

# Consolidated Financial Results for the Three-Month Period Ended June 30, 2021 (Japanese GAAP) (Unaudited)

Fiscal 2022 (Year ending March 31, 2022)

"First Quarter" means the three months from April 1 to June 30.

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

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

English translation from the original Japanese-language document.

July 30, 2021

## East Japan Railway Company

Stock Exchange Listing	Tokyo
Securities Code	9020
URL	<a href="https://www.jreast.co.jp/e">https://www.jreast.co.jp/e</a>
Representative	Yuji Fukasawa, President and CEO
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Scheduled Date for Release of a Quarterly Report	August 5, 2021
Scheduled Date of Dividend Payment Commencement	Not applicable
Preparation of Supplementary Explanations of Quarterly Financial Results:	No
Quarterly Financial Results Presentation to Be Held:	No

### 1. Consolidated Results for the Three-Month Period Ended June 30, 2021 (April 1, 2021—June 30, 2021)

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

#### (1) Consolidated financial results

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

	Operating revenues		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>Fiscal 2022, 1st Quarter</b>	<b>433,398</b>	<b>30.2</b>	<b>(55,255)</b>	—	<b>(65,412)</b>	—	<b>(76,958)</b>	—
Fiscal 2021, 1st Quarter	332,946	(55.2)	(178,306)	—	(197,506)	—	(155,377)	—

Note: Comprehensive income – Fiscal 2022, 1st Quarter: (80,611) million yen (—%), Fiscal 2021, 1st Quarter: (156,749) million yen (—%)

	Earnings per share —Basic	Earnings per share —Diluted
	Yen	Yen
<b>Fiscal 2022, 1st Quarter</b>	<b>(204.00)</b>	—
Fiscal 2021, 1st Quarter	(411.88)	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
<b>Fiscal 2022, 1st Quarter</b>	<b>8,904,322</b>	<b>2,457,089</b>	<b>27.3</b>
Fiscal 2021	8,916,420	2,557,361	28.4

Reference: Shareholders' equity – Fiscal 2022, 1st Quarter: 2,434,522 million yen, Fiscal 2021: 2,535,027 million yen

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

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

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

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

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

	Operating revenues		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share—Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six-month period ending September 30, 2021	<b>1,083,000</b>	<b>37.6</b>	<b>1,000</b>	—	<b>(28,000)</b>	—	<b>(52,000)</b>	—	<b>(137.84)</b>
Fiscal 2022	<b>2,326,000</b>	<b>31.8</b>	<b>74,000</b>	—	<b>25,000</b>	—	<b>36,000</b>	—	<b>95.43</b>

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

#### ※ Notes

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

Newly consolidated — excluded —

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

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

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

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

(4) Number of issued shares (common stock)

i Issued shares at period-end (including treasury stock)	1st Quarter, Fiscal 2022	377,932,400 shares	Fiscal 2021	377,932,400 shares
ii Treasury stock at period-end	1st Quarter, Fiscal 2022	692,376 shares	Fiscal 2021	692,286 shares
iii Average number of shares during period	1st Quarter, Fiscal 2022	377,240,121 shares	1st Quarter, Fiscal 2021	377,241,147 shares

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

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

The forecasts of business results and other forward-looking statements in this document are based on information available as of the date of this document and on certain assumptions that JR East viewed as reasonable as of the date of this document. Actual results may differ from such forward-looking statements for a variety of reasons. Regarding the forecasts of business results, please refer to “Qualitative Information on Consolidated Performance Outlook” on page 4 in the Attachments. Further, the non-consolidated performance outlook is on the next page.

## (Reference)

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

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

	Operating revenues		Operating income		Ordinary income		Profit		Earnings per share— Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six-month period ending September 30, 2021	<b>775,000</b>	<b>43.3</b>	<b>(5,000)</b>	—	<b>(18,000)</b>	—	<b>(34,000)</b>	—	<b>(90.04)</b>
Fiscal 2022	<b>1,677,000</b>	<b>41.6</b>	<b>37,000</b>	—	<b>0</b>	—	<b>25,000</b>	—	<b>66.21</b>

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

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# 1. Qualitative Information on Quarterly Consolidated Financial Performance

(Unless otherwise stated, all comparisons are between the three months from April 1, 2021, to June 30, 2021, and the three months from April 1, 2020, to June 30, 2020.)

## (1) Qualitative Information on Consolidated Operating Results

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

As a result, during the first quarter, operating revenues increased 30.2%, to ¥433.3 billion, due mainly to revenue increases in the Transportation, Retail & Services, and Real Estate & Hotels segments, which were attributable to the recovery from decreased sales impacted by the spread of COVID-19 during the previous fiscal year. Following these increases in operating revenues, we recorded operating loss of ¥55.2 billion (operating loss of ¥178.3 billion in the first quarter of fiscal 2021), ordinary loss of ¥65.4 billion (ordinary loss of ¥197.5 billion in the first quarter of fiscal 2021), and loss attributable to owners of parent of ¥76.9 billion (loss attributable to owners of parent of ¥155.3 billion in the first quarter of fiscal 2021).

### Overview

#### Safety is Our Top Priority

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

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

#### Enhancing Profitability

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

- Commencement of Shinkansen-based logistics services from regional areas to stores in the Tokyo metropolitan area in April 2021 for the Hakodate area and in May 2021 for the Hokuriku area
- 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

#### Fundamental Strengthening of Management Foundation

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.

- Commencement of railway monitoring in April 2021 to determine the condition of wires and other equipment on 38 railway lines spanning roughly 5,800 km using images and data obtained from cameras installed on East-i
- 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
- Preparations underway for the commencement in July 2021 of a moonlighting system at Group companies

#### Implementing ESG Management

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

- Completion of replacement of Senju Power Station No. 2 unit of the Shinanogawa Power Station and commencement of operations in May 2021
- Completion of replacement of No. 1 unit at Kawasaki Thermal Power Station and commencement of operations in June 2021. The new generator is a highly efficient facility fueled by natural gas and reduces CO2 emissions
- Commencement of *TOHOKU Destination Campaign* in April 2021 for a duration of six months to promote enjoyable trips through the six prefectures of the Tohoku region
- 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

## Segment Information

### Transportation

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

- Installation of automatic platform gates completed at 66 railway stations (77 railway stations on a line-by-line basis) as of June 30, 2021
- Promotion of preparations for the July 2021 launch of Hokuriku E7 Series Shinkansen railcars equipped with wheelchair-designated free spaces
- Launch of new *JRE POINT* services, including *Off-Peak Point Service*, geared to customers who commute during off-peak times using a *Suica* commuter pass
- Establishment of linkages to *JRE POINT* and support for reservations and purchases of discount tickets in June 2021 in line with renewal of online ticket purchase service *eki-net*

As a result, during the first quarter, operating revenues in the Transportation segment increased 37.1%, to ¥303.4 billion, due mainly to increases in the passenger revenues, which were attributable to the recovery from decreased sales impacted by the spread of COVID-19 during the previous fiscal year, and operating loss was ¥66.4 billion (operating loss of ¥167.4 billion in the first quarter of fiscal 2021).

### Retail & Services

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

- Expansion of *STATION WORK* shared office business to 166 locations by June 2021, including a collaboration with WeWork, a company that provides flexible workspaces, from May 2021
- Promotion of preparations for the trial operations of JRE Passport, a subscription-based service that allows users to purchase coffee and eki soba (bowl of buckwheat noodles served at railway stations) and to rent out shared office spaces

As a result, during the first quarter, operating revenues in the Retail & Services segment increased 3.5%, to ¥70.5 billion, due mainly to increases in the sales at stores in stations, which were attributable to the recovery from decreased sales impacted by the spread of COVID-19 during the previous fiscal year, and operating loss was ¥0.0 billion (operating loss of ¥5.7 billion in the first quarter of fiscal 2021).

### Real Estate & Hotels

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

- Full 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

As a result, during the first quarter, operating revenues in the Real Estate & Hotels segment increased 33.2%, to ¥70.5 billion, due mainly to increased sales at station buildings, which were attributable to the recovery from decreased sales impacted by the spread of COVID-19 during the previous fiscal year, and increased income from office building leases, and operating income was ¥10.2 billion (operating loss of ¥6.3 billion in the first quarter of fiscal 2021).

### Others

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

- Issuance of approximately 86.8 million *Suica* cards; and achievement of 14.7 million members for Mobile *Suica* by June 30, 2021, as a result of making *Suica* a shared infrastructure
- Development of *TOHOKU MaaS*, a tourism-oriented MaaS for eight locations spanning the six prefectures of the Tohoku region, in April 2021

However, with the decline in the sales from the IC card business and effect of the application of “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, revised on March 31, 2020) operating revenues from Others decreased 14.7%, to ¥43.8 billion. In addition, operating income declined 6.5%, to ¥0.7 billion.

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

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

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 drastic decline in customer use of railways due to the spread of COVID-19. 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.

Given this challenging environment, the Group will make every effort to place its utmost priority on ensuring the safety and reliability of transportation and the quality of services. In addition, by increasing the level and pace of its initiatives toward the achievement of "Move Up" 2027 management vision under Speed Up "Move Up" 2027 announced in September 2020, the Group will proactively confront a number of challenges. Moreover, the Group will aim to recover profitability in transportation services through the integration of its transportation, life-style, and IT & *Suica* services, centered on *JRE POINT*. It will also undertake efforts to speed up the growth of life-style services and IT & *Suica* services, so that the Transportation segment and the remaining segments each cover 50% of operating revenues as early as possible.

After reviewing the operating results for the first quarter ended June 30, 2021 and taking other factors into consideration, JR East has maintained its consolidated first-half and full-term business forecasts for the fiscal year ending March 31, 2022, which it announced on April 28, 2021.

## 2. Matters Concerning Summary Information (Notes)

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

#### (i) Changes in Accounting Policies

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

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

As a result, in the first quarter of fiscal 2022, operating revenues decreased ¥28,211 million and operating expenses decreased ¥26,848 million, while operating loss, ordinary loss, and loss before income taxes increased ¥1,362 million, ¥1,036 million, and ¥1,036 million, respectively. The effect on the opening balance of retained earnings at the beginning of the period is negligible.

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



### 3. Quarterly Consolidated Financial Statements and Main Notes

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

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

	Millions of Yen	
	Fiscal 2021 (As of March 31, 2021)	Fiscal 2022, 1st Quarter (As of June 30, 2021)
<b>ASSETS</b>		
<b>Current Assets</b> .....	¥ 898,406	¥ 898,542
Cash and time deposits .....	198,130	224,692
Notes and accounts receivable-trade .....	470,611	—
Notes, accounts receivable-trade and contract assets .....	—	414,710
Fares receivable .....	38,536	85,554
Securities .....	137	137
Real estate for sale .....	4,081	4,344
Inventories .....	83,646	100,898
Other .....	105,833	70,711
Allowance for doubtful accounts .....	(2,572)	(2,507)
<b>Fixed Assets</b> .....	8,018,013	8,005,779
Property, plant and equipment, net of accumulated depreciation .....	7,118,150	7,116,617
Buildings and fixtures (net) .....	3,789,310	3,816,865
Machinery, rolling stock and vehicles (net) .....	742,251	754,199
Land .....	2,145,694	2,146,806
Construction in progress .....	361,626	323,772
Other (net) .....	79,266	74,974
Intangible assets .....	150,825	152,880
Investments and other assets .....	749,037	736,281
Investments in securities .....	314,500	312,370
Long-term loans receivable .....	2,035	2,045
Deferred tax assets .....	344,825	334,846
Net defined benefit assets .....	531	701
Other .....	88,169	87,339
Allowance for doubtful accounts .....	(1,024)	(1,021)
<b>Total Assets</b> .....	¥8,916,420	¥8,904,322

Note: Amounts less than one million yen are omitted.

	Millions of Yen	
	Fiscal 2021, (As of March 31, 2021)	Fiscal 2022, 1st Quarter (As of June 30, 2021)
<b>LIABILITIES</b>		
<b>Current Liabilities</b> .....	¥2,032,849	¥1,778,794
Notes and accounts payable-trade .....	52,909	30,198
Short-term loans and current portion of long-term loans .....	433,320	362,980
Current portion of bonds .....	90,000	90,000
Current portion of long-term liabilities		
incurred for purchase of railway facilities .....	4,215	4,215
Payables .....	477,546	233,119
Accrued consumption taxes .....	7,856	14,504
Accrued income taxes .....	22,074	4,524
Fare deposits received with regard to railway connecting services .....	33,992	21,348
Prepaid railway fares received .....	77,526	82,422
Allowance for bonuses to employees .....	62,128	33,015
Allowance for disaster-damage losses .....	12,439	10,979
Other .....	758,840	891,486
<b>Long-Term Liabilities</b> .....	4,326,209	4,668,437
Bonds .....	1,930,308	2,130,323
Long-term loans .....	1,158,872	1,288,865
Long-term liabilities incurred for purchase of railway facilities .....	318,873	318,873
Deferred tax liabilities .....	5,221	2,620
Provision for large-scale renovation		
of Shinkansen infrastructure .....	120,000	126,000
Allowance for disaster-damage losses .....	85	75
Allowance for partial transfer costs of railway operation .....	1,131	1,095
Net defined benefit liabilities .....	482,221	478,794
Other .....	309,494	321,790
<b>Total Liabilities</b> .....	¥6,359,058	¥6,447,232
<b>NET ASSETS</b>		
<b>Shareholders' Equity</b> .....	¥2,472,539	¥2,376,025
Common stock .....	200,000	200,000
Capital surplus .....	96,522	96,572
Retained earnings .....	2,181,570	2,085,007
Treasury stock, at cost .....	(5,553)	(5,554)
<b>Accumulated Other Comprehensive Income</b> .....	62,487	58,496
Net unrealized holding gains (losses) on securities .....	54,322	50,929
Net deferred gains (losses) on derivatives under		
hedge accounting .....	2,137	2,307
Revaluation reserve for land .....	(433)	(740)
Foreign currency translation adjustments .....	(25)	73
Remeasurements of defined benefit plans .....	6,486	5,926
<b>Non-Controlling Interests</b> .....	22,334	22,567
<b>Total Net Assets</b> .....	2,557,361	2,457,089
<b>Total Liabilities and Net Assets</b> .....	¥8,916,420	¥8,904,322

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, 1st Quarter (Three months ended June 30, 2020)	Fiscal 2022, 1st Quarter (Three months ended June 30, 2021)
<b>Operating Revenues</b> .....	<b>¥332,946</b>	<b>¥433,398</b>
<b>Operating Expenses</b> .....	<b>511,252</b>	<b>488,654</b>
Transportation, other services and cost of sales .....	388,411	366,483
Selling, general and administrative expenses .....	122,841	122,170
<b>Operating Loss</b> .....	<b>(178,306)</b>	<b>(55,255)</b>
<b>Non-Operating Income</b> .....	<b>4,946</b>	<b>8,345</b>
Interest income .....	4	41
Dividend income .....	3,074	3,327
Equity in net income of affiliated companies .....	—	1,157
Other .....	1,868	3,819
<b>Non-Operating Expenses</b> .....	<b>24,146</b>	<b>18,502</b>
Interest expense .....	15,139	15,424
Equity in net losses of affiliated companies .....	5,609	—
Other .....	3,397	3,078
<b>Ordinary Loss</b> .....	<b>(197,506)</b>	<b>(65,412)</b>
<b>Extraordinary Gains</b> .....	<b>3,481</b>	<b>2,943</b>
Gains on sales of fixed assets .....	351	638
Construction grants received .....	3,078	1,673
Other .....	51	631
<b>Extraordinary Losses</b> .....	<b>14,842</b>	<b>3,237</b>
Losses on reduction entry for construction grants .....	3,043	1,530
Intensive seismic reinforcement costs .....	873	741
Environmental conservation costs .....	3,978	—
Other .....	6,947	965
<b>Loss before Income Taxes</b> .....	<b>(208,867)</b>	<b>(65,707)</b>
<b>Income Taxes</b> .....	<b>(52,350)</b>	<b>11,221</b>
Current .....	1,857	2,429
Deferred .....	(54,208)	8,791
<b>Loss</b> .....	<b>(156,516)</b>	<b>(76,928)</b>
<b>Profit (Loss) Attributable to Non-Controlling Interests</b> .....	<b>(1,139)</b>	<b>30</b>
<b>Loss Attributable to Owners of Parent</b> .....	<b>¥(155,377)</b>	<b>¥ (76,958)</b>

Note: Amounts less than one million yen are omitted.

**(ii) Consolidated Statements of Comprehensive Income**

Millions of Yen		
	Fiscal 2021, 1st Quarter (Three months ended June 30, 2020)	Fiscal 2022, 1st Quarter (Three months ended June 30, 2021)
<b>Loss</b> .....	<b>¥(156,516)</b>	<b>¥(76,928)</b>
<b>Other Comprehensive Income</b> .....	<b>(233)</b>	<b>(3,683)</b>
Net unrealized holding gains (losses) on securities .....	303	<b>(3,108)</b>
Net deferred gains (losses) on derivatives under hedge accounting .....	67	<b>168</b>
Foreign currency translation adjustments .....	(75)	<b>99</b>
Remeasurements of defined benefit plans .....	(766)	<b>(627)</b>
Share of other comprehensive income of associates accounted for using equity method .....	238	<b>(215)</b>
<b>Comprehensive Income</b> .....	<b>¥(156,749)</b>	<b>¥(80,611)</b>
<b>Comprehensive Income attributable to</b>		
Comprehensive income attributable to owners of the parent	¥(155,599)	<b>¥(80,641)</b>
Comprehensive income attributable to non-controlling Interests .....	¥ (1,149)	<b>¥ 29</b>

Note: Amounts less than one million yen are omitted.

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

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

None

#### (Segment Information (Unaudited))

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

Fiscal 2021, 1st Quarter (Three months ended June 30, 2020)	Millions of Yen						Quarterly Consolidated Statements of Income (Note 3)
	Transportation	Retail & Services	Real Estate & Hotels	Others (Note 1)	Total	Adjustment (Note 2)	
Operating Revenues							
Outside customers .....	¥ 208,738	¥ 56,977	¥ 48,522	¥ 18,708	¥ 332,946	¥ —	¥ 332,946
Inside group .....	12,608	11,212	4,477	32,700	60,997	(60,997)	—
Total .....	221,346	68,189	52,999	51,408	393,943	(60,997)	332,946
Segment income (loss) ...	¥(167,491)	¥ (5,711)	¥ (6,351)	¥ 826	¥(178,727)	¥ 420	¥(178,306)

- 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 ¥420 million adjustment to segment income (loss) includes a ¥440 million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥(19) million elimination for intersegment transactions.
3. Segment income (loss) is adjusted to ensure consistency with the operating loss set forth in the quarterly consolidated statements of income.

Fiscal 2022, 1st Quarter (Three months ended June 30, 2021)	Millions of Yen						Quarterly Consolidated Statements of Income (Note 3)
	Transportation	Retail & Services	Real Estate & Hotels	Others (Note 1)	Total	Adjustment (Note 2)	
Operating Revenues							
Outside customers .....	¥ 290,351	¥ 63,454	¥ 65,258	¥14,334	¥ 433,398	¥ —	¥ 433,398
Inside group .....	13,077	7,111	5,324	29,540	55,054	(55,054)	—
Total .....	303,429	70,566	70,582	43,874	488,452	(55,054)	433,398
Segment income (loss) ...	¥ (66,408)	¥ (23)	¥ 10,256	¥ 772	¥ (55,403)	¥ 147	¥ (55,255)

- 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 ¥147 million adjustment to segment income (loss) includes a ¥218 million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥(68) million elimination for intersegment transactions.
3. Segment income (loss) is adjusted to ensure consistency with the operating loss set forth in the quarterly consolidated statements of income.

(Matters concerning changes to reporting segment, etc.)

#### (i) Change in Accounting Policy

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

As a result of these changes, in the first quarter of fiscal 2022, operating revenues decreased ¥1,490 million in the Transportation segment, decreased ¥19,392 million in the Retail & Services segment, decreased ¥6,528 million in the Real Estate & Hotels segment, and decreased ¥3,904 million in the Others segment. Meanwhile, segment income decreased ¥423 million in the Transportation segment, decreased ¥34 million in the Retail & Services segment, decreased ¥142 million in the Real Estate & Hotels segment, and decreased ¥762 million in the Others segment.

#### (ii) Change in Reporting Segment

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

The segment information for the three months ended June 30, 2020 also reflects the reclassification of the advertising

business to the Retail & Services segment.

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

None

## **(Significant Subsequent Events (Unaudited))**

### **(i) Issuance of Bonds**

JR East issued the following straight bonds.

#### **1. Unsecured straight bonds, 169th issue, East Japan Railway Company**

- (1) Issue date: July 15, 2021
- (2) Amount: ¥10,000 million
- (3) Issue price: ¥100 per ¥100
- (4) Coupon rate: 0.165% per annum
- (5) Maturity date: July 15, 2031
- (6) Use of proceeds: the repayment of interest-bearing debt, etc.

#### **2. Unsecured straight bonds, 170th issue, East Japan Railway Company**

- (1) Issue date: July 15, 2021
- (2) Amount: ¥15,000 million
- (3) Issue price: ¥100 per ¥100
- (4) Coupon rate: 0.523% per annum
- (5) Maturity date: July 12, 2041
- (6) Use of proceeds: the repayment of interest-bearing debt, etc.

#### **3. Unsecured straight bonds, 171st issue, East Japan Railway Company**

- (1) Issue date: July 15, 2021
- (2) Amount: ¥25,000 million
- (3) Issue price: ¥100 per ¥100
- (4) Coupon rate: 0.808% per annum
- (5) Maturity date: July 14, 2051
- (6) Use of proceeds: the repayment of interest-bearing debt, etc.

#### **4. Unsecured straight bonds, 172nd issue, East Japan Railway Company**

- (1) Issue date: July 15, 2021
- (2) Amount: ¥25,000 million
- (3) Issue price: ¥100 per ¥100
- (4) Coupon rate: 1.002% per annum
- (5) Maturity date: July 15, 2061
- (6) Use of proceeds: the repayment of interest-bearing debt, etc.

#### **5. Unsecured straight bonds, 173rd issue, East Japan Railway Company**

- (1) Issue date: July 15, 2021
- (2) Amount: ¥25,000 million
- (3) Issue price: ¥100 per ¥100
- (4) Coupon rate: 1.209% per annum
- (5) Maturity date: July 15, 2071
- (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.

#### **Issuance of commercial paper**

- (1) Issue date: July 20, 2021
- (2) Amount: ¥100,000 million
- (3) Coupon rate: (0.035)-0% per annum
- (4) Maturity date: January 20, 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 June 30 2021, we made assumptions that the

operating revenues from railway transportation business will recover to about 85% in fiscal 2022 and to about 90% in fiscal 2023 compared to the level before the spread of the COVID-19, although structural changes to society, such as widespread adoption of teleworking, will continue.

## (Additional Information Regarding Operating Results)

### Consolidated Principal Indicators

	Fiscal 2021, 1st Quarter (Three months ended June 30, 2020)	Fiscal 2021 (Year ended March 31, 2021)	Fiscal 2022, 1st Quarter (Three months ended June 30, 2021)	Increase (Decrease)
	(A)	(B)	(C)	(C)-(A)
Ratio of operating income to average assets (ROA) (%) .....	(2.1)	(6.0)	<b>(0.6)</b>	<b>1.5</b>
Return on average equity (ROE) (%) .....	(5.1)	(20.3)	<b>(3.1)</b>	<b>2.0</b>

### Numerical Targets for the Fiscal Year Ending March 31, 2026

	Billions of Yen				
	Actual	Plans for	Fiscal 2026	Change	
	Fiscal 2021	Fiscal 2022	Targets	Increase (Decrease)	%
	(A) (Note2)	(B) (Note3)	(C) (Note3)	(C)-(A)	(C)/(A)x100
<b>Operating Revenues</b> .....	1,764.5	2,326.0	3,090.0	1,325.4	175.1%
Transportation .....	1,095.7	1,604.0	1,970.0	874.2	179.8%
Retail & Services .....	318.0	337.0	550.0	231.9	172.9%
Real Estate & Hotels .....	271.2	313.0	480.0	208.7	177.0%
Others .....	79.5	72.0	90.0	10.4	113.2%
		[85.0]	[101.0]		
<b>Operating Income</b> .....	(520.3)	74.0	450.0	970.3	—
Transportation .....	(548.5)	(40.0)	252.0	800.5	—
Retail & Services .....	2.6	42.0	57.0	54.3	—
Real Estate & Hotels .....	15.1	58.0	113.0	97.8	745.6%
Others .....	14.7	16.0	30.0	15.2	203.2%
Adjustment .....	(4.3)	(2.0)	(2.0)	2.3	45.9%
Consolidated operating cash flow .....	(189.9)	-	3,693.0(Note5)	-	-
Consolidated ROA (%) .....	(6.0)	-	Around 4.5	-	-
Net interest-bearing debt / EBITDA (times) (Note4)	-	-	5 or less	-	-

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



## Consolidated Capital Expenditures

Billions of Yen					
		Actual	Actual	Change	
		Fiscal 2021, 1st Quarter (Three months ended June 30, 2020)	Fiscal 2022, 1st Quarter (Three months ended June 30, 2021)	Increase (Decrease)	%
		(A)	(B)	(B)-(A)	(B)/(A)x100
<b>Capital expenditures</b>		119.8	<b>99.7</b>	(20.0)	83.3
<b>Segment</b>					
Transportation Services	Transportation	42.7	<b>51.2</b>	8.4	119.7
Life-style Services, IT & <i>Suica</i> Services	Retail & Services Real Estate & Hotels Others	77.0	<b>48.5</b>	(28.4)	63.0

Note: The results for the three months ended June 30, 2020 reflect the reclassification of the advertising business to the Retail & Services segment.

### 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, 1st Quarter (Three months ended June 30, 2020) (A)	Fiscal 2022, 1st Quarter (Three months ended June 30, 2021) (B)	Change Increase (Decrease) (B)–(A)	(B)/(A)x100	Fiscal 2021, 1st Quarter (Three months ended June 30, 2020) (C)	Fiscal 2022, 1st Quarter (Three months ended June 30, 2021) (D)	Change Increase (Decrease) (D)–(C)	(D)/(C)x100
<b>Shinkansen Network</b>								
Commuter Passes .....	399	<b>377</b>	(21)	94.7	5.5	<b>5.2</b>	(0.3)	93.4
Other .....	738	<b>1,608</b>	870	217.8	21.1	<b>43.3</b>	22.2	205.6
Total .....	1,137	<b>1,986</b>	849	174.6	26.6	<b>48.6</b>	21.9	182.1
<b>Conventional Lines</b>								
<i>Kanto Area Network</i>								
Commuter Passes .....	13,333	<b>13,420</b>	87	100.7	85.7	<b>87.1</b>	1.3	101.6
Other .....	3,076	<b>5,579</b>	2,503	181.4	60.4	<b>107.7</b>	47.2	178.2
Total .....	16,409	<b>19,000</b>	2,590	115.8	146.2	<b>194.8</b>	48.6	133.3
<i>Other Network</i>								
Commuter Passes .....	601	<b>689</b>	87	114.5	3.5	<b>4.1</b>	0.5	115.4
Other .....	190	<b>273</b>	82	143.1	3.6	<b>5.3</b>	1.6	145.2
Total .....	792	<b>962</b>	169	121.4	7.2	<b>9.4</b>	2.2	130.6
<i>Total</i>								
Commuter Passes .....	13,934	<b>14,109</b>	174	101.3	89.3	<b>91.2</b>	1.9	102.1
Other .....	3,267	<b>5,852</b>	2,585	179.1	64.1	<b>113.0</b>	48.9	176.3
Total .....	17,202	<b>19,962</b>	2,759	116.0	153.5	<b>204.3</b>	50.8	133.1
<b>Total</b>								
Commuter Passes .....	14,333	<b>14,487</b>	153	101.1	94.9	<b>96.4</b>	1.5	101.6
Other .....	4,006	<b>7,461</b>	3,455	186.3	85.2	<b>156.4</b>	71.2	183.6
Total .....	18,340	<b>21,948</b>	3,608	119.7	180.1	<b>252.9</b>	72.7	140.4

- 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.