Yes

1. Consolidated Results for Fiscal 2022 (Year Ended March 31, 2022)

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

(1) Consolidated financial results

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

	Operating revenues		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2022	1,978,967	12.1	(153,938)	—	(179,501)	—	(94,948)	—
Fiscal 2021	1,764,584	(40.1)	(520,358)	—	(579,798)	—	(577,900)	—

Note: Comprehensive income – Fiscal 2022: (100,543) million yen (—%), Fiscal 2021: (565,771) million yen (—%)

	Earnings per share—Basic	Earnings per share—Diluted	Return on average equity	Ratio of ordinary income to average assets	Ratio of operating income to operating revenues
	Yen	Yen	%	%	%
Fiscal 2022	(251.69)	—	(3.9)	(2.0)	(7.8)
Fiscal 2021	(1,531.91)	—	(20.3)	(6.6)	(29.5)

Reference: Equity in net income (losses) of affiliated companies – Fiscal 2022: 12,015 million yen, Fiscal 2021: (13,417) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2022	9,091,424	2,418,110	26.3	6,348.57
Fiscal 2021	8,916,420	2,557,361	28.4	6,719.93

Reference: Shareholders' equity – Fiscal 2022: 2,394,928 million yen, Fiscal 2021: 2,535,027 million yen

(3) Consolidated cash flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2022	190,506	(526,358)	304,642	171,023
Fiscal 2021	(189,968)	(749,397)	983,385	197,960

2. Dividends (Year Ended March 31, 2021 and 2022 and Year Ending March 31, 2023)

(Record date)	Dividends per share					Total dividends (annual)	Dividend ratio (consolidated)	Ratio of dividends to shareholders' equity (consolidated)
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2021	—	50.00	—	50.00	100.00	37,760	—	1.3
Fiscal 2022	—	50.00	—	50.00	100.00	37,759	—	1.5
(Forecast) Fiscal 2023	—	50.00	—	50.00	100.00		62.9	

3. Forecasts for Fiscal 2023 (Year Ending March 31, 2023)

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

	Operating revenues		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share—Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six-month period ending September 30, 2022	1,158,000	31.9	75,000	—	42,000	—	26,000	—	68.92
Fiscal 2023	2,453,000	24.0	153,000	—	98,000	—	60,000	—	159.05

※ Notes

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

Newly consolidated — excluded —

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

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

(3) Number of issued shares (common stock)

- i Issued shares at period-end (including treasury stock) Fiscal 2022 377,932,400 shares Fiscal 2021 377,932,400 shares
- ii Treasury stock at period-end Fiscal 2022 693,666 shares Fiscal 2021 692,286 shares
- iii Average number of shares during period Fiscal 2022 377,239,488 shares Fiscal 2021 377,240,648 shares

(Reference) Overview of the Non-consolidated Financial Results

1. Non-consolidated Results for Fiscal 2022 (Year Ended March 31, 2022)

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

(1) Non-consolidated financial results

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

	Operating revenues		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2022	1,424,150	20.3	(149,583)	—	(177,718)	—	(99,159)	—
Fiscal 2021	1,184,145	(42.5)	(478,535)	—	(517,715)	—	(506,631)	—

	Earnings per share—Basic	Earnings per share—Diluted
	Yen	Yen
Fiscal 2022	(262.60)	—
Fiscal 2021	(1,341.71)	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2022	8,334,994	1,872,184	22.5	4,958.12
Fiscal 2021	8,172,474	2,014,228	24.6	5,334.28

Reference: Shareholders' equity – Fiscal 2022: 1,872,184 million yen, Fiscal 2021: 2,014,228 million yen

2. Forecasts for Fiscal 2023 (Year Ending March 31, 2023)

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

	Operating revenues		Operating income		Ordinary income		Profit		Earnings per share—Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six-month period ending September 30, 2022	852,000	36.2	62,000	—	39,000	—	30,000	—	79.45
Fiscal 2023	1,794,000	26.0	100,000	—	51,000	—	41,000	—	108.58

※ Financial results are not subject to auditing.

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

The forecasts of business results and other forward-looking statements in this document are based on information available as of the date of this document and on certain assumptions that JR East viewed as reasonable as of the date of this document. Actual results may differ from such forward-looking statements for a variety of reasons. Regarding the forecasts of business results, please refer to “Outlook for the Year Ending March 31, 2023” on page 8 of this document.

JR East is scheduled to hold an analysts' conference on April 28, 2022, to present its operating results for Fiscal 2022. JR East plans to upload the presentation materials distributed at such conference to its website upon its conclusion.

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1. Operating Results and Financial Position

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

(1) Analysis of Operating Results

(i) Summary of the Fiscal Year Ended March 31, 2022

Overview

In the consolidated fiscal year ended March 31, 2022, despite signs of recovery seen temporarily, the Japanese economy continued to be sluggish due to the ongoing spread of COVID-19. Moreover, the Fukushima Prefecture offshore earthquake that occurred on March 16, 2022 caused damage to railcars and equipment of the Tohoku Shinkansen, forcing suspension of operation in some segments. We apologize for the inconvenience. However, as a result of the hard efforts of the relevant parties for recovery, operations resumed on all lines from April 14, 2022.

In light of this situation, the Group made its utmost efforts to prevent the spread of COVID-19 to its customers and employees and to ensure the safety and reliability of transportation and the quality of its services. Under Speed Up “Move Up” 2027 announced in September 2020 as a policy tailored to the post-COVID-19 society, the Group worked to enhance profitability, fundamentally strengthen our management foundation, and implement ESG management, thereby accelerating our progress toward the achievement of “Move Up” 2027 management vision.

During the fiscal year under review, operating revenues increased 12.1%, to ¥1,978.9 billion, due mainly to revenue increases, which were attributable to the recovery from decreased sales impacted by the spread of COVID-19 during the previous fiscal year and sales realized in the real estate business leveraging its “rotational business model”. As a result of such increase in operating revenues, we recorded operating loss of ¥153.9 billion (operating loss of ¥520.3 billion in fiscal 2021), ordinary loss of ¥179.5 billion (ordinary loss of ¥579.7 billion in fiscal 2021), and loss attributable to owners of parent of ¥94.9 billion (loss attributable to owners of parent of ¥577.9 billion in fiscal 2021).

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.

(Specific measures)

- 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 locations on the Shinkansen lines along embankment, cutting, and natural slopes where a mudslide may occur as a result of record-breaking rainfall and other factors
- Installation of automatic platform gates completed at 80 railway stations (92 railway stations on a line-by-line basis) as of March 31, 2022
- Preparation for introducing new testing equipment for performance and durability of bogies at the JR East Research and Development Center in anticipation of the start of operations around summer 2024, in order to verify reliability and evaluate durability of bogies
- Implementation of education and training programs to prepare for terrorist attacks, tsunami, etc. with the aim of improving the ability of station staff and train crew to respond to emergencies, as well as installation of self-defence tools on train cars

Enhancing Profitability (Restructuring our growth and innovation strategies)

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 physical networks, an area of the Group's strength, with digital technologies, and made efforts to propose new lifestyles and take on the challenge of entering new fields.

(Specific measures)

- Implementation of the *TOHOKU Destination Campaign* for six months from April 2021 to highlight attractions of the six Tohoku prefectures, and continuation of the promotion for the fall and winter season after the end of the campaign
- Launch of the *SHINKANSEN YEAR 2022* campaign in January 2022 using CG videos showing the futuristic appeal of Shinkansen, etc. for promotion
- Receipt of order by Japan Transport Engineering Company to supply 304 railcars for extension of the North-South Commuter Railway in the Philippines and conclusion of agreement in March 2022
- Establishment of JR East Real Estate Asset Management Co., Ltd. in April 2021 to strengthen real estate business through the provision of asset management services
- Establishment of *JRE MALL* showrooms within railway stations and promotion of online consultations and sales
- Naming of cargo transport railway service as *Hakobyun* (Train Parcel Service) and increasing cargo handling capacity as part of full-fledged expansion as new business
- Expansion to 503 locations as part of the *STATION WORK* shared office business by March 2022, including the introduction of *STATION BOOTH* in West Japan Railway Company stations
- Conclusion of agreement for business alliance with HIKKY Co., Ltd. in the XR (extended reality technology) field in August 2021, and opening of *Virtual AKIBA World*, the first metaverse station in the world, in March 2022

Fundamental Strengthening of Management Foundation (Reforming the corporate structure)

The Group forged ahead with its three reforms “operational reform,” “working style reform” and “worksite 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.

(Specific measures)

- Introduction of new E131 Series railcars on the Sagami Line in November 2021, and on the Utsunomiya Line and the Nikko Line in March 2022, and commencement of their conductorless operations in March 2022 along with the Hachiko Line and the Kawagoe Line
- Introduction of an overhead wire condition monitoring system to automatically assess the condition of wires and other equipment from November 2021 and a snow detection system for image analysis to detect snow remaining on the water-sprinkler snow-melting equipment of the Joetsu Shinkansen from December 2021, utilizing cameras and AI installed on the electricity and track general inspection cars (*East-i*)
- Trial operations along Kesennuma Line BRT (between Yanaizu Station and Rikuzen-Yokoyama Station) in pursuit of level 3 self-driving, with a test-ride event to offer first-hand experience of self-driving held in September 2021
- Implementation of test runs for introduction of automated operations during operating hours of the Joetsu Shinkansen (between Niigata Station and the Niigata Shinkansen Rolling Stock Center) in October 2021 and the Yamanote Line in February 2022
- 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
- Introduction of a monitoring system in November 2021 for railway infrastructure designed to prevent the tilting of railway electric poles, in collaboration with Sonas, Inc.
- Establishment of JR East Cross Station Co., Ltd. and merger of the subsidiaries JR East Retail Net Co., Ltd., JR East Foods Co., Ltd., JR East Water Business Co., Ltd. and Tetsudo Kaikan Co., Ltd. in April 2021 in order to maximize station value
- Commencement of COVID-19 vaccinations to employees in June 2021
- Commencement of a moonlighting program at Group companies in July 2021

Implementing ESG Management

To achieve net zero CO₂ emissions for the entire JR East Group by fiscal 2051, JR East promoted the introduction of energy-saving equipment and development of renewable energy sources. While working to realize regional revitalization through co-creation with communities, the Group provided safe and stable transportation throughout the period of the Tokyo 2020 Olympic and Paralympic Games as an Official Partner (Passenger and Rail Transportation Services).

(Specific measures)

- With respect to the JR East Group “Zero-Carbon Challenge 2050,” setting of a new CO₂ emissions reduction target for the entire JR East Group of 50% by fiscal 2031 compared to fiscal 2014, and expansion of the scope of application of internal carbon pricing
- Promotion of development of renewable energy sources, and commencement of operations of Ichikai Solar Power Plant (Tochigi) in April 2021, Daigo Solar Power Plant (Ibaraki) in November 2021, and Noheji-Shibasaki Wind Power Plant (Aomori) in March 2022
- Completion of replacement of No. 1 unit at Kawasaki Thermal Power Station and commencement of operations in June 2021, contributing to reduced CO₂ emissions due to its highly efficient facility fueled by natural gas
- Commencement in March 2022 of verification tests for the hydrogen-powered hybrid train *HYBARI* on the Nambu Line (Kawasaki-Noborito), the Tsurumi Line and the Nambu Line Shitte Branch Line
- Investment in Ensen Marugoto Co., Ltd. in December 2021 to roll out the *Ensen Marugoto HOTEL* business through the use of old Japanese-style houses
- Implementation of measures to enhance railway security during the Tokyo 2020 Olympic and Paralympic Games, such as baggage checks that include the use of detection dogs to sniff out hazardous materials and security cameras designed to detect suspicious individuals and objects, and the adoption of wearable cameras in security services
- Revision of the Company’s corporate governance guidelines in November 2021 in line with the amendment of the TSE Corporate Governance Code in June 2021
- Finalization of transition to Prime Market in the new market segments of TSE starting in April 2022 pursuant to the Company’s selection and application made in November 2021

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.

(Specific measures)

- Renewal of *eki-net* service in June 2021 to enable linkage with *JRE POINT* and support for reserving and purchasing discount tickets, and commencement in March 2022 of a service to show a link to *eki-net* on Google

Maps

- Introduction of E7 Series Hokuriku Shinkansen railcars equipped with wheelchair-designated free spaces in July 2021
- Promotion of measures to increase users of the *Off-Peak Point Service* for customers who commute during off-peak times using the *Suica* commuter pass
- Commemorative campaign marking the 30th anniversary of *JR SKISKI* to spur demand for snow-related activities
- Merger of the Yamanote Line Outer Loop platform and the Keihin-Tohoku Line Northbound platform at Shinagawa Station in December 2021 to enable easier transfers and to reduce congestion of the Yamanote Line platform
- Revision of the Green Car Fees of the Shinkansen and limited express trains, and making all cars of the Yamagata Shinkansen reserved-seats-only in March 2022
- Implementation from March 2022 of a system in which train crew helps customers in wheelchairs get on/off trains by using a portable slope at certain stations of the Senseki Line, the Ban-etsu-West Line, the Koumi Line, etc.

As a result, operating revenues in the Transportation segment increased 15.8%, to ¥1,332.8 billion, due mainly to increases in passenger revenues, which were attributable to the recovery from decreased sales impacted by the spread of COVID-19 during fiscal 2021, and operating loss was ¥285.3 billion (operating loss of ¥548.5 billion in 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.

(Specific measures)

- Opening of new *KINOKUNIYA* stores in Hiroshima in May 2021, in Nagoya in November 2021, and in Osaka in March 2022
- Full-scale opening of new stores of *ecute EDITION* at Iidabashi Station in July 2021 and at Shinbashi Station in March 2022
- Trial operation of *JRE Passport*, a subscription-based service for use of coffee, eki soba (noodles served at stations) and shared office spaces, from July to September 2021, and promotion of preparations for full-scale commencement of the service in April 2022
- Launch of *EKITOMA TICKET*, *JRE MALL*’s electronic ticket service in October 2021 usable for dining, shopping and other purposes in local communities
- Promotion of preparations for opening of a Hybrid Clinic that provides comprehensive medical examination for multiple clinical categories not only in person but also online on the platform of Nishi-Kokubunji Station of the Chuo Line in April 2022

As a result, despite the increase in the sales at stores in stations, which were attributable to the recovery from decreased sales impacted by the spread of COVID-19 during fiscal 2021, operating revenues in the Retail & Services segment decreased 17.8%, to ¥312.2 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 increased 440.3%, to ¥14.1 billion.

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.

(Specific measures)

- Full-scale opening of *KAWASAKI DELTA* (Kanagawa), a large-scale mixed-use development of buildings with offices, commercial facilities, and a hotel, in May 2021
- Opening of *HOTEL METROPOLITAN AKITA North Wing* (Akita) in May 2021
- 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
- Commencement of its “rotational business model” in the real estate business and liquidation of real estate held by the Company in December 2021
- Launch of hotel packages by NIPPON HOTEL Co., Ltd. that include admission tickets to Yokohama Hakkeijima Seaparadise and Seibuen Amusement Park as part of comprehensive partnership with SEIBU HOLDINGS INC.
- Completion in March 2022 of *JR MEGURO MARC BUILDING*, the office building of *MEGURO MARC* (Tokyo), which is an urban development complex consisting of three buildings for rental apartments, condominiums, and offices

As a result, operating revenues in the Real Estate & Hotels segment increased 28.9%, to ¥375.6 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 fiscal 2021, and to increased income from office building leases as well as sales realized in the real estate business leveraging the “rotational business model”, and operating income increased 611.3%, to ¥107.8 billion.

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*.

(Specific measures)

- Issuance of approximately 89.6 million *Suica* cards in total, achievement of 16.6 million members for Mobile *Suica*, and expansion of store network accepting *Suica* electronic payment to 1.3 million stores by March 31, 2022, as a result of promoting a shared platform for *Suica*
- Commencement of commemorative campaign in November 2021 marking the 20th anniversary of the launch of *Suica* service
- Expansion of the multi-function regional IC card service areas to nine areas, where a single card can be used to receive both unique regional services, including bus commuter pass services, and *Suica* services, by March 31, 2022, to expand the *Suica* user base in local areas
- Preparation of *Eki Karte*, a formal report on *Suica*-related statistical information, aimed to be utilized for town development and regional revitalization, and promotion of preparations for commencement of sales in May 2022
- Launch of regional and tourism-oriented MaaS services in six Tohoku prefectures and Karuizawa, and commencement of operation of *Tabi-CONNECT*, a regional and tourism-oriented MaaS package available outside of the JR East area, in November 2021
- 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
- Promotion of establishment of 5G base stations inside train stations as an infrastructure sharing business for telecommunications carriers, and completion of establishment of 19 base stations in total by March 31, 2022

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 14.4%, to ¥208.4 billion. In addition, operating income declined 21.1%, to ¥11.6 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.

(ii) Outlook for the Year Ending March 31, 2023

The spread of COVID-19 has significantly impacted the entire Japanese economy, and we recognize that we will continue to face a severe situation such as the decline in demand for transportation associated with the spread of the infection. In addition, transformation in people's behavior and values in the "post-COVID-19" 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 view of this situation, the JR East Group will do its utmost to ensure safe and stable transportation as well as service quality, while placing the highest priority on preventing infection among customers and employees, and will provide new value through the fusion of services in the three areas of transportation, life-style, and IT & *Suica* and enhance our management structure by fundamentally reviewing business operations.

JR East's consolidated performance outlook for the fiscal year ending March 31, 2023, as of the publication date of this document is as follows.

Fiscal 2023 Performance Forecasts

Full fiscal year

Operating Revenues: ¥2,453.0 billion (24.0% year-on-year increase)

Operating Income: ¥153.0 billion

Ordinary Income: ¥98.0 billion

Profit Attributable to Owners of Parent: ¥60.0 billion

Six-month period ending September 30, 2022

Operating Revenues: ¥1,158.0 billion (31.9% year-on-year increase)

Operating Income: ¥75.0 billion

Ordinary Income: ¥42.0 billion

Profit Attributable to Owners of Parent: ¥26.0 billion

(2) Analysis of Financial Position

In the fiscal year ended March 31, 2022, operating activities provided net cash of ¥190.5 billion, a ¥380.4 billion change from net cash used in the previous fiscal year. This result was mainly because loss before income taxes decreased.

Investing activities used net cash of ¥526.3 billion, ¥223.0 billion less than in the previous fiscal year. This result was mainly due to a decrease in payments for the acquisition of property, plant and equipment and intangible assets.

Financing activities provided net cash of ¥304.6 billion, ¥678.7 billion less than in the previous fiscal year. This result was due in part to a decrease in incurring interest-bearing debt.

Consequently, cash and cash equivalents as of March 31, 2022, were ¥171.0 billion, a decrease of ¥26.9 billion from March 31, 2021.

In addition, net interest-bearing debt was ¥4,532.7 billion as of March 31, 2022. Please note that net interest-bearing debt represents the balance of consolidated interest-bearing debt minus the balance of consolidated cash and cash equivalents at the fiscal year-end.

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

	Fiscal 2020	Fiscal 2021	Fiscal 2022
Equity ratio (%)	36.9	28.4	26.3
Equity ratio on market-value basis (%)	36.1	33.2	29.5
Interest-bearing debt / net cash provided by operating activities (times)	6.0	—	24.7
Interest coverage ratio (times)	9.0	—	3.1

Notes: Equity ratio: Shareholders' equity / Total assets

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

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

1. Indicators are derived from the consolidated financial statements.

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

3. Interest-bearing debt / net cash provided by operating activities and Interest coverage ratio in fiscal 2021 are not stated because net cash provided by operating activities was negative.

(3) Basic Dividend Policy and Dividends for Fiscal 2022 and Fiscal 2023

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

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

(Reference) Calculation of total return ratio

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

Based on this policy, JR East plans to pay (payment scheduled to begin on June 23, 2022) year-end cash dividends of ¥50 per share, which are in addition to the interim cash dividends of ¥50 per share, for full-year cash dividends of ¥100 per share.

JR East plans to pay cash dividends of ¥100 per share, including interim dividends of ¥50 per share in the same amount as the current fiscal year, for the fiscal year ending March 31, 2023.

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

JR East will use retained earnings to enhance returns to shareholders and also actively use them for necessary capital expenditures, such as investments to realize sustainable growth and strengthen operational foundations. Going forward, JR East will strive to strengthen its business foundation and enhance its corporate value further by its best efforts to achieve early recovery of its business performance and increase operating cash flow.

2. Status of the Group

The JR East Group consists of East Japan Railway Company, 69 consolidated subsidiaries, and 6 equity-method affiliated companies (as of March 31, 2022). The JR East Group has four business segments: Transportation, Retail & Services, Real Estate & Hotels, and Others. The relationship of East Japan Railway Company and other related companies to each business segment are as shown below.

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

(i) Transportation

The Transportation segment includes passenger transportation operations centered on railway operations, as well as travel agency services, cleaning services, station operations, facilities maintenance operations, railcar manufacturing operations, and railcar maintenance operations. With a service area mainly covering Tokyo and the combined 16 prefectures of the Kanto and Tohoku regions, JR East's railway operations comprise 1,628 railway stations, 6,108.5 operating kilometers of conventional lines, and 1,194.2 kilometers of Shinkansen lines, spanning a total of 7,302.7 kilometers.

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

(Bus services and railway passenger transport services)

JR BUS KANTO CO., LTD. *

TOKYO MONORAIL CO., LTD.*

(Travel agency services)

JR EAST VIEW Travel Service Co., Ltd.*

JTB Corp.**

(Cleaning services)

JR East Environment Access Co., Ltd. *

(Station operations)

JR East Station Service Co., Ltd.*

(Facilities maintenance operations)

JR East Facility Management Co., Ltd. *

NIPPON DENSETSU KOGYO CO., LTD. **

NIPPON RIETEC CO., LTD. **

Total Electric Management Service Co., Ltd. **

(Railcar manufacturing operations)

Japan Transport Engineering Company*

(Railcar maintenance operations)

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

(ii) Retail & Services

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

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

(Retail and restaurant operations)

JR East Cross Station Co., Ltd.*

JR EAST TOUHOKU SOUGOU SERVICE COMPANY*

(Wholesale business)

EAST JAPAN RAILWAY TRADING CO., LTD. *

(Truck transportation business)

JR East Logistics Co., Ltd. *

(Advertising and publicity)

East Japan Marketing & Communications, Inc.*

(iii) Real Estate & Hotels

This segment consists of the part of JR East's life-style service business that includes shopping center operations, leasing of office buildings and other properties, and hotel operations, as well as development and sales of real estate for such operations.

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

(Shopping center operations)

LUMINE Co., Ltd.*

atré Co., Ltd.*

JR East Urban Development Corporation*

(Leasing of office buildings)

JR East Building Co., Ltd.*

(Hotel operations)

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

(iv) Others

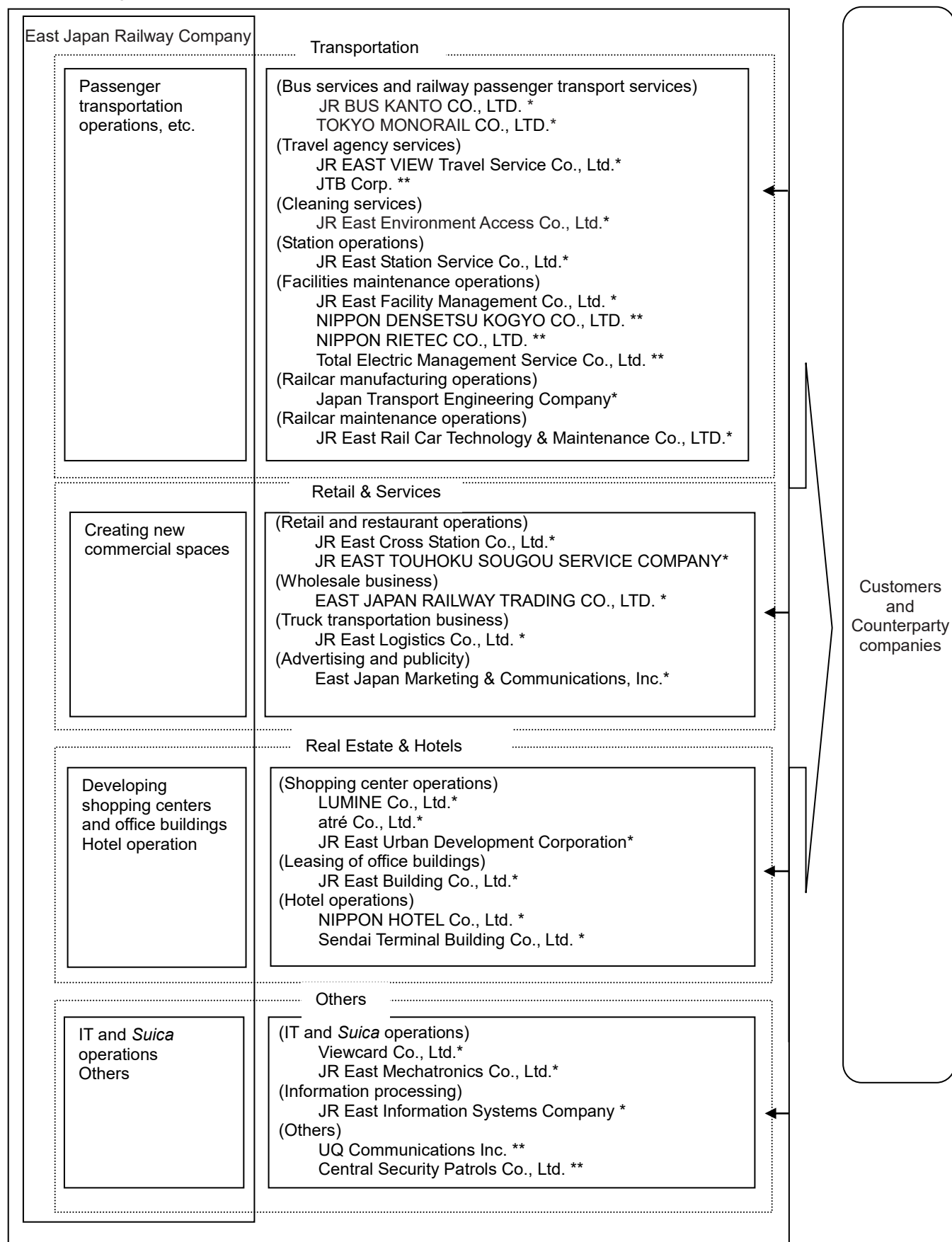
JR East conducts IT and *Suica* businesses, which include credit card operations, and information processing, among others.

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

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

2. On April 1, 2022, JR EAST VIEW Travel Service Co., Ltd. was renamed JR EAST VIEW TOURISM AND SALES COMPANY LIMITED.

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



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

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

3. On April 1, 2022, JR EAST VIEW Travel Service Co., Ltd. was renamed JR EAST VIEW TOURISM AND SALES COMPANY LIMITED.

3. Management Policies

(1) Basic Management Policies

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

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

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

As the Japanese economy has been significantly affected by the spread of COVID-19, although we expect customer use of railways will steadily recover, we believe it is unlikely to return to the pre-COVID-19 pandemic level due to the transformation in people's lifestyles. Faced also by the situation in Ukraine and other uncertainties, there are concerns about a rise in raw materials prices and fluctuations in financial and capital markets.

In addition, over the medium to long term, Japan's population is anticipated to further decline and age. At the same time, significant changes to the business environment are expected, including automated driving and other technological innovations as well as changes in globalization.

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

① Medium- Term Management Strategies

The Group had been managing its operations in line with the "Move Up" 2027 management vision in anticipation of changes to its business environment, but in September 2020, based on our belief that customer use of railways will not return to the pre-COVID-19 pandemic level, the Group announced Speed Up "Move Up" 2027, a policy tailored to the post-COVID-19 society. By increasing the level and pace of its various initiatives, the Group will work to expedite its progress toward the achievement of "Move Up" 2027.

The Group will combine physical networks, in which the Group has an advantage, and digital technologies. In conjunction, the Group will evolve the railway-centered business model by placing greater emphasis on people and promote to reform the corporate structure to realize sustainable growth of the Group.

We will maximize the Group's capabilities and create new value through the fusion of services in the three areas of transportation, life-style, and IT & *Suica*, so that the Transportation segment covers 60% of operating revenues by fiscal 2026 (with the other segments accounting for the remaining 40%). The Group will continue to invest management resources in growth areas in an effort to decrease the Transportation segment's share of operating revenues to 50% as swiftly as possible.

② Management Benchmarks

In the wake of a drastic downturn to its business environment, in January 2021 the Group has established the following numerical targets for the fiscal year ending March 31, 2026, and we will continue to work as a united group to achieve our goals.

	Billions of Yen			
	Fiscal 2026 Targets	Plans for Fiscal 2022 (as of October 2021)	Actual Fiscal 2022	Actual/Plan Fiscal 2022
Operating Revenues	3,090.0	2,057.0	1,978.9	96.2%
Transportation	1,970.0	1,336.0	1,277.0	95.6%
Retail & Services	550.0	290.0	278.1	95.9%
Real Estate & Hotels	480.0	361.0	352.6	97.7%
Others	90.0	70.0	71.0	101.5%
Operating Income	450.0	(115.0)	(153.9)	-
Transportation	252.0	(257.0)	(285.3)	-
Retail & Services	57.0	24.0	14.1	58.8%
Real Estate & Hotels	113.0	106.0	107.8	101.7%
Others	30.0	14.0	11.6	83.2%
Adjustment	(2.0)	(2.0)	(2.1)	-
(Rate of Progress)				
Consolidated operating cash flow	3,693.0(Note1)	-	190.5	5.2%
Consolidated ROA (%)	Around 4.5	-	(1.7)	-
Net interest-bearing debt / EBITDA (times) (Note2)	5 or less	-	19.0	-

Notes: 1. Total amount covering five years from the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2026
2. Net interest-bearing debt means Balance of consolidated interest-bearing debt *minus* Balance of consolidated cash and cash equivalents
EBITDA means Consolidated operating income *plus* Consolidated depreciation expense

③ Issues to Address

With the aim of realizing its management vision “Move Up” 2027, the Group will pursue efforts to enhance profitability (restructuring of growth and innovation strategies), reform the corporate structure (fundamental strengthening of management foundation), and implement ESG management, while continuing to position safety at the top of its management priorities.

○Safety is Our Top Priority

The Group will further refine our safe and stable transportation and earn deeper trust from customers and communities, which is fundamental to the Group’s entire operations. In addition, each employee will work while being cognizant of the nature of his or her duties and proactively address risks, and we will devote our resources to reducing disaster-related risks given the increasing severity of natural disasters in recent years. Through these efforts, the Group will minimize the risk of occurrence of major accidents and will aim to achieve zero accidents involving passenger injuries or fatalities and zero accidents involving employee fatalities.

The Group will also expand and accelerate installation of automatic platform gates and other features by using the fare system established by the government to make train stations barrier-free.

○Enhancing profitability (restructuring our growth and innovation strategies)

While working to recover railway users by stimulating their demand for travel and movement, the Group will also launch new products and services that match the changes in lifestyles of people and venture into new fields taking advantage of the Group’s strengths.

The Group will implement the group-wide “RAILWAY 150th Anniversary” project and promote the “Beyond Stations” concept, such as showrooming of stations and making stations the customer pickup sites for *JRE MALL* products. The Group will also promote town-building toward the partial opening of the “Takanawa Gateway City (temporary name)” scheduled at the end of fiscal 2025 while working to launch sustainable international businesses by combining our Group capabilities.

○Reforming the corporate structure (fundamental strengthening of management foundation)

The Group will aim to establish a flexible cost structure through reduction of operation costs in railway business and other efforts. The Group will also work on its structural reform by thoroughly implementing use of new technologies, streamlining of equipment, and revision of work processes.

The Group will 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 how services are used. At the same time, for local lines, we will advance discussions with local municipalities, etc. in areas alongside the railway lines to establish sustainable transportation systems.

Moreover, JR East will restructure its organization in June 2022 and thereafter with the aim of flexibly responding to the rapidly changing business environment and enhancing management structure through the improvement of each employee’s motivation for work and the improvement of productivity. We will promote the transfer of authority and integration among systems or between on-site work locations and planning departments in order to create value and solve problems more speedily and at locations closer to customers.

○Implementing ESG management

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

With respect to the environment, the Group will pursue reducing CO₂ emissions by fiscal 2031 to zero in the Tohoku Region toward “Zero-Carbon Challenge 2050”. With respect to regional revitalization, the Group will promote a range of initiatives, including opening of new stations, town-building centered around regional core stations, and promoting sextic industrialization to stimulate local economies. With respect to internal controls, we will adopt the broad concept of risk management from a viewpoint of improving the Group’s value, and support and encourage employees taking on challenges for their development.

4. Basic Policy for Selection of Accounting Standards

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

5. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Millions of Yen

	Fiscal 2021	Fiscal 2022
ASSETS		
Current Assets	¥ 898,406	¥ 907,001
Cash and time deposits	198,130	171,194
Notes and accounts receivable-trade	470,611	—
Notes, accounts receivable-trade and contract assets	—	503,581
Fares receivable	38,536	53,246
Securities	137	100
Real estate for sale	4,081	18,006
Inventories	83,646	94,213
Other	105,833	69,459
Allowance for doubtful accounts	(2,572)	(2,802)
Fixed Assets	8,018,013	8,184,423
Property, plant and equipment, net of accumulated depreciation	7,118,150	7,177,855
Buildings and fixtures (net)	3,789,310	3,861,442
Machinery, rolling stock and vehicles (net)	742,251	747,230
Land	2,145,694	2,164,997
Construction in progress	361,626	334,610
Other (net)	79,266	69,575
Intangible assets	150,825	169,970
Investments and other assets	749,037	836,597
Investments in securities	314,500	301,490
Long-term loans receivable	2,035	1,987
Deferred tax assets	344,825	442,562
Net defined benefit assets	531	803
Other	88,169	90,968
Allowance for doubtful accounts	(1,024)	(1,214)
Total Assets	¥8,916,420	¥9,091,424

Note: Amounts less than one million yen are omitted.

Millions of Yen

	Fiscal 2021	Fiscal 2022
LIABILITIES		
Current Liabilities	¥2,032,849	¥1,688,558
Notes and accounts payable-trade	52,909	47,876
Short-term loans and current portion of long-term loans	433,320	202,249
Current portion of bonds	90,000	111,000
Current portion of long-term liabilities		
incurred for purchase of railway facilities	4,215	3,806
Payables	477,546	422,653
Accrued consumption taxes	7,856	34,654
Accrued income taxes	22,074	10,938
Fare deposits received with regard to railway connecting services	33,992	27,847
Prepaid railway fares received	77,526	69,598
Allowance for bonuses to employees	62,128	52,715
Allowance for disaster-damage losses	12,439	22,465
Allowance for partial transfer costs of railway operation	—	128
Other	758,840	682,624
Long-Term Liabilities	4,326,209	4,984,754
Bonds	1,930,308	2,431,665
Long-term loans	1,158,872	1,309,950
Long-term liabilities incurred for purchase of railway facilities	318,873	315,067
Deferred tax liabilities	5,221	2,309
Provision for large-scale renovation		
of Shinkansen infrastructure	120,000	144,000
Allowance for disaster-damage losses	85	2,591
Allowance for partial transfer costs of railway operation	1,131	—
Net defined benefit liabilities	482,221	465,346
Other	309,494	313,823
Total Liabilities	¥6,359,058	¥6,673,313
NET ASSETS		
Shareholders' Equity	¥2,472,539	¥2,338,255
Common stock	200,000	200,000
Capital surplus	96,522	96,411
Retained earnings	2,181,570	2,047,407
Treasury stock, at cost	(5,553)	(5,563)
Accumulated Other Comprehensive Income	62,487	56,672
Net unrealized holding gains (losses) on securities	54,322	47,830
Net deferred gains (losses) on derivatives under		
hedge accounting	2,137	2,464
Revaluation reserve for land	(433)	(256)
Foreign currency translation adjustments	(25)	257
Remeasurements of defined benefit plans	6,486	6,377
Non-Controlling Interests	22,334	23,182
Total Net Assets	2,557,361	2,418,110
Total Liabilities and Net Assets	¥8,916,420	¥9,091,424

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	Fiscal 2022
Operating Revenues	¥1,764,584	¥1,978,967
Operating Expenses	2,284,943	2,132,905
Transportation, other services and cost of sales	1,724,644	1,596,068
Selling, general and administrative expenses	560,298	536,836
Operating Loss	(520,358)	(153,938)
Non-Operating Income	22,465	44,239
Interest income	83	149
Dividend income	4,960	9,651
Gains on sales of equipment	965	1,416
Insurance proceeds and dividends	6,200	6,559
Equity in net income of affiliated companies	—	12,015
Subsidies for cooperation income	184	6,626
Other	10,071	7,820
Non-Operating Expenses	81,906	69,802
Interest expense	60,663	62,158
Losses on sales of equipment	231	168
Equity in net losses of affiliated companies	13,417	—
Other	7,594	7,476
Ordinary Loss	(579,798)	(179,501)
Extraordinary Gains	43,467	64,117
Gains on sales of fixed assets	11,659	6,498
Gains on sales of investments in securities	368	20,651
Construction grants received	28,956	20,784
Other	2,482	16,183
Extraordinary Losses	167,260	65,118
Losses on sales of fixed assets	159	166
Losses from disposition of fixed assets	3,067	2,452
Losses on reduction entry for construction grants	16,800	15,269
Impairment losses on fixed assets	80,032	9,652
Disaster-damage losses	592	376
Provision for allowance for disaster-damage losses	6,968	21,255
Other	59,639	15,944
Loss before Income Taxes	(703,591)	(180,502)
Income Taxes	(120,890)	(85,977)
Current	13,263	12,527
Deferred	(134,153)	(98,505)
Loss	(582,700)	(94,525)
Profit (Loss) Attributable to Non-Controlling Interests	(4,800)	423
Loss Attributable to Owners of Parent	¥ (577,900)	¥ (94,948)

Note: Amounts less than one million yen are omitted.

(ii) Consolidated Statements of Comprehensive Income

	Millions of Yen	
	Fiscal 2021	Fiscal 2022
Loss	¥ (582,700)	¥ (94,525)
Other Comprehensive Income	16,929	(6,017)
Net unrealized holding gains (losses) on securities	20,844	(5,650)
Net deferred gains (losses) on derivatives under hedge accounting	(260)	326
Foreign currency translation adjustments	(10)	257
Remeasurements of defined benefit plans	(4,438)	(783)
Share of other comprehensive income of associates accounted for using equity method	794	(167)
Comprehensive Income	¥ (565,771)	¥ (100,543)
Comprehensive Income attributable to		
Comprehensive income attributable to owners of the parent	¥ (560,990)	¥ (100,972)
Comprehensive income attributable to non-controlling interests	¥ (4,780)	¥ 429

Note: Amounts less than one million yen are omitted.

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

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Fiscal 2021

Millions of Yen

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock, at Cost	Total Shareholders' Equity
Balance at the fiscal year start	200,000	96,796	2,809,369	(5,546)	3,100,618
Cumulative effects of changes in accounting policies					—
Restated balance	200,000	96,796	2,809,369	(5,546)	3,100,618
Changes of items during the fiscal year					
Cash dividends			(50,032)		(50,032)
Loss attributable to owners of parent			(577,900)		(577,900)
Increase/decrease due to merger			134		134
Purchase of treasury stock				(8)	(8)
Disposal of treasury stock			(0)	1	0
Change in scope of equity method					—
Capital increase of consolidated subsidiaries		(66)			(66)
Purchase of shares of consolidated subsidiaries		(207)			(207)
Reversal of revaluation reserve for land					—
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	—	(273)	(627,798)	(6)	(628,079)
Balance at the fiscal year end	200,000	96,522	2,181,570	(5,553)	2,472,539

	Accumulated Other Comprehensive Income						Non-Controlling Interests	Total Net Assets
	Net Unrealized Holding Gains (Losses) on Securities	Net Deferred Gains (Losses) on Derivatives under Hedge Accounting	Revaluation Reserve for Land	Foreign currency translation adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at the fiscal year start	32,975	2,405	(418)	(15)	10,629	45,577	27,231	3,173,427
Cumulative effects of changes in accounting policies								—
Restated balance	32,975	2,405	(418)	(15)	10,629	45,577	27,231	3,173,427
Changes of items during the fiscal year								
Cash dividends								(50,032)
Loss attributable to owners of parent								(577,900)
Increase/decrease due to merger								134
Purchase of treasury stock								(8)
Disposal of treasury stock								0
Change in scope of equity method								—
Capital increase of consolidated subsidiaries								(66)
Purchase of shares of consolidated subsidiaries								(207)
Reversal of revaluation reserve for land								—
Net changes of items other than shareholders' equity	21,346	(267)	(15)	(10)	(4,142)	16,909	(4,896)	12,013
Total changes of items during the fiscal year	21,346	(267)	(15)	(10)	(4,142)	16,909	(4,896)	(616,066)
Balance at the fiscal year end	54,322	2,137	(433)	(25)	6,486	62,487	22,334	2,557,361

Fiscal 2022

Millions of Yen

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock, at Cost	Total Shareholders' Equity
Balance at the fiscal year start	200,000	96,522	2,181,570	(5,553)	2,472,539
Cumulative effects of changes in accounting policies			(1,228)		(1,228)
Restated balance	200,000	96,522	2,180,341	(5,553)	2,471,311
Changes of items during the fiscal year					
Cash dividends			(37,760)		(37,760)
Loss attributable to owners of parent			(94,948)		(94,948)
Increase/decrease due to merger		(13)	666		653
Purchase of treasury stock				(10)	(10)
Disposal of treasury stock			(0)	0	0
Change in scope of equity method			(715)		(715)
Capital increase of consolidated subsidiaries		(98)			(98)
Purchase of shares of consolidated subsidiaries					—
Reversal of revaluation reserve for land			(176)		(176)
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	—	(111)	(132,933)	(10)	(133,055)
Balance at the fiscal year end	200,000	96,411	2,047,407	(5,563)	2,338,255

	Accumulated Other Comprehensive Income						Non-Controlling Interests	Total Net Assets
	Net Unrealized Holding Gains (Losses) on Securities	Net Deferred Gains (Losses) on Derivatives under Hedge Accounting	Revaluation Reserve for Land	Foreign currency translation adjustments	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income		
Balance at the fiscal year start	54,322	2,137	(433)	(25)	6,486	62,487	22,334	2,557,361
Cumulative effects of changes in accounting policies								(1,228)
Restated balance	54,322	2,137	(433)	(25)	6,486	62,487	22,334	2,556,132
Changes of items during the fiscal year								
Cash dividends								(37,760)
Loss attributable to owners of parent								(94,948)
Increase/decrease due to merger								653
Purchase of treasury stock								(10)
Disposal of treasury stock								0
Change in scope of equity method								(715)
Capital increase of consolidated subsidiaries								(98)
Purchase of shares of consolidated subsidiaries								—
Reversal of revaluation reserve for land								(176)
Net changes of items other than shareholders' equity	(6,491)	326	176	282	(108)	(5,814)	848	(4,966)
Total changes of items during the fiscal year	(6,491)	326	176	282	(108)	(5,814)	848	(138,021)
Balance at the fiscal year end	47,830	2,464	(256)	257	6,377	56,672	23,182	2,418,110

(4) Consolidated Statements of Cash Flows (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Millions of Yen

	Fiscal 2021	Fiscal 2022
Cash Flows from Operating Activities		
Loss before income taxes	¥(703,591)	¥(180,502)
Depreciation	388,828	392,626
Impairment losses on fixed assets	80,032	9,652
Amortization of long-term prepaid expense	11,170	11,279
Net change in provision for large-scale renovation of Shinkansen infrastructure	24,000	24,000
Net change in net defined benefit liabilities	(36,057)	(17,594)
Interest and dividend income	(5,043)	(9,800)
Interest expense	60,663	62,158
Construction grants received	(28,956)	(20,784)
Losses from disposition of fixed assets	38,982	32,089
Losses from provision for cost reduction of fixed assets	16,800	15,269
Disaster-damage losses	592	376
Provision for allowance for disaster-damage losses	6,968	21,255
Net change in major receivables	67,593	(43,868)
Net change in major payables	6,714	(27,555)
Other	(23,210)	27
Sub-total	(94,514)	268,630
Proceeds from interest and dividends	6,498	11,821
Payments of interest	(60,555)	(61,426)
Insurance proceeds related to disaster	—	6,000
Payments of disaster-damage losses	(12,374)	(8,948)
Payments of partial transfer costs of railway operation	(996)	(1,156)
Payments of income taxes	(28,024)	(24,413)
Net cash provided by (used in) operating activities	(189,968)	190,506
Cash Flows from Investing Activities		
Payments for purchases of fixed assets	(765,482)	(583,055)
Proceeds from sales of fixed assets	13,920	8,108
Proceeds from construction grants	30,699	34,481
Payments for purchases of investments in securities	(7,124)	(10,247)
Proceeds from sales of investments in securities	1,356	40,158
Other	(22,766)	(15,804)
Net cash used in investing activities	(749,397)	(526,358)
Cash Flows from Financing Activities		
Net change in short-term loans	300,000	(239,250)
Net change in commercial papers	265,000	(85,000)
Proceeds from long-term loans	281,700	298,650
Payments of long-term loans	(115,293)	(139,392)
Proceeds from issuance of bonds	430,003	612,302
Payments for redemption of bonds	(120,000)	(90,000)
Payments of liabilities incurred for purchase of railway facilities	(4,623)	(4,215)
Cash dividends paid	(50,032)	(37,760)
Other	(3,368)	(10,691)
Net cash provided by financing activities	983,385	304,642
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(17)	282
Net Change in Cash and Cash Equivalents	44,002	(30,926)
Cash and Cash Equivalents at Beginning of the Year	153,794	197,960
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiary	—	3,299
Increase in Cash and Cash Equivalents due to Merger	163	689
Cash and Cash Equivalents at End of the Year	¥ 197,960	¥ 171,023

Note: Amounts less than one million yen are omitted.

(5) Notes to Consolidated Financial Statements (Unaudited)

(Notes on Going Concern Assumption (Unaudited))

None

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

(i) Changes in Accounting Policies

- i) The Group adopted "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, revised on March 31, 2020) and its implementation guidance (collectively, the "Revised Revenue Recognition Accounting Standards"), 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 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 Revenue Recognition 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 fiscal 2022 to add to or deducted from the amount of beginning balance of retained earnings of fiscal 2022 the cumulative effects of applying retrospectively the new accounting policy from the beginning 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 as to which almost all amounts of revenues have been recognized in accordance with the prior treatments before the beginning 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 fiscal 2022, the cumulative effect is added to or deducted from the beginning balance of the retained earnings of fiscal 2022, based on the terms of the contracts that have been reflected all modifications in the contracts.

As a result, in fiscal 2022, operating revenues decreased ¥128,171 million and operating expenses decreased ¥125,467 million, while operating loss, ordinary loss, and loss before income taxes increased ¥2,703 million, ¥2,696 million, and ¥2,696 million, respectively. And the beginning balance of retained earnings decreased ¥1,228 million.

Due to the application of the Revised Revenue Recognition 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 beginning of fiscal 2022. 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.

- ii) The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, issued on July 4, 2019) and its implementation guidance (collectively, the "Revised Fair Value Measurement Accounting Standards"), have been applied since the beginning of fiscal 2022. In accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, revised on July 4, 2019), the Group has decided to apply the Revised Fair Value Measurement Accounting Standards prospectively.

This had no impact on our consolidated financial statements.

(Segment Information (Unaudited))

(i) Segment Information

- i) General information about reportable segments

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

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

(Matters concerning changes to reporting segment, etc.)

a. Change in Accounting Policy

As described in "Changes in Accounting Policies", the Group changed its 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 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 fiscal 2022, operating revenues decreased ¥3,482 million in the Transportation segment,

decreased ¥94,898 million in the Retail & Services segment, decreased ¥29,306 million in the Real Estate & Hotels segment, and decreased ¥15,442 million in the Others segment. Meanwhile, segment income decreased ¥1,048 million in the Transportation segment, decreased ¥47 million in the Retail & Services segment, decreased ¥90 million in the Real Estate & Hotels segment, and decreased ¥1,516 million in the Others segment.

b. 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 fiscal 2022.

The segment information of the previous consolidated fiscal year presented has been prepared based on the segment classification after such change.

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

The accounting treatment for each reportable segment is largely the same as that set forth in the “Important Items that Form the Basis for Preparing Consolidated Financial Statements” in the recent Annual Securities Report released on June 22, 2021. Moreover, intersegment transactions are between consolidated subsidiaries and based on market prices and other fair values.

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

Fiscal 2021 (Year ended March 31, 2021)	Millions of Yen						Consolidated (Note 3)
	Transportation	Retail & Services	Real Estate & Hotels	Others (Note 1)	Total	Adjustment (Note 2)	
Operating Revenues							
Outside customers	¥1,095,730	¥ 318,075	¥ 271,247	¥ 79,530	¥1,764,584	¥ —	¥1,764,584
Inside group	55,001	61,858	20,286	164,065	301,211	(301,211)	—
Total	1,150,731	379,934	291,534	243,595	2,065,796	(301,211)	1,764,584
Segment Income (loss)	¥ (548,529)	¥ 2,612	¥ 15,156	¥ 14,760	¥ (515,999)	¥ (4,358)	¥ (520,358)
Segment Assets	¥6,802,824	¥ 371,819	¥1,670,981	¥ 957,087	¥9,802,713	¥ (886,293)	¥8,916,420
Depreciation	294,686	16,816	53,310	24,015	388,828	—	388,828
Increase in fixed assets (Note 5)	472,331	24,513	165,031	51,793	713,669	—	713,669

- 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 ¥(4,358) million downward adjustment to segment income (loss) includes a ¥(3,779) million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥(579) million elimination for intersegment transactions. Moreover, the ¥(886,293) million downward adjustment to segment assets includes a ¥(1,167,051) million elimination of intersegment claims and obligations, offset by ¥280,758 million in corporate assets not allocated to each reporting segment.
3. Segment income (loss) is adjusted to ensure consistency with the operating loss set forth in the consolidated statements of income.
4. Segment information on liabilities was omitted from record, as it is not a metric used in deciding the allocation of management resources or evaluating earnings performance.
5. Increase in fixed assets includes a portion contributed mainly by national and local governments.

Fiscal 2022 (Year ended March 31, 2022)	Millions of Yen						Consolidated (Note 3)
	Transportation	Retail & Services	Real Estate & Hotels	Others (Note 1)	Total	Adjustment (Note 2)	
Operating Revenues							
Outside customers	¥1,277,035	¥ 278,186	¥ 352,671	¥ 71,073	¥ 1,978,967	¥ —	¥1,978,967
Inside group	55,803	34,068	23,024	137,424	250,319	(250,319)	—
Total	1,332,838	312,254	375,696	208,497	2,229,286	(250,319)	1,978,967
Segment income (loss)	¥ (285,346)	¥ 14,116	¥ 107,807	¥ 11,643	¥ (151,780)	¥ (2,158)	¥ (153,938)
Segment Assets	¥6,913,713	¥ 340,789	¥1,766,162	¥ 991,749	¥10,012,413	¥(920,989)	¥9,091,424
Depreciation	297,037	16,711	55,421	23,455	392,626	—	392,626
Increase in fixed assets (Note 5)	376,369	18,463	107,458	41,406	543,698	—	543,698

- Notes: 1. “Others” represents categories of business that are not included in reportable segments and includes IT & *Suica* business including credit card business, information processing and certain other businesses.
2. The ¥(2,158) million downward adjustment to segment income (loss) includes a ¥(2,378) million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥220 million elimination for intersegment transactions. Moreover, the ¥(920,989) million downward adjustment to segment assets includes a ¥(1,186,246) million elimination of intersegment claims and obligations, offset by ¥265,256 million in corporate assets not

- allocated to each reporting segment.
- 3. Segment income (loss) is adjusted to ensure consistency with the operating loss set forth in the consolidated statements of income.
- 4. Segment information on liabilities was omitted from record, as it is not a metric used in deciding the allocation of management resources or evaluating earnings performance.
- 5. Increase in fixed assets includes a portion contributed mainly by national and local governments.

(ii) Relevant Information

i) Information about products and services

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

ii) Information about geographic areas

a. Operating Revenues

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

b. Property, plant and equipment

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

iii) Information about major customers

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

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

Fiscal 2021 (Year ended March 31, 2021)	Millions of Yen				Total
	Transportation	Retail & Services	Real Estate & Hotels	Others (Note)	
Impairment losses on fixed assets	55,107	4,838	20,042	43	80,032

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

Fiscal 2022 (Year ended March 31, 2022)	Millions of Yen				Total
	Transportation	Retail & Services	Real Estate & Hotels	Others (Note)	
Impairment losses on fixed assets	4,622	2,711	2,317	1	9,652

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

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

Not applicable for the previous consolidated fiscal year. For this consolidated fiscal year, description is omitted as the amount was insignificant.

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

None

(Per Share Information (Unaudited))

	Fiscal 2021	Fiscal 2022
Shareholders' equity per share	¥6,719.93	¥6,348.57
Losses per share—basic	¥(1,531.91)	¥(251.69)
Earnings per share—diluted	Not shown because there are no convertible securities	Not shown because there are no convertible securities

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

	Fiscal 2021	Fiscal 2022
Loss attributable to owners of parent	¥(577,900) million	¥(94,948) million
Amount not attributable to common stockholders	—	—
Loss attributable to owners of parent related to common stock	¥(577,900) million	¥(94,948) million
Average number of common shares	377,240,648	377,239,488

(Subsequent Events (Unaudited))

(i) Issuance of Bonds

JR East issued the following straight bonds.

1. 3rd Euro EUR bonds

- (1) Issue date: April 13, 2022
- (2) Amount: €650 million (¥87,738 million)
- (3) Issue price: 100.000%
- (4) Coupon rate: 1.850% per annum
- (5) Maturity date: April 13, 2033
- (6) Existence of collateral: none
- (7) Use of proceeds: the repayment of interest-bearing debt etc.

2. Unsecured straight bonds, 178th issue, East Japan Railway Company

- (1) Issue date: April 14, 2022
- (2) Amount: ¥10,000 million
- (3) Issue price: ¥100 per ¥100
- (4) Coupon rate: 0.195% per annum
- (5) Maturity date: April 14, 2027
- (6) Use of proceeds: the repayment of interest-bearing debt etc.

3. Unsecured straight bonds, 179th issue, East Japan Railway Company

- (1) Issue date: April 14, 2022
- (2) Amount: ¥15,000 million
- (3) Issue price: ¥100 per ¥100
- (4) Coupon rate: 0.866% per annum
- (5) Maturity date: April 14, 2042
- (6) Use of proceeds: the repayment of interest-bearing debt etc.

4. Unsecured straight bonds, 180th issue, East Japan Railway Company

- (1) Issue date: April 14, 2022
- (2) Amount: ¥20,000 million
- (3) Issue price: ¥100 per ¥100
- (4) Coupon rate: 1.543% per annum
- (5) Maturity date: April 14, 2072
- (6) Use of proceeds: the repayment of interest-bearing debt etc.

(ii) Other Procurement of Significant Funds

JR East conducted the following fund-raising with the aim of securing funds in anticipation of the impact of COVID-19 and the repayment of interest-bearing debt etc.

1. Issuance of commercial paper

- (1) Issue date: April 21, 2022
- (2) Amount: ¥50,000 million
- (3) Coupon rate: 0% per annum
- (4) Maturity date: June 29, 2022
- (5) Existence of collateral, etc.: unsecured, unguaranteed

2. Issuance of commercial paper

- (1) Issue date: April 21, 2022
- (2) Amount: ¥100,000 million
- (3) Coupon rate: 0% per annum
- (4) Maturity date: October 21, 2022
- (5) Existence of collateral, etc.: unsecured, unguaranteed

(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 the end of the consolidated fiscal year (March 31, 2022), we made assumptions that the operating revenues from railway transportation business will recover to about 90% in fiscal 2023 compared to the level before the spread of COVID-19 although structural changes to society, such as widespread adoption of teleworking, will continue.

6. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY

Millions of Yen

	Fiscal 2021	Fiscal 2022
ASSETS		
Current Assets	¥ 645,346	¥ 669,830
Cash and time deposits	159,303	137,461
Fares receivable	222,569	259,337
Accounts receivable-trade	120,234	94,175
Short-term loans to affiliated companies receivable	97,298	118,076
Securities	137	—
Real estate for sale	141	13,733
Inventories	27,750	27,677
Prepaid expenses	8,336	8,088
Other	9,647	13,049
Allowance for doubtful accounts	(72)	(1,769)
Fixed Assets	7,527,127	7,665,164
Fixed assets for railway operations	5,151,348	5,177,176
Property, plant and equipment	11,745,622	11,894,696
Accumulated depreciation	(6,636,352)	(6,758,835)
Intangible assets	42,079	41,315
Fixed assets for other operations	868,923	896,149
Property, plant and equipment	1,115,893	1,151,508
Accumulated depreciation	(247,934)	(256,902)
Intangible assets	965	1,544
Fixed assets relating to both operations	304,761	330,656
Property, plant and equipment	844,494	889,925
Accumulated depreciation	(551,449)	(570,340)
Intangible assets	11,716	11,071
Construction in progress	333,993	313,607
Railway operations	240,406	250,752
Other operations	57,963	51,267
Relating to both operations	35,623	11,587
Investments and other assets	868,100	947,574
Investments in securities	210,648	186,584
Stocks of subsidiaries and affiliated companies	190,618	179,335
Long-term loans to affiliated companies receivable	157,566	179,701
Long-term prepaid expenses	48,477	49,031
Deferred tax assets	290,182	387,278
Other investment and other assets	12,610	12,546
Allowance for doubtful accounts	(42,003)	(46,903)
Total Assets	¥ 8,172,474	¥ 8,334,994

Note: Amounts less than one million yen are omitted.

Millions of Yen

	Fiscal 2021	Fiscal 2022
LIABILITIES		
Current Liabilities	¥1,982,129	¥1,637,567
Short-term loans	300,000	60,000
Short-term loans from affiliated companies	160,650	188,730
Current portion of bonds	90,000	111,000
Current portion of long-term loans	133,290	141,500
Current portion of long-term liabilities		
incurred for purchase of railway facilities	4,123	3,723
Lease obligation	12,881	10,845
Payables	456,834	371,102
Accrued expenses	30,702	30,859
Accrued consumption taxes	—	22,182
Accrued income taxes	9,075	2,768
Fare deposits received with regard to railway connecting services	34,271	28,208
Deposits received	27,674	27,605
Prepaid railway fares received	77,213	69,249
Advances received	111,689	115,763
Prepaid contribution for construction	3,848	6,908
Allowance for bonuses to employees	46,263	37,168
Allowance for disaster-damage losses	12,439	22,441
Allowance for environmental conservation costs	5,579	3,118
Allowance for partial transfer costs of railway operation	—	128
Allowance for point card certificates	36,112	11,498
Asset retirement obligations	655	657
Other	428,823	372,107
Long-Term Liabilities	4,176,116	4,825,242
Bonds	1,930,308	2,431,665
Long-term loans	1,158,800	1,309,950
Long-term loans from affiliated companies	44,632	43,914
Long-term liabilities incurred for purchase of railway facilities	318,472	314,749
Lease obligation	28,871	21,676
Long-term deferred contribution for construction	66,005	76,892
Provision for large-scale renovation		
of Shinkansen infrastructure	120,000	144,000
Employees' severance and retirement benefits	433,571	412,975
Allowance for disaster-damage losses	85	2,591
Allowance for environmental conservation costs	44,954	45,913
Allowance for partial transfer costs of railway operation	1,131	—
Asset retirement obligations	8,255	7,976
Other	21,028	12,936
Total Liabilities	¥6,158,246	¥6,462,810

Note: Amounts less than one million yen are omitted.

Millions of Yen

	Fiscal 2021	Fiscal 2022
NET ASSETS		
Shareholders' Equity	¥1,964,985	¥1,828,055
Common stock.....	200,000	200,000
Capital surplus.....	96,600	96,600
Additional paid-in capital.....	96,600	96,600
Retained earnings.....	1,671,801	1,534,881
Legal reserve.....	22,173	22,173
Other retained earnings		
Reserve for special depreciation.....	1,560	1,541
Reserve for investment losses on developing new business.....	82	82
Reserve for deferred gain of fixed assets.....	64,796	64,638
General reserve.....	1,720,000	1,220,000
Retained earnings carried forward.....	(136,811)	226,445
Treasury stock, at cost.....	(3,416)	(3,426)
Valuation and Translation Adjustment	49,243	44,129
Net unrealized holding gains (losses) on securities.....	47,105	41,665
Net deferred gains (losses) on derivatives under hedge accounting	2,137	2,464
Total Net Assets	2,014,228	1,872,184
Total Liabilities and Net Assets	¥8,172,474	¥8,334,994

Note: Amounts less than one million yen are omitted.

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

Millions of Yen

	Fiscal 2021	Fiscal 2022
Railway Operations		
Operating Revenues	¥1,090,506	¥1,254,724
Passenger transportation	954,344	1,113,245
Trackage revenue	6,503	6,243
Miscellaneous income of transportation	129,659	135,234
Operating Expenses	1,605,171	1,508,507
Transportation expenses	996,446	919,721
General and administrative expenses	224,434	197,105
Taxes	85,483	87,451
Depreciation	298,807	304,228
Operating Loss from Railway Operations	(514,664)	(253,783)
Other Operations		
Operating Revenues	93,639	169,426
Revenue from real estate lease	81,264	86,780
Revenue from real estate sales	40	68,031
Miscellaneous revenue	12,334	14,614
Operating Expenses	57,509	65,226
Cost of sales	1,367	9,348
Selling, general and administrative expenses	22,666	19,214
Taxes	11,016	11,404
Depreciation	22,459	25,259
Operating Income from Other Operations	36,129	104,199
Total Operating Loss	(478,535)	(149,583)
Non-Operating Income	28,478	41,198
Interest income	814	774
Dividend income	18,335	27,455
Gains on sales of equipment	914	1,398
Insurance proceeds and dividends	5,790	6,036
Other	2,623	5,533
Non-Operating Expenses	67,657	69,332
Interest expense	34,763	34,521
Interest on bonds	27,033	28,633
Cost of issuance of bonds	1,664	2,937
Losses on sales of equipment	199	159
Other	3,996	3,080
Ordinary Loss	(517,715)	(177,718)

Note: Amounts less than one million yen are omitted.

	Millions of Yen	
	Fiscal 2021	Fiscal 2022
Extraordinary Gains	45,330	57,219
Gains on sales of fixed assets	15,385	2,207
Gains on sales of investments in securities	368	20,169
Construction grants received	28,586	20,008
Insurance proceeds related to disaster	—	6,000
Other	990	8,834
Extraordinary Losses	161,734	73,222
Losses on sales of fixed assets	51	32
Losses on reduction entry for construction grants	15,869	14,631
Impairment losses on fixed assets	3,396	4,796
Losses on valuation of stocks of subsidiaries and affiliated companies	41,502	13,657
Environmental conservation costs	36,982	5,505
Provision of allowance for doubtful accounts for subsidiaries and affiliated companies	41,844	6,591
Disaster-damage losses	399	48
Provision for allowance for disaster-damage losses	6,968	21,231
Provision for allowance for partial transfer costs of railway operation	306	—
Other	14,414	6,728
Loss before Income Taxes	(634,118)	(193,720)
Income Taxes	(127,486)	(94,560)
Current	(1,262)	379
Deferred	(126,224)	(94,940)
Loss	¥ (506,631)	¥ (99,159)

Note: Amounts less than one million yen are omitted.

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

Fiscal 2021

Millions of Yen

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

	Shareholders' Equity						
	Retained Earnings						
	Legal Reserve	Other Retained Earnings					Total Retained Earnings
		Reserve for Special Depreciation	Reserve for Investment Losses on Developing New Business	Reserve for Deferred Gain of Fixed Assets	General Reserve	Retained Earnings Carried Forward	
Balance at the fiscal year start	22,173	1,427	83	57,982	1,720,000	426,797	2,228,465
Changes of items during the fiscal year							
Provision of reserve for special depreciation		460				(460)	—
Reversal of reserve for special depreciation		(327)				327	—
Provision of reserve for investment losses on developing new business			82			(82)	—
Reversal of reserve for investment losses on developing new business			(83)			83	—
Provision of reserve for deferred gain of fixed assets				8,271		(8,271)	—
Reversal of reserve for deferred gain of fixed assets				(1,458)		1,458	—
Reversal of general reserve							
Dividends						(50,032)	(50,032)
Loss						(506,631)	(506,631)
Purchase of treasury stock							
Disposal of treasury stock						(0)	(0)
Net changes of items other than shareholders' equity							
Total changes of items during the fiscal year	—	132	(1)	6,813	—	(563,609)	(556,664)
Balance at the fiscal year end	22,173	1,560	82	64,796	1,720,000	(136,811)	1,671,801

	Shareholders' Equity		Valuation and Translation Adjustments			Total Net Assets
	Treasury Stock, at Cost	Total Shareholders' Equity	Net Unrealized Holding Gains (Losses) on Securities	Net Deferred Gains (Losses) on Derivatives under Hedge Accounting	Total Valuation and Translation Adjustments	
Balance at the fiscal year start	(3,409)	2,521,656	27,292	2,397	29,689	2,551,346
Changes of items during the fiscal year						
Provision of reserve for special depreciation		—				—
Reversal of reserve for special depreciation		—				—
Provision of reserve for investment losses on developing new business		—				—
Reversal of reserve for investment losses on developing new business		—				—
Provision of reserve for deferred gain of fixed assets		—				—
Reversal of reserve for deferred gain of fixed assets		—				—
Reversal of general reserve		—				—
Dividends		(50,032)				(50,032)
Loss		(506,631)				(506,631)
Purchase of treasury stock	(8)	(8)				(8)
Disposal of treasury stock	1	0				0
Net changes of items other than shareholders' equity			19,813	(260)	19,553	19,553
Total changes of items during the fiscal year	(6)	(556,671)	19,813	(260)	19,553	(537,117)
Balance at the fiscal year end	(3,416)	1,964,985	47,105	2,137	49,243	2,014,228

Fiscal 2022

Millions of Yen

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

	Shareholders' Equity						
	Retained Earnings						
	Legal Reserve	Other Retained Earnings					Total Retained Earnings
		Reserve for Special Depreciation	Reserve for Investment Losses on Developing New Business	Reserve for Deferred Gain of Fixed Assets	General Reserve	Retained Earnings Carried Forward	
Balance at the fiscal year start	22,173	1,560	82	64,796	1,720,000	(136,811)	1,671,801
Changes of items during the fiscal year							
Provision of reserve for special depreciation		363				(363)	—
Reversal of reserve for special depreciation		(382)				382	—
Provision of reserve for investment losses on developing new business			82			(82)	—
Reversal of reserve for investment losses on developing new business			(82)			82	—
Provision of reserve for deferred gain of fixed assets				3,631		(3,631)	—
Reversal of reserve for deferred gain of fixed assets				(3,789)		3,789	—
Reversal of general reserve					(500,000)	500,000	—
Dividends						(37,760)	(37,760)
Loss						(99,159)	(99,159)
Purchase of treasury stock							
Disposal of treasury stock						(0)	(0)
Net changes of items other than shareholders' equity							
Total changes of items during the fiscal year	—	(19)	—	(158)	(500,000)	363,257	(136,919)
Balance at the fiscal year end	22,173	1,541	82	64,638	1,220,000	226,445	1,534,881

	Shareholders' Equity		Valuation and Translation Adjustments			Total Net Assets
	Treasury Stock, at Cost	Total Shareholders' Equity	Net Unrealized Holding Gains (Losses) on Securities	Net Deferred Gains (Losses) on Derivatives under Hedge Accounting	Total Valuation and Translation Adjustments	
Balance at the fiscal year start	(3,416)	1,964,985	47,105	2,137	49,243	2,014,228
Changes of items during the fiscal year						
Provision of reserve for special depreciation		—				—
Reversal of reserve for special depreciation		—				—
Provision of reserve for investment losses on developing new business		—				—
Reversal of reserve for investment losses on developing new business		—				—
Provision of reserve for deferred gain of fixed assets		—				—
Reversal of reserve for deferred gain of fixed assets		—				—
Reversal of general reserve		—				—
Dividends		(37,760)				(37,760)
Loss		(99,159)				(99,159)
Purchase of treasury stock	(10)	(10)				(10)
Disposal of treasury stock	0	0				0
Net changes of items other than shareholders' equity			(5,440)	326	(5,113)	(5,113)
Total changes of items during the fiscal year	(10)	(136,929)	(5,440)	326	(5,113)	(142,043)
Balance at the fiscal year end	(3,426)	1,828,055	41,665	2,464	44,129	1,872,184

(Additional Information Regarding Operating Results (Unaudited))

Consolidated Principal Indicators

	Fiscal 2021 (A)	Fiscal 2022 (B)	Increase (Decrease) (B)–(A)
Ratio of operating income to average assets (ROA) (%).....	(6.0)	(1.7)	4.3
Return on average equity (ROE) (%).....	(20.3)	(3.9)	16.5
Net interest-bearing debt / EBITDA (times)	—	19.0	—
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			

Consolidated Capital Expenditures

		Billions of Yen					
		Actual Fiscal 2021	Actual Fiscal 2022	Change		Plans for Fiscal 2023	Change Increase (Decrease)
				Increase (Decrease)	%		
		(A)	(B)	(B)–(A)	(B)/(A)x100	(C)	(C)–(B)
Capital expenditures		692.2	520.0	(172.2)	75.1	634.0	113.9
Segment							
Transportation Services	Transportation	450.9	352.6	(98.2)	78.2	422.0	69.3
Life-style Services, IT & Suica Services	Retail & Services Real Estate & Hotels Others	241.3	167.3	(74.0)	69.3	212.0	44.6

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	Fiscal 2022	Change		Fiscal 2021	Fiscal 2022	Change	
			Increase (Decrease) (B)–(A)	(B)/(A)x100			Increase (Decrease) (D)–(C)	(D)/(C)x100
	(A)	(B)			(C)	(D)		
Shinkansen Network								
Commuter Passes.....	1,531	1,473	(58)	96.2	20.9	20.2	(0.6)	96.9
Other.....	6,419	8,910	2,491	138.8	168.6	237.8	69.1	141.0
Total.....	7,950	10,384	2,433	130.6	189.6	258.0	68.4	136.1
Conventional Lines								
<i>Kanto Area Network</i>								
Commuter Passes.....	52,995	52,049	(945)	98.2	342.8	341.7	(1.1)	99.7
Other.....	19,800	24,733	4,932	124.9	383.7	470.3	86.6	122.6
Total.....	72,795	76,783	3,987	105.5	726.5	812.0	85.5	111.8
<i>Other Network</i>								
Commuter Passes.....	2,614	2,655	41	101.6	15.4	16.0	0.5	103.6
Other.....	1,190	1,427	236	119.9	22.6	27.0	4.3	119.4
Total.....	3,804	4,083	278	107.3	38.0	43.0	4.9	113.0
<i>Total</i>								
Commuter Passes.....	55,609	54,705	(903)	98.4	358.3	357.7	(0.5)	99.8
Other.....	20,990	26,160	5,169	124.6	406.3	497.4	91.0	122.4
Total.....	76,599	80,866	4,266	105.6	764.6	855.1	90.4	111.8
Total								
Commuter Passes.....	57,140	56,179	(961)	98.3	379.2	378.0	(1.2)	99.7
Other.....	27,410	35,071	7,661	128.0	575.0	735.2	160.1	127.9
Total.....	84,550	91,250	6,699	107.9	954.3	1,113.2	158.9	116.7

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.