TRANSLATION

MATERIALS AVAILABLE AT THE COMPANY'S WEBSITE IN ACCORDANCE WITH LAWS AND REGULATIONS AND THE ARTICLES OF INCORPORATION

INTERNAL CONTROL SYSTEMS AND STATUS OF OPERATION
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

From April 1, 2020 to March 31, 2021

EAST JAPAN RAILWAY COMPANY

TOKYO, JAPAN

In accordance with laws and regulations and Article 16 of the Company's Articles of Incorporation, Internal Control Systems and Status of Operation, Consolidated Statement of Changes in Net Assets, Notes to Consolidated Financial Statements, Non-Consolidated Statement of Changes in Net Assets and Notes to Non-Consolidated Financial Statements are available at the Company's website (https://www.jreast.co.jp/).

INTERNAL CONTROL SYSTEMS AND STATUS OF OPERATION

(Internal Control Systems)

1. Systems to ensure that Directors and employees of the JR East Group perform their duties in accordance with relevant laws and regulations as well as with the Articles of Incorporation
   - To promote rigorous legal compliance and high corporate ethics standards, the Company and its consolidated subsidiaries (hereinafter Group companies) have drafted “Policy on Legal and Regulatory Compliance and Corporate Ethics”, which serve as corporate action guidelines for the JR East Group, and implement corporate actions in line with such guidelines such as distributing handbooks that explain conduct standards in concrete terms to each corporate officer and employee of the Company and Group companies.
   - The Company’s Corporate & Legal Strategies Department handle overall control over horizontally integrated compliance matters throughout the Company, and liaise with legal and administration departments of the Group companies to ensure compliance in the JR East Group.
   - Units to provide compliance-related advice and receive whistle-blower reports and other reports related to compliance issues as affecting the JR East Group have been established inside and outside the Company. The Company and Group companies maintain the confidentiality of whistle-blowers and matters reported, and prohibit unfavorable treatment on the basis of any such report.
   - The Company has established an internal audit system to ensure the appropriateness and efficiency of operational execution. In addition, to ensure that all operations throughout the JR East Group are appropriate, the Company participates in the management of Group companies by seconding directors to those companies and by other means. In addition, the Company’s Inquiry & Audit Department performs audits of Group companies at regular intervals.

2. Preservation and administration systems for information related to Directors’ performance of their duties
   - The Company appropriately preserves and administers documents related to Directors’ performance of their duties in accordance with relevant laws and internal regulations. Directors can view these documents whenever necessary.

3. Risk management rules and systems of the JR East Group
   - With regard to the risk of a significant adverse influence on corporate operations due to changes in the internal and external management environment, such incidents as external offenses or internal scandals and legal violations in the Company and the Group companies, each unit of the Company manages its own risk and the risk of the Group companies which it supervises. In addition, the Company has established a Crisis Management Headquarters as well as crisis management-related internal regulations, so that in the event of a problem, a preliminary task force may be immediately established with the participation of top management and may gather relevant information and rapidly implement countermeasures. In addition, the Company instructs Group companies to establish similar risk management systems and report incidents as necessary to the Company.

- The Company has established systems to ensure rapid and appropriate responses in the event of an accident or disaster in railway operations and to improve safety and reliability of transportation.
- To ensure effectiveness of risk management, the Board of Directors of the Company monitors its status and policies periodically.

4. Systems for promoting efficient performance of duties by directors and other employees in the JR East Group and systems for reporting performance of duties from Group companies to the Company
   - To promote efficiency in the Company's operations, internal regulations have been established that allocate authority by clearly defining the authority and roles of each unit.
   - To promote the group management vision, and to attain the vision's objectives, the Company and Group companies have established action programs for each organizational unit and project. Progress in action program implementation is periodically evaluated as a means of promoting the efficient implementation of strategic measures. In addition, Group companies regularly report to the Company material information, including business results and financial conditions.

5. Items related to employees who assist Corporate Auditors in the performance of their duties
   - Specialized staff are assigned to the Corporate Auditors Office to assist Corporate Auditors in the performance of their duties. This is a system designed to increase the efficiency of audits and enable audits to be performed smoothly.

6. Independence from Directors of employees who assist Corporate Auditors in the performance of their duties and effectiveness of instructions to such employees
   - The staff of the Corporate Auditors Office, with regard to instructions from the Corporate Auditors, are not subject to orders from Directors or other employees.

7. Systems in the JR East Group for reports to Corporate Auditors of the Company
   - The Company has established standards for matters to be resolved at the Board of Directors meeting based on the Regulations of the Board of Directors and appropriately submits such matters for resolution. The contents of important items other than those to be resolved by the Board of Directors may also be confirmed by Corporate Auditors at meetings of the Board of Directors, and meetings of the Executive Committee, by hearing from Directors and employees and by reviewing documents concerning performance of duties by Directors.
   - The Company's Corporate Auditors hold informational meetings regularly with corporate auditors of Group companies to share information concerning audit.
   - The Company reports regularly to the Company's Corporate Auditors on whistle-blower reports and other matters related to compliance issues of the JR East Group, as well as results of Group company audits conducted by the Company's Inquiry & Audit Department.
   - The Company prohibits unfavorable treatment of any person who reports to Corporate Auditors based on any such report.

8. Policies on payment of expenses arising from performance of duties of Corporate Auditors

- When the Company's Corporate Auditor requests advanced payment of expenses arising from performance of their duties, the Company shall pay such expense unless the Company establishes that such expense or liability is unnecessary for such performance of duties by such Corporate Auditor.

9. Other systems for promoting the effective performance of Corporate Auditors' audits
- The Corporate Auditors hold meetings regularly with the President and CEO and the accounting auditor to exchange information and opinions.

(Note) Above is the description of the internal control systems as of March 31, 2021. These systems were partially changed pursuant to the resolution of the meeting of the Board of Directors held on May 14, 2021 in order to establish more effective internal control systems.

(Outline of Status of Operation of Internal Control Systems)

Under the JR East Group Management Vision "Move Up" 2027, the Group aims to gain greater trust from local community members and customers and to achieve, as a corporate group, sustainable growth by implementing ESG management. The Group will continue to ensure compliance and safety, prevent financial losses, ensure soundness of financial conditions, and promote risk management that reflects consideration of expansion into new businesses, and thereby improve the Group's value.

1. Compliance effort
- The Group established corporate action guidelines titled "Policy on Legal and Regulatory Compliance and Corporate Ethics", distributed a "Compliance Action Plan Handbook" to officers and employees of the Company and Group companies in order to increase the effectiveness of such guidelines, and implemented compliance training to raise awareness.
- Moreover, units to provide compliance-related advice and receive reports have been established inside and outside the Company, which accept consultation and reports from officers, employees and business partners of the Company and Group companies, conduct necessary investigation and take corrective action in accordance with rules for handling whistle-blowing reports, and respond to any whistle-blower. The Company also informs officers and employees of the Company and Group companies to refrain from unfavorable treatment of whistle-blowers for their consultation or report.
- The Company receives reports on the results of tracing the Internal Control Systems conducted by Group companies, and confirms the status of operation and provides guidance.
- The Company has an audit system with specialized staff assigned to the Corporate Auditors Office to ensure legal and efficient performance of operation. Internal audit is performed for each unit approximately once a year, and an audit is performed for all Group companies approximately once in three years.
- In order for the Company to participate in the management of Group companies, the Company's officers and employees are seconded to Group companies as directors, and such persons attend the meetings of the board of directors of the Group companies to give opinions.

2. Risk management effort

- In fiscal 2020, the Group strengthened group-wide risk management and is working to avoid and reduce risks that are common and unique to each business. Specifically, each year, we identify risks in the overall business based on outside expertise and internal opinions, analyze and assess risks based on the frequency and degree of impact and determine significant risks, and consider and implement measures to avoid and reduce risks. In this way, the Company reviews risks through a PDCA cycle, monitors the degree of achievement and progress of initiatives aimed at avoiding and reducing risks twice a year at the meeting of Board of Directors, examines future policies and ensures the effectiveness of risk management.
- The Company sets forth basic items concerning risk management in its Crisis Management Headquarters Guidelines. In the event of a problem, the top management will, in accordance with such guidelines, participate in the immediate establishment of a preliminary task force and designate roles of relevant departments. Also, the Company instructs the Group companies to have organizations for risk management and that immediate reporting be made in the event of a problem, and have thereby established the risk management system for the Group.
- In response to the global spread of COVID-19, the Company has established a COVID-19 task force led by the President and CEO to collect and share information on responses within the Group, and is taking appropriate actions including by providing instructions to prevent the spread of COVID-19 among our passengers and employees in light of government direction.
- The Company focuses on safety as its top management priority, and under the "Group Safety Plan 2023" established in November 2018 pursues ultimate safety levels based on the "safety conduct" by each employee. Specifically, the Company has established a Transportation Operation Center that operates 24 hours a day and has the task of ensuring rapid and appropriate responses in the event of an accident or disaster in railway operations. The Company has also established specialized internal committees focused on maintaining safety and on improving reliability, to prevent material accidents and incidents and their recurrence.

3. Efforts to promote efficient performance of duties
- The Company's Board of Directors holds its meetings once a month as a general rule to resolve on matters as provided for by laws and regulations and other important matters relating to the execution of business.
- The Company's executive committee is composed of executive directors and other members as specified by the Board of Directors, and holds its meetings once a week as a general rule to discuss matters to be resolved at the meeting of the Board of Directors and other important matters essential to business.
- For the execution of its business, the Company clarifies the division of duties and administrative authority of each of the departments by means of organizational and other regulations.
- Under Speed Up "Move Up" 2027 announced in September 2020, the Company will pursue efforts toward restructuring of growth and innovation strategies, fundamental strengthening of management foundation and implementation of ESG management to respond to the changes in the external and internal business environment, including COVID-19, and achieve the goals of "Move Up" 2027.
- Moreover, a Group company presents quarterly reports of business results and financial conditions to the Company. The Group company also reports on the progress made in meeting management goals and overcoming challenges, and exchange views at meetings organized by the Company's department in charge.

4. Efforts to ensure effective audits by Corporate Auditors

- The Company has systems to enable audits by Corporate Auditors to be performed smoothly by assigning approximately 10 specialized staff members independent from Directors to assist Corporate Auditors.
- The Company's Corporate Auditors audit, in accordance with its policies, the Directors' performance of their duties by attending important meetings such as meetings of the Board of Directors and Board of Executive Directors, and hold informal meetings regularly with the Company's Representative Directors and the accounting auditor to exchange information and opinions. In addition, the Corporate Auditors receive reports from the Company's Inquiry & Audit Department approximately once every month.
- Further, the Corporate Auditors hold informational meetings with corporate auditors of Group companies twice a year to share information concerning audit, and visit Group companies and share information and facilitate communications with representative directors (approximately once in three years) and receive business report from principal subsidiaries (once in three years).
- The Company reports to Corporate Auditors on issues concerning whistle-blower reports and compliance within the Group (approximately twice a year), results of the audit of Group companies performed by the Company's Inquiry & Audit Department (approximately once a month), and reports on important issues any time as needed.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(Year ended March 31, 2021)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income							
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gains (losses) on securities	Net deferred gains (losses) on derivatives under hedge accounting	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurem-ents of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the fiscal year start	¥200,000	¥96,796	¥2,809,369	¥(5,546)	¥3,100,618	¥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)		(50,032)								(50,032)
Loss attributable to owners of parent			(577,900)		(577,900)								(577,900)
Increase/decrease due to merger			134		134								134
Purchase of treasury stock				(8)	(8)								(8)
Disposal of treasury stock			(0)	1	0								0
Capital increase of consolidated subsidiaries		(66)			(66)								(66)
Purchase of shares of consolidated subsidiaries		(207)			(207)								(207)
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	-	(273)	(627,798)	(6)	(628,079)	21,346	(267)	(15)	(10)	(4,142)	16,909	(4,896)	(616,066)
Balance at the fiscal year end	¥200,000	¥96,522	¥2,181,570	¥(5,553)	¥2,472,539	¥54,322	¥2,137	¥(433)	¥(25)	¥6,486	¥62,487	¥22,334	¥2,557,361

(Note) Amounts less than one million yen are omitted.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

I. NOTES ON BASIC MATTERS IN PREPARING CONSOLIDATED FINANCIAL STATEMENTS

1. Matters regarding the scope of consolidation

Among the subsidiaries, 71 companies including Nippon Hotel Co., Ltd., Viewcard Co., Ltd., JR East Retail Net Co., Ltd. and JR BUS KANTO CO., LTD. are consolidated.

Station City Energy Create Co., Ltd. was newly consolidated following its establishment.

JR East Foods Co., Ltd. was dissolved due to merger with Nippon Restaurant Enterprise Co., Ltd. (currently JR East Cross Station Co., Ltd.)

JR East Retail Net Co., Ltd. absorbed a non-consolidated subsidiary Adrest Nagano Co., Ltd.

Non-consolidated subsidiaries include LUMINE Resort Co., Ltd. and atré International Co., Ltd. None of the assets, sales, profit and loss, and retained earnings of the non-consolidated subsidiaries corresponding to the Company's equity are significant in amounts compared to those of the Company and its consolidated subsidiaries, and will not affect the reasonable judgment with respect to the Group's financial condition or business results when such subsidiaries are excluded from consolidation.

2. Matters regarding application of the equity method

Among the affiliated companies, the equity method is applied to the investment in 6 companies: UQ Communications Inc., NIPPON DENSETSU KOGYO CO., LTD., Central Security Patrols Co., Ltd., NIPPON RIETEC CO., LTD., JTB Corp. and Total Electric Management Service Co., Ltd.

With respect to investments in non-consolidated subsidiaries and affiliated companies not using the equity method (including Narita Airport Rapid Railway Company Limited), none of the profit and loss and retained earnings of such companies corresponding to the Company's equity are significant in amounts compared to those of the Company and its consolidated subsidiaries and equity method affiliated companies, and will not affect the consolidated profit and loss or consolidated retained earnings. Therefore the equity method is not applied.

As for the equity method affiliated company which has a different fiscal year-end date from the consolidated fiscal year-end date, financial statements for the fiscal year of such company are used.

3. Matters regarding fiscal years of the consolidated subsidiaries

Among the consolidated subsidiaries, the fiscal year-end date of JR East Business Development SEA Pte. Ltd. and JRE Business Development Taiwan, Inc. was December 31, 2020 and the fiscal year-end date of The Orangepage, Inc. was February 28, 2021. Financial statements of such company as of that date are used to prepare the consolidated financial statements, with necessary adjustments regarding important transactions occurred between that date and the consolidated fiscal year-end date.

The fiscal year-end date of GALA YUZAWA Co., Ltd. was September 30, 2020. Its balance sheet, statement of income and statement of changes in net assets prepared based on the provisional settlement of accounts as of the consolidated fiscal year-end date have been used to prepare the consolidated financial statements.

4. Matters regarding accounting standards

(1) Basis and method of valuation of important assets

(a) Basis and method of valuation of securities

Held-to-maturity debt securities: amortized cost method
Available-for-sale securities:

- Securities with market value: market method based on fair market value as of the balance sheet date (Net unrealized gains or losses on these securities are reported as a separate item in net assets, and the cost of sales is determined mainly by the moving-average cost method.)
- Securities without market value: investments in anonymous associations (*tokumei kumiai*) and similar associations (which are deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Law (Law No. 25 of 1948)) are capitalized by the net amount based on the latest financial statements available according to the closing date stipulated in the partnership agreement; others are mainly based on the moving-average cost method

(b) Basis and method of valuation of derivatives

Derivatives are valued according to market method.

(c) Basis and method of valuation of inventories

Real estate for sale: identified cost method (carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability of inventories)
Merchandise products: mainly retail cost method or moving-average cost method (carrying amount in the balance sheet is calculated with consideration of

write-downs due to decreased profitability of inventories)

Work in progress: mainly identified cost method (carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability of inventories)

Materials and goods: mainly moving-average cost method (carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability of inventories)

(2) Method of depreciation and amortization of important depreciable assets

(a) Property, plant and equipment

Property, plant and equipment are depreciated using the declining balance method; however, buildings (excluding fixtures) acquired on or after April 1, 1998, fixtures and structures acquired on or after April 1, 2016 and some of the property, plant and equipment of consolidated subsidiaries are depreciated using the straight-line method. Replacement assets included in structures of railway fixed assets are depreciated using the replacement method.

Methods to determine the number of years of useful life and residual value are as stipulated in the Japanese Corporation Tax Law.

With respect to the depreciation and amortization method for lease assets related to finance lease transactions that do not transfer ownership to the lessee, the Group has adopted a straight-line method that assumes the years of service lives are lease periods and residual values are zero.

(b) Intangible assets

Intangible assets are amortized using the straight-line method. The method to determine the number of years of useful life is as stipulated in the Japanese Corporation Tax Law.

Software designed for internal use is amortized using the straight-line method based on the expected useful life as used in each company (mainly five years).

With respect to the depreciation and amortization method for lease assets related to finance lease transactions that do not transfer ownership to the lessee, the Group has adopted a straight-line method that assumes the years of service lives are lease periods and residual values are zero.

(3) Accounting for deferred assets

Expenses for issuance of bonds are charged to income when paid.

(4) Accounting for important allowances

(a) Allowance for doubtful accounts

For general receivables, the allowance is provided based on past loan loss experience. For receivables from debtors in financial difficulty, allowance is provided for estimated unrecoverable amounts on an individual basis.

(b) Allowance for bonuses to employees

The allowance for bonuses to employees is provided based upon the expected amount to be paid.

(c) Provision for large-scale renovation of Shinkansen infrastructure

The provision for large-scale renovation of Shinkansen infrastructure has been recognized based on Article 17 of the Nationwide Shinkansen Railway Development Act (Act No. 71 of 1970).

On March 29, 2016, the Company received approval for a Plan for Provision for Large-Scale Renovation of Shinkansen Infrastructure from the Minister of Land, Infrastructure, Transport and Tourism based on Article 16, Paragraph 1 of the Nationwide Shinkansen Railway Development Act. As a result, from the fiscal year ending March 31, 2017, until the fiscal year ending March 31, 2031, a provision of ¥24,000 million (total: ¥360,000 million) will be recognized each fiscal year, and from the fiscal year ending March 31, 2032, until the fiscal year ending March 31, 2041, a reversal of ¥36,000 million (total: ¥360,000 million) will be recognized each fiscal year.

(d) Allowance for disaster-damage losses

The allowance for disaster-damage losses is established based upon the estimated restoration and other expenses arising from the Great East Japan Earthquake of March 11, 2011 and an earthquake off the coast of Fukushima Prefecture occurred on February 13, 2021.

Also, the allowance for disaster-damage losses is established based upon the estimated restoration and other expenses arising from Typhoon No. 15 (Faxai) and Typhoon No. 19 (Hagibis), which landed on September 9, 2019 and October 12, 2019, respectively.

(e) Allowance for partial transfer costs of railway operation

The allowance for partial transfer costs of railway operation is established based upon the estimated costs of restoration to the original state and other activities related to the disposition for free of railway facilities for the section between Aizu-Kawaguchi and

Tadami on the Tadami Line from the Company to Fukushima Prefecture.

(5) Accounting for net defined benefit liabilities

The Group accrues net defined benefit liabilities at the end of the balance sheet date in an amount calculated based on the actuarial present value of all retirement benefit obligation attributable to employee services rendered prior to the balance sheet date and the fair value of plan assets at that date.

(a) The method for attributing expected benefits to periods

In calculation of the retirement benefit obligation, estimated retirement benefits are attributed to the accounting period prior to the balance sheet date in accordance with the benefit formula basis.

(b) Amortization of prior service costs and actuarial gains and losses

The prior service costs are amortized by the straight-line method and charged to income over the number of years (mainly ten years) which does not exceed the average remaining years of employment at the time when the prior service costs were incurred.

Actuarial gains and losses are recognized in expenses using the straight-line method over constant years (mainly ten years) within the average of the estimated remaining service lives of employees at the time when the actuarial gains and losses are incurred in each period, commencing with the following consolidated fiscal year.

The unrecognized actuarial differences and unrecognized prior service costs are accrued as remeasurements of defined benefit plans in accumulated other comprehensive income in net assets, upon adjustment of tax effect.

(6) Method of accounting for important hedge transactions

Hedge transactions are based on deferral hedge accounting. Currency swap transactions and forward exchange contracts that fulfill the requirement of appropriation accounting are based on appropriation accounting, and interest swap transactions fulfilling special accounting are based on special accounting.

(7) Accounting for direct deduction from acquisition cost of fixed assets regarding construction grants

The Group receives construction grants from local public and other entities as a part of construction costs for rail line elevation for serial overpasses in its railway operations.

These construction grants are recognized by directly deducting the amount equal to such construction grants from the acquisition cost of fixed assets at the time of completion of construction.

In the consolidated statement of income, construction grants are stated in extraordinary gains as “Construction grants received” including the amount received for condemnation, and the amount directly deducted from the acquisition cost of fixed assets are stated in extraordinary loss as “Losses on reduction entry for construction grants” including the reduction for condemnation.

The amount in “Construction grants received” excluding the amount received for condemnation was ¥15,064 million, and the amount in “Losses on reduction entry for construction grants” excluding the reduction for condemnation was ¥14,249 million.

(8) Accounting for consumption taxes

Consumption taxes are accounted for by exclusion from each corresponding transaction.

II. NOTES ON CHANGE IN PRESENTATION

In accordance with the Corporate Accounting Rules as amended pursuant to the Ministerial Ordinance to Amend Part of Corporate Accounting Rules (Ministerial Ordinance of the Ministry of Justice No. 45 of 2020, promulgated on August 12, 2020) incidental to Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020), notes on accounting estimates are provided in the consolidated financial statements.

III. NOTES ON ACCOUNTING ESTIMATES

Recoverability of deferred tax assets

1. Amount established in the consolidated financial statements for this fiscal year

Deferred tax assets: ¥344,825 million

2. Other information

Deferred tax assets are recognized for the future reversal of deductible temporary differences in future fiscal years and for the estimated amount of reduced taxes to offset tax losses carried forward against taxable income, judged by their recoverability based on estimates of future taxable income and other factors.

Estimates of taxable income are based on forecasts of business results, and 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 change to society, such as widespread adoption of teleworking, will continue.

If the operating revenues from the railway transportation business do not recover as anticipated due to factors such as delays in the end of the COVID-19 pandemic and, as a result, changes to the estimates of taxable income are required, the determination of the recoverability of deferred tax assets in the following fiscal year could be affected.

IV. NOTES TO CONSOLIDATED BALANCE SHEET

1. Pledged assets

(1) Pledged assets are as follows:

Cash and time deposits:	¥172 million
Others:	¥1,004 million
Total:	¥1,177 million

Liabilities corresponding to the above are as follows:

Notes and accounts payable-trade:	¥719 million
Others:	¥16 million
Total:	¥736 million

(2) Assets subject to foundation mortgage (railway foundation) are as follows:

Buildings and fixtures:	¥3,671 million
Others:	¥3,908 million
Total:	¥7,580 million

Liabilities corresponding to the above are as follows:
Long-term liabilities incurred for purchase of railway facilities:
¥493 million

2. Accumulated depreciation of property, plant and equipment

¥8,247,574 million

3. Accumulated amount of construction grants directly deducted from acquisition cost of fixed assets

¥945,389 million

4. Contingent liabilities

(1) Contract guarantee:
Japan Transportation Technology (Thailand) Co., Ltd. ¥10,540 million
(Japanese yen equivalent; joint guarantee by three companies including the Company)

(2) Guarantee in connection with a letter of credit of financial institution relating to the construction cost for power system connection:
Akita Yurihonjo Offshore Wind GK ¥2,816 million

(3) Guarantee obligation in connection with a borrowing from financial institution:
Power Plant Co., Ltd. ¥3,200 million

5. Inventory

Merchandise products:	¥7,227 million
Work in progress:	¥39,797 million
Materials and goods:	¥36,622 million

6. Revaluation of land

JTB Corp., an equity-method affiliate of the Company, absorbed JTB Estate Corp. by merger on April 1, 2012. Prior to this absorption merger, JTB Estate Corp. had been revaluating its land for business use pursuant to the Law on Revaluation of Land (Law No. 34 of 1998) and Law for Partial Revision of the Law on Revaluation of Land (Law No. 19 of 2001). Consequently, the Company's equity-method portion of "Revaluation reserve for land" recorded on JTB Corp.'s balance sheets was recorded in the Company's Consolidated Balance Sheets as "Revaluation reserve for land" under Net Assets, Accumulated Other Comprehensive Income.

(1) Revaluation method
Rational adjustment based on roadside land value and other standards pursuant to the Order for Enforcement of the Law on Revaluation of Land (Cabinet Order No. 119 of 1998) Article 2-4

(2) Revaluation date
March 31, 2002

(3) Difference between book value after revaluation and market value on March 31, 2021
Difference was not recorded because the market value of the revaluated land was higher than the book value after revaluation.

V. NOTES TO CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

1. Class of shares and total number of shares issued at end of this fiscal year

Common stock: 377,932,400 shares

2. Items concerning dividend payment during this fiscal year

(1) Amount of dividends paid

Resolution	Class of stock	Total amount of dividend (Million yen)	Dividend per share (Yen)	Record date	Payment commencement date
Ordinary General Meeting of Shareholders held on June 23, 2020	Common stock	31,152	82.5	March 31, 2020	June 24, 2020
Meeting of Board of Directors held on October 28, 2020	Common stock	18,880	50.0	September 30, 2020	November 20, 2020

(2) Dividends having the record date within this fiscal year and the payment commencement date within the next fiscal year

Resolution (Scheduled)	Class of stock	Total amount of dividend (Million yen)	Dividend source	Dividend per share (Yen)	Record date	Payment commence ment date
Ordinary General Meeting of Shareholders to be held on June 22, 2021	Common stock	18,880	Retained earnings	50.0	March 31, 2021	June 23, 2021

VI. NOTES ON FINANCIAL INSTRUMENTS

1. Items relating to the status of financial instruments

(1) Policy in relation to financial instruments

If surplus funds arise, the Company and its consolidated subsidiaries use only financial assets with high degrees of safety for the management of funds. The Company and its consolidated subsidiaries principally use bond issuances and bank loans in order to raise funds. Further, the Company and its consolidated subsidiaries use derivatives to reduce risk, as described below, and do not conduct speculative trading.

(2) Details of financial instruments and related risk

Trade receivables—notes and accounts receivable-trade, and fares receivable—are exposed to credit risk in relation to customers, transportation operators with connecting railway services, and other parties. Due dates and balances are managed appropriately for each counterparty pursuant to the internal regulations of the Company and its consolidated subsidiaries.

Securities and investments in securities are exposed to market price fluctuation risk.

Substantially all of trade payables—notes and accounts payable-trade, payables, fare deposits received with regard to railway connecting services, accrued consumption taxes, and accrued income taxes—have payment due dates within one year.

Bonds and loans are exposed to risk associated with inability to make payments on due dates because of unforeseen decreases in free cash flow. Further, certain bonds and loans are exposed to market price fluctuation risk (foreign exchange / interest rates).

Long-term liabilities incurred for purchase of railway facilities are liabilities with regard to the Japan Railway Construction, Transport and Technology Agency and, pursuant to the Law Related to the Transfer of Shinkansen Railway Facilities, comprise principally of (interest-bearing) debts related to the Company's purchase of Shinkansen railway facilities for a total purchase price of ¥3,106,969 million from the Shinkansen Holding Corporation on October 1, 1991. The Company pays such purchase price, based on regulations pursuant to the Law Related to the Transfer of Shinkansen Railway Facilities, enacted in 1991, and other laws, in semiannual installments calculated using the equal payment method, whereby interest and principal are paid in equal amounts semiannually, based on interest rates approved by the Minister of Land, Infrastructure, Transport and Tourism (at the time of enactment). Long-term liabilities incurred for purchase of railway facilities are exposed to risk associated with inability to make payments on due dates because of unforeseen decreases in free cash flow. Further, certain long-term liabilities incurred for purchase of railway facilities are exposed to market price fluctuation risk (interest rates).

(3) Risk management system for financial instruments

The Company and its consolidated subsidiaries use forward exchange contract transactions, currency swap transactions, and interest rate swap transactions with the aim of avoiding market price fluctuation risk (foreign exchange / interest rates) in relation to, among others, bonds and loans. Further, commodity swap transactions are used with the aim of avoiding product price fluctuation risk related to fuel purchasing, and natural disaster derivatives are used with the aim of avoiding revenue expenditure fluctuation risk due to natural disasters.

Because all of the derivative transaction contracts that the Company and its consolidated subsidiaries enter into are transactions whose counterparties are financial institutions that have high creditworthiness, the Company and its consolidated subsidiaries believe that there is nearly no risk of parties to contracts defaulting on obligations.

Under the basic policy of properly executing transactions and conducting risk management approved by the Board of Directors, financial departments in the relevant companies process those derivative transactions in accordance with relevant internal regulations and with the approval of the Board of Directors or upon other appropriate internal procedures.

(4) Supplementary explanation of items relating to the fair values of financial instruments

The fair values of financial instruments include market prices or reasonably estimated values if there are no market prices. Because estimation of fair values incorporates variable factors, adopting different assumptions can change the values.

2. Items relating to the fair values of financial instruments

Amounts recognized for selective items in the consolidated balance sheet as of March 31, 2021, fair values of such items, and the differences between such amounts and values is shown below. Further, items for which fair values are extremely difficult to establish are not included in the following table.

	Consolidated balance sheet amount (Million yen)	Fair value (Million yen)	Difference (Million yen)
1. Cash and time deposits	198,130	198,130	—
2. Notes and accounts receivable-trade	470,611	470,611	—
3. Fares receivable	38,536	38,536	—
4. Securities and investments in securities			
(i) Held-to-maturity debt securities	147	149	1
(ii) Available-for-sale securities	211,423	211,423	—
Assets	918,850	918,851	1
1. Notes and accounts payable–trade	52,909	52,909	—
2. Short-term loans	300,000	300,000	—
3. Payables	477,546	477,546	—
4. Accrued consumption taxes	7,856	7,856	—
5. Accrued income taxes	22,074	22,074	—
6. Fare deposits received with regard to railway connecting services	33,992	33,992	—
7. Bonds	2,020,308	2,180,067	159,759
8. Long-term loans	1,292,192	1,345,181	52,989
9. Long-term liabilities incurred for purchase of railway facilities	323,088	676,048	352,959
Liabilities	4,529,969	5,095,677	565,708
Derivative transactions (*)			
Hedge accounting applied	3,075	3,075	—

(*) Net receivables / payables arising from derivatives are shown.

Note 1: Items relating to securities, derivatives transactions, and method of estimating the fair values of financial instruments

Assets

1. Cash and time deposits; 2. Notes and accounts receivable-trade; and 3. Fares receivable

Because these assets are mostly settled over short terms, fair values and book values are nearly equivalent. Therefore, relevant book values are used.

4. Securities and investments in securities

The fair values of these securities are based mainly on market prices.

Liabilities

1. Notes and accounts payable-trade; 2. Short-term loans; 3. Payables; 4. Accrued consumption taxes; 5. Accrued income taxes; and 6. Fare deposits received with regard to railway connecting services

Because these liabilities are settled over short terms, fair values and book values are nearly equivalent. Therefore, relevant book values are used.

7. Bonds

The fair values of domestic bonds are based mainly on market prices.

The fair values of foreign currency denominated bonds, which are subject to treatment using foreign currency swaps, are estimated by discounting the foreign currency swaps and future cash flows treated in combination with them based on estimated interest rates if similar domestic bonds were newly issued.

8. Long-term loans

The fair values of long-term loans are principally estimated by discounting future cash flows based on estimated interest rates if similar new loans were implemented. Further, the fair values of certain long-term loans, which are subject to treatment using foreign currency swaps or interest rate swaps, are estimated by discounting the foreign currency swaps or interest rate swaps and future cash flows treated in combination with them based on estimated interest rates if similar new loans were implemented.

9. Long-term liabilities incurred for purchase of railway facilities

Because these liabilities are special monetary liabilities that are subject to constraints pursuant to laws and statutory regulations and not based exclusively on free agreement between contracting parties in accordance with market principles, and because repeating fund raising using similar methods would be difficult, as stated in “1. Items relating to the status of financial instruments, (2) Details of financial instruments and related risk,” the fair values of long-term liabilities incurred for purchase of railway facilities are estimated by assuming that future cash flows were raised through bonds, the Company’s basic method of fund raising, and discounting them based on estimated interest rates if similar domestic bonds were newly issued. Further, certain long-term liabilities incurred for purchase of railway facilities with variable interest rates are estimated based on the most recent interest rates, notification of which is provided by the Japan Railway Construction, Transport and Technology Agency.

Derivative transactions

The fair values of derivative transactions are based on the prices and so on presented by counterparty financial institutions.

However, because a derivative transaction that meets certain hedging criteria regarding forward exchange contracts, foreign currency swaps, or interest rate swaps are treated as part of the same transaction with the relevant hedged bond or long-term loan or hedged item, the fair values of such derivative is included in the fair value of the hedged bond or long-term loan or any other hedged item, as the case may be.

Note 2: Financial instruments whose fair values are extremely difficult to determine

Classification	Consolidated balance sheet amount (Million yen)
Unlisted equity securities (*1)	7,037
Unlisted bonds (*1)	540
Stock acquisition rights (*1)	100
Investment in limited liability companies (*godo kaisha*) (*1)	2,936
Investment in investment business limited partnership (*toshi jigyo yugen sekinin kumiai*) (*1)	9,680
Preferred equity securities (*1)	2,506
Natural disaster derivative transactions (*2)	1,438

(*1) With respect to unlisted equity securities, unlisted bonds, stock acquisition rights, investment in limited liability companies (*godo kaisha*), investment business limited partnership (*toshi jigyo yugen sekinin kumiai*), and preferred equity securities, because the fair values of these financial instruments are extremely difficult to determine, given that they do not have market prices and future cash flows cannot be estimated, they are not included in "4. Securities and investments in securities – (ii) Available-for-sale securities."

(*2) The fair value of natural disaster derivative transactions at the end of this fiscal year was not determined because it is extremely difficult to determine a justifiable fair value.

Note 3: The amounts recognized in the consolidated balance sheet and fair values related to bonds, long-term loans, and long-term liabilities incurred for purchase of railway facilities include, respectively, the current portion of bonds, the current portion of long-term loans, and the current portion of long-term liabilities incurred for purchase of railway facilities.

VII. NOTES ON INVESTMENT AND RENTAL PROPERTY

The Company and certain of its consolidated subsidiaries own rental office buildings and rental commercial facilities (hereafter "investment and rental property") principally within the Company's service area.

The amounts recognized in the consolidated balance sheet and fair values related to investment and rental property are as follows.

Consolidated balance sheet amount (Million yen)	Fair value (Million yen)
854,254	2,404,297

Note 1: The consolidated balance sheet amount is the amount equal to acquisition cost, less accumulated depreciation.

Note 2: Regarding fair values at the end of this fiscal year, the amount for significant properties is based on real-estate appraisals prepared by external real-estate appraisers, and the amount for other properties is estimated by the Company based on certain appraisal values or indicators that reflect appropriate market prices. However, if there has not been any material change, since the time of acquisition from a third party or the time of the most recent valuation, in any such appraisal value or indicator that we believe reflects the appropriate market price, the amount is adjusted using such appraisal value or indicator.

Note 3: Because fair values are extremely difficult to determine, this table does not include property that is being constructed or developed for future use as investment property. The amount recognized in the consolidated balance sheet related to such property is ¥149,787 million.

VIII. NOTES ON PER SHARE INFORMATION

Shareholders' equity per share:	¥6,719.93
Loss per share:	¥1,531.91

IX. NOTES ON SUBSEQUENT EVENTS

1. Issuance of Bonds

The Company issued the following straight bonds.

1) Unsecured straight bonds, 162nd issue, East Japan Railway Company
   i. Issue date: April 15, 2021
   ii. Amount: ¥45,000 million
   iii. Issue price: ¥100.003 per ¥100
   iv. Coupon rate: 0.001% per annum
   v. Maturity date: April 15, 2024
   vi. Use of proceeds: the repayment of interest-bearing debt etc.

2) Unsecured straight bonds, 163rd issue, East Japan Railway Company
   i. Issue date: April 15, 2021
   ii. Amount: ¥30,000 million
   iii. Issue price: ¥100 per ¥100
   iv. Coupon rate: 0.050% per annum
   v. Maturity date: April 15, 2026
   vi. Use of proceeds: the repayment of interest-bearing debt etc.

3) Unsecured straight bonds, 164th issue, East Japan Railway Company
   i. Issue date: April 15, 2021
   ii. Amount: ¥20,000 million
   iii. Issue price: ¥100 per ¥100
   iv. Coupon rate: 0.245% per annum
   v. Maturity date: April 15, 2031

vi. Use of proceeds: the repayment of interest-bearing debt etc.

4) Unsecured straight bonds, 165th issue, East Japan Railway Company
   i. Issue date: April 15, 2021
   ii. Amount: ¥30,000 million
   iii. Issue price: ¥100 per ¥100
   iv. Coupon rate: 0.596% per annum
   v. Maturity date: April 15, 2041
   vi. Use of proceeds: the repayment of interest-bearing debt etc.

5) Unsecured straight bonds, 166th issue, East Japan Railway Company
   i. Issue date: April 15, 2021
   ii. Amount: ¥20,000 million
   iii. Issue price: ¥100 per ¥100
   iv. Coupon rate: 0.847% per annum
   v. Maturity date: April 14, 2051
   vi. Use of proceeds: the repayment of interest-bearing debt etc.

6) Unsecured straight bonds, 167th issue, East Japan Railway Company
   i. Issue date: April 15, 2021
   ii. Amount: ¥20,000 million
   iii. Issue price: ¥100 per ¥100
   iv. Coupon rate: 0.978% per annum
   v. Maturity date: April 15, 2061
   vi. Use of proceeds: the repayment of interest-bearing debt etc.

7) Unsecured straight bonds, 168th issue, East Japan Railway Company
   i. Issue date: April 15, 2021
   ii. Amount: ¥35,000 million
   iii. Issue price: ¥100 per ¥100
   iv. Coupon rate: 1.142% per annum
   v. Maturity date: April 15, 2071
   vi. Use of proceeds: the repayment of interest-bearing debt etc.

2. Other Procurement of Significant Funds

The Company procured the following funds 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
   i. Issue date: April 22, 2021
   ii. Amount issued: ¥100,000 million
   iii. Coupon rate: (0.030)-(0.019)% per annum
   iv. Maturity date: March 22, 2022
   v. Existence of collateral, etc.: unsecured, unguaranteed

2) Long-term borrowing
   i. Borrowing date: April 27, 2021
   ii. Lenders: Mizuho Bank, Ltd., MUFG Bank, Ltd. and Sumitomo Mitsui Banking Corporation

iii. Amount borrowed: ¥150,000 million
iv. Coupon rate: basic interest rate *plus* spread
v. Repayment dates: October 27, 2027 to October 25, 2030
vi. Existence of collateral, etc.: unsecured, unguaranteed

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(Year ended March 31, 2021)

(Millions of yen)

	Shareholders' equity												Valuation and translation adjustments			
		Capital surplus		Retained earnings												
					Other retained earnings											
	Common stock	Additional paid-in capital	Total capital surplus	Legal reserve	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	Total retained earnings	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	Total net assets
Balance at the fiscal year start	¥200,000	¥96,600	¥96,600	¥22,173	¥1,427	¥83	¥57,982	¥1,720,000	¥426,797	¥2,228,465	¥(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					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	-		-				-
Dividends									(50,032)	(50,032)		(50,032)				(50,032)
Loss									(506,631)	(506,631)		(506,631)				(506,631)
Purchase of treasury stock											(8)	(8)				(8)

	Shareholders' equity												Valuation and translation adjustments			
		Capital surplus		Retained earnings												
					Other retained earnings											
	Common stock	Additional paid-in capital	Total capital surplus	Legal reserve	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	Total retained earnings	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	Total net assets
Disposal of treasury stock									(0)	(0)	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	-	-	-	-	132	(1)	6,813	-	(563,609)	(556,664)	(6)	(556,671)	19,813	(260)	19,553	(537,117)
Balance at the fiscal year end	¥200,000	¥96,600	¥96,600	¥22,173	¥1,560	¥82	¥64,796	¥1,720,000	¥(136,811)	¥1,671,801	¥(3,416)	¥1,964,985	¥47,105	¥2,137	¥49,243	¥2,014,228

(Note) Amounts less than one million yen are omitted.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

I. NOTES ON ITEMS CONCERNING SIGNIFICANT ACCOUNTING POLICIES

1. Basis and method of valuation of securities

Held-to-maturity debt securities: amortized cost method
Equity securities issued by subsidiaries and affiliated companies:
moving-average cost method
Available-for-sale securities:

- Securities with market value: market method based on fair market value as of the balance sheet date (Net unrealized gains or losses on these securities are reported as a separate item in net assets, and the cost of sales is determined by the moving-average cost method.)
- Securities without market value: moving-average cost method; investments in anonymous associations (*tokumei kumiai*) and similar associations (which are deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Law (Law No. 25 of 1948)) are capitalized by the net amount based on the latest financial statements available according to the closing date stipulated in the partnership agreement

2. Basis and method of valuation of derivatives

Derivatives are valued according to market method.

3. Basis and method of valuation of inventories

Real estate for sale:	identified cost method (carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability of inventories)
Inventories:	moving-average cost method (carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability of inventories)

4. Method of depreciation and amortization of fixed assets

(1) Property, plant and equipment

Property, plant and equipment are depreciated using the declining balance method; however, buildings (excluding fixtures) acquired on or after April 1, 1998, fixtures and structures acquired on or after April 1, 2016 are depreciated using the straight-line method. Replacement assets included in structures of railway fixed assets are depreciated using the replacement method.

Methods to determine the number of years of useful life and residual value are as stipulated in the Japanese Corporation Tax Law.

With respect to the depreciation and amortization method for lease assets related to finance lease transactions that do not transfer ownership to the lessee, the Company has adopted a straight-line method that assumes the years of service lives are lease periods and residual values are zero.

(2) Intangible assets

Intangible assets are amortized using the straight-line method. The method to determine the number of years of useful life is as stipulated in the Japanese Corporation Tax Law.

Software designed for internal use is amortized using the straight-line method based on the expected useful life as used in the Company (five years).

With respect to the depreciation and amortization method for lease assets related to finance lease transactions that do not transfer ownership to the lessee, the Company has adopted a straight-line method that assumes the years of service lives are lease periods and residual values are zero.

5. Accounting for deferred assets

Expenses for issuance of bonds: Charged to income when paid.

6. Accounting for important allowances

(1) Allowance for doubtful accounts

For general receivables, the allowance is provided based on past loan loss experience. For receivables from debtors in financial difficulty, allowance is provided for estimated unrecoverable amounts on an individual basis.

(2) Allowance for bonuses to employees

The allowance for bonuses to employees is provided based upon the expected amount to be paid.

(3) Provision for large-scale renovation of Shinkansen infrastructure

The provision for large-scale renovation of Shinkansen infrastructure has been recognized based on Article 17 of the Nationwide Shinkansen Railway Development Act (Act No. 71 of 1970).

On March 29, 2016, the Company received approval for a Plan for Provision for Large-Scale Renovation of Shinkansen Infrastructure from the Minister of Land, Infrastructure, Transport and Tourism based on Article 16, Paragraph 1 of the Nationwide Shinkansen Railway Development Act. As a result, from the fiscal year ending March 31, 2017, until the fiscal year ending March 31, 2031, a provision of ¥24,000 million (total: ¥360,000 million) will be recognized each fiscal year, and from the fiscal year ending

March 31, 2032, until the fiscal year ending March 31, 2041, a reversal of ¥36,000 million (total: ¥360,000 million) will be recognized each fiscal year.

(4) Employees' severance and retirement benefits

The Company accrues liabilities for severance and retirement benefits at the end of the balance sheet date in an amount calculated based on the actuarial present value of all severance and retirement benefits attributable to employee services rendered prior to the balance sheet date.

(a) Attribution of expected severance and retirement benefits to the accounting period

In calculation of the liabilities for severance and retirement benefits, estimated retirement benefits are attributed to the accounting period prior to the balance sheet date in accordance with the benefit formula basis.

(b) Amortization of prior service costs and actuarial gains and losses

The prior service costs are amortized by the straight-line method and charged to income over the number of years (10 years) which does not exceed the average remaining years of employment at the time when the prior service costs incurred.

Actuarial gains and losses are recognized in expenses using the straight-line method over constant years (10 years) within the average of the estimated remaining service lives of employees at the time when the actuarial gains and losses are incurred in each period, commencing with the following fiscal year.

(5) Allowance for disaster-damage losses

The allowance for disaster-damage losses is established based upon the estimated amount of restoration and other expenses arising from the Great East Japan Earthquake of March 11, 2011 and an earthquake off the coast of Fukushima Prefecture occurred on February 13, 2021.

Also, the allowance for disaster-damage losses is established based upon the estimated restoration and other expenses arising from Typhoon No. 15 (Faxai) and Typhoon No. 19 (Hagibis), which landed on September 9, 2019 and October 12, 2019, respectively.

(6) Allowance for environmental conservation costs

In accordance with Soil Contamination Countermeasures Law, the allowance for environmental conservation costs is established based upon the estimated amount of expenses for disposal of contaminated soil. Disposal expenses that are difficult to reasonably estimate at this time are not included in the allowance for environmental conservation costs.

Also in accordance with the Cultural Property Protection Law, the allowance is established based upon the estimated amount of expenses for record keeping surveys of buried cultural properties and other expenses.

In addition, in accordance with Law on Special Measures concerning the Proper Treatment of Polychlorinated Biphenyl Waste, the allowance is established based upon the estimated amount of expenses for disposal of low concentration PCB wastes stored in the Company. Expenses for disposal of high concentration PCB wastes are recorded in other long-term liabilities.

(7) Allowance for partial transfer costs of railway operation

The allowance for partial transfer costs of railway operation is established based upon the estimated costs of restoration to the original state and other activities related to the disposition for free of railway facilities for the section between Aizu-Kawaguchi and Tadami on the Tadami Line from the Company to Fukushima Prefecture.

(8) Allowance for point card certificates

The allowance for point card certificates is established based upon the estimated amount of future usage of "JRE POINT" at the end of the balance sheet date.

7. Method of accounting for hedge transactions

Hedge transactions are based on deferral hedge accounting. Currency swap transactions and forward exchange contracts fulfilling the requirement of appropriation accounting are based on appropriation accounting, and interest swap transactions fulfilling special accounting are based on special accounting.

8. Accounting for severance and retirement benefits

Accounting methods for the unrecognized actuarial differences and unrecognized prior service costs for severance and retirement benefits are different from those of consolidated financial statements.

9. Accounting for direct deduction from acquisition cost of fixed assets regarding construction grants

The Company receives construction grants from local public and other entities as a part of construction costs for rail line elevation for serial overpasses in its railway operations.

These construction grants are recognized by directly deducting the amount equal to such construction grants from the acquisition cost of fixed assets at the time of completion of construction.

In the statement of income, construction grants are stated in extraordinary gains as "Construction grants received" including the amount received for condemnation, and the amount directly deducted from the acquisition cost of fixed assets are stated in extraordinary losses as "Losses on reduction entry for construction grants" including the reduction for condemnation.

The amount in "Construction grants received" excluding the amount received for condemnation was ¥15,064 million, and the amount in "Losses on reduction entry for construction grants" excluding the reduction for condemnation was ¥14,249 million.

10. Accounting for consumption taxes

Consumption taxes are accounted for by exclusion from each corresponding transaction.

II. NOTES ON CHANGE IN PRESENTATION

In accordance with the Corporate Accounting Rules as amended pursuant to the Ministerial Ordinance to Amend Part of Corporate Accounting Rules (Ministerial Ordinance of the Ministry of Justice No. 45 of 2020, promulgated on August 12, 2020) incidental to Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020), notes on accounting estimates are provided in the non-consolidated financial statements.

III. NOTES ON ACCOUNTING ESTIMATES

Recoverability of deferred tax assets

1. Amount established in the non-consolidated financial statements for this fiscal year

   Deferred tax assets: ¥290,182 million

2. Other information

   Omitted as it is described in III. Notes on Accounting Estimates in Notes to Consolidated Financial Statements.

IV. NOTES TO NON-CONSOLIDATED BALANCE SHEET

1. Accumulated depreciation of property, plant and equipment
¥7,435,737 million

2. Fixed assets for business operation

Property, plant and equipment:			¥6,270,272 million
Land:	¥2,052,597 million	Buildings:	¥1,111,970 million
Structures:	¥2,327,211 million	Rolling stock:	¥453,783 million
Others:	¥324,708 million		
Intangible assets:			¥54,761 million

3. Accumulated amount of construction grants directly deducted from acquisition cost of fixed assets ¥945,389 million

4. Contingent liabilities

Contract guarantee:
Japan Transportation Technology (Thailand) Co., Ltd. ¥10,540 million
(Japanese yen equivalent; joint guarantee by three companies including the Company)

5. Monetary receivables from and payables to subsidiaries and affiliated companies

Short-term monetary receivables from subsidiaries and affiliated companies: ¥310,319 million
Long-term monetary receivables from subsidiaries and affiliated companies: ¥157,999 million
Short-term monetary payables to subsidiaries and affiliated companies: ¥405,349 million
Long-term monetary payables to subsidiaries and affiliated companies: ¥78,454 million

6. Provision for large-scale renovation of Shinkansen infrastructure recognized based on Article 17 of the Nationwide Shinkansen Railway Development Act (Act No. 71 of 1970) ¥120,000 million

V. NOTES TO NON-CONSOLIDATED STATEMENT OF INCOME

1. Operating revenues ¥1,184,145 million

2. Operating expenses ¥1,662,681 million

Transportation cost and sales cost:	¥997,814 million
Selling, general and administrative expenses:	¥247,101 million
Taxes:	¥96,499 million
Depreciation cost:	¥321,266 million

3. Transactions with subsidiaries and affiliated companies

Operating transactions:	
Operating revenues:	¥142,135 million
Operating expenses:	¥428,539 million
Non-operating transactions:	¥243,427 million

4. Provision for large-scale renovation of Shinkansen infrastructure recognized based on Article 17 of the Nationwide Shinkansen Railway Development Act (Act No. 71 of 1970) ¥24,000 million

VI. NOTES TO NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Class and number of treasury stock as of the end of this fiscal year

Common stock: 331,630 shares

VII. NOTES ON TAX EFFECT ACCOUNTING

Principal factors of the deferred tax assets are employees' severance and retirement benefits and allowance for bonuses to employees, and principal factors of the deferred tax liabilities are reserve for deferred gain of fixed assets and net unrealized holding gains on securities.

Amount deducted from deferred tax assets (valuation allowance) was ¥95,242 million.

VIII. NOTES ON TRANSACTION BETWEEN RELATED PARTIES

Subsidiary:

Category	Corporate name	Percentage of voting rights held by the Company	Relationship with the related party	Detail of the transaction	Transaction amount (million yen)	Item	Balance at the end of fiscal year (million yen)
Subsidiary	Viewcard Co., Ltd.	Wholly-owned directly	Interlocking officers Franchising agreement	Transfer of credit card receivables, etc.	1,258,650	Fares receivable	184,740

The transaction amount and balance at the end of fiscal year do not include consumption taxes.

Transaction terms and principles for determination of the transaction terms

Determination with respect to the transfer of credit card receivables, etc. is based on general transaction terms.

IX. NOTES ON PER SHARE INFORMATION

Net assets per share:	¥5,334.28
Loss per share:	¥1,341.71

X. NOTES ON SUBSEQUENT EVENTS

1. Issuance of Bonds

The Company issued the following straight bonds.

1) Unsecured straight bonds, 162nd issue, East Japan Railway Company
   i. Issue date: April 15, 2021
   ii. Amount: ¥45,000 million
   iii. Issue price: ¥100.003 per ¥100
   iv. Coupon rate: 0.001% per annum
   v. Maturity date: April 15, 2024
   vi. Use of proceeds: the repayment of interest-bearing debt etc.

2) Unsecured straight bonds, 163rd issue, East Japan Railway Company
   i. Issue date: April 15, 2021
   ii. Amount: ¥30,000 million

iii. Issue price: ¥100 per ¥100
iv. Coupon rate: 0.050% per annum
v. Maturity date: April 15, 2026
vi. Use of proceeds: the repayment of interest-bearing debt etc.

3) Unsecured straight bonds, 164th issue, East Japan Railway Company
   i. Issue date: April 15, 2021
   ii. Amount: ¥20,000 million
   iii. Issue price: ¥100 per ¥100
   iv. Coupon rate: 0.245% per annum
   v. Maturity date: April 15, 2031
   vi. Use of proceeds: the repayment of interest-bearing debt etc.

4) Unsecured straight bonds, 165th issue, East Japan Railway Company
   i. Issue date: April 15, 2021
   ii. Amount: ¥30,000 million
   iii. Issue price: ¥100 per ¥100
   iv. Coupon rate: 0.596% per annum
   v. Maturity date: April 15, 2041
   vi. Use of proceeds: the repayment of interest-bearing debt etc.

5) Unsecured straight bonds, 166th issue, East Japan Railway Company
   i. Issue date: April 15, 2021
   ii. Amount: ¥20,000 million
   iii. Issue price: ¥100 per ¥100
   iv. Coupon rate: 0.847% per annum
   v. Maturity date: April 14, 2051
   vi. Use of proceeds: the repayment of interest-bearing debt etc.

6) Unsecured straight bonds, 167th issue, East Japan Railway Company
   i. Issue date: April 15, 2021
   ii. Amount: ¥20,000 million
   iii. Issue price: ¥100 per ¥100
   iv. Coupon rate: 0.978% per annum
   v. Maturity date: April 15, 2061
   vi. Use of proceeds: the repayment of interest-bearing debt etc.

7) Unsecured straight bonds, 168th issue, East Japan Railway Company
   i. Issue date: April 15, 2021
   ii. Amount: ¥35,000 million
   iii. Issue price: ¥100 per ¥100
   iv. Coupon rate: 1.142% per annum
   v. Maturity date: April 15, 2071
   vi. Use of proceeds: the repayment of interest-bearing debt etc.

2. Other Procurement of Significant Funds

The Company procured the following funds 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
    i. Issue date: April 22, 2021
    ii. Amount issued: ¥100,000 million
    iii. Coupon rate: (0.030)-(0.019)% per annum
    iv. Maturity date: March 22, 2022
    v. Existence of collateral, etc.: unsecured, unguaranteed

2) Long-term borrowing
    i. Borrowing date: April 27, 2021
    ii. Lenders: Mizuho Bank, Ltd., MUFG Bank, Ltd. and Sumitomo Mitsui Banking Corporation
    iii. Amount borrowed: ¥150,000 million
    iv. Coupon rate: basic interest rate *plus* spread
    v. Repayment dates: October 27, 2027 to October 25, 2030
    vi. Existence of collateral, etc.: unsecured, unguaranteed