

Balance Sheet

(As of March 31, 2025)

(Million yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	91,957	Current liabilities	46,043
Cash and deposits	2,456	Accounts payable - other	9,005
Trade accounts receivable	30,561	Accrued expenses	179
Accounts receivable	1,122	Accrued consumption taxes	500
Parent company stock	218	Income taxes payable	3,129
Merchandise	60	Unearned revenue	289
Short-term loans receivable	54,016	Deposits received from customers	31,221
Current portion of long-term loans receivable	2,365	Current portion of guarantee deposits and leasehold deposits received	152
Prepaid expenses	871	Provision for bonuses	583
Other	286	Provision for sales promotion expenses	64
		Other	917
Non-current assets	105,833		
Property, plant and equipment	62,347	Non-current liabilities	20,463
Buildings	35,428	Guarantee deposits and leasehold deposits received	16,973
Structures	390	Provision for retirement benefits	1,974
Machinery and equipment	118	Asset retirement obligations	1,463
Furniture and fixtures	829	Other	52
Land	4,294		
Construction in progress	21,284		
		Total liabilities	66,507
Intangible assets	1,486	(Net assets)	
Software	1,451	Shareholders' equity	130,780
Other	34	Share capital	2,375
Investments and other assets	42,000	Capital surplus	5,964
Investment securities	938	Legal capital surplus	5,964
Shares of subsidiaries and associates	1,897		
Long-term prepaid expenses	279	Retained earnings	122,440
Guarantee deposits and leasehold deposits	4,484	Legal retained earnings	596
Long-term loans receivable	28,432	Other retained earnings	121,844
Deferred tax assets	6,487	General reserve	111,022
Other	44	Retained earnings brought forward	10,822
Allowance for doubtful accounts	(564)	Valuation and translation adjustments	502
		Valuation difference on available-for-sale securities	502
		Total net assets	131,283
Total assets	197,791	Total liabilities and net assets	197,791

Statement of Income

(From April 1, 2024, to March 31, 2025)

(Million yen)

Item	Amount	
Net sales		
Real estate lease revenue	76,165	
Net sales of directly managed businesses	1,272	77,438
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Cost of sales		
Cost of sales of directly managed businesses		288
		<hr/>
Gross profit		77,150
Selling, general and administrative expenses		62,094
		<hr/>
Operating income		15,055
Non-operating income		
Interest income	580	
Dividend income	54	
Other non-operating income	90	725
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Non-operating expenses		
Foreign exchange losses	2	
Other non-operating expenses	171	173
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Ordinary profit		15,607
Extraordinary income		
Early cancellation fees received	35	
Other extraordinary income	66	101
	<hr/>	
Extraordinary losses		
Loss on retirement of non-current assets	147	
Removal expenses for non-current assets	432	
Other extraordinary losses	167	747
	<hr/>	<hr/>
Profit before income taxes		14,961
Income taxes - current	4,366	
Income taxes - deferred	(32)	4,333
	<hr/>	<hr/>
Profit		10,627

1 Notes on Significant Accounting Policies

1. Valuation Standards and Methods for Assets

(1) Valuation standards and methods for securities

Parent company stock

Stated at fair market value based on the market price, etc. at the end of the fiscal year (all valuation differences are directly charged or credited to net assets).

Stocks of subsidiaries and affiliates

Stated at cost based on the moving average method.

Other securities

- Securities other than shares, etc. without market price

Stated at fair market value based on the market price, etc. at the end of the fiscal year (valuation differences are directly charged or credited to net assets, and the costs of securities sold are calculated by the moving average method).

- Shares, etc. without market price

Stated at cost based on the moving average method.

(2) Valuation standards and methods for inventories

Merchandise

Stated at cost based on the specific identification method (the balance sheet value is calculated by reducing the book value based on declines in profitability).

2. Depreciation and Amortization Methods for Non-current Assets

(1) Property, plant and equipment (excluding leased assets)

Depreciation is computed by the declining-balance method. However, buildings and structures acquired on or after April 1, 2024, are depreciated by the straight-line method.

Useful lives and residual values are calculated using the same standards as those prescribed in the Corporation Tax Act.

(2) Intangible assets

Amortization is computed by the straight-line method.

Useful lives are calculated using the same standards as those prescribed in the Corporation Tax Act. However, software (for internal use) is amortized using the straight-line method based on the period during which it can be used internally (5 years).

(3) Leased assets

Leased assets related to finance lease transactions without transfer of ownership

The straight-line method is used with the lease period as the useful life and the residual value as zero.

(4) Long-term prepaid expenses

Amortization is principally computed by the declining-balance method.

The amortization period is based on the same standards as those prescribed in the Corporation Tax Act.

3. Standards for Recording Provisions

(1) Allowance for doubtful accounts

To provide for losses on bad debts, an allowance for doubtful accounts is provided by recording estimated unrecoverable amounts based on the historical bad debt ratio for general receivables and examination of the collectability of individual receivables for specific receivables such as doubtful and distressed receivables.

(2) Provision for bonuses

To provide for the payment of bonuses to employees, a provision for bonuses is recorded based on the estimated amount of payment.

- (3) Provision for sales promotion expenses
To provide for future expenditures related to the utilization of “ONE LUMINE Shopping Ticket,” the amount expected to be utilized in the future is recorded based on the historical utilization rate.
- (4) Provision for retirement benefits
- 1) Method of attribution of projected retirement benefits to period
In calculating retirement benefit obligations, the benefit formula standard is used to attribute the estimated amount of retirement benefits to the period up to the end of the current fiscal year.
- 2) Amortization of actuarial gains and losses and prior service cost
Prior service cost is amortized on a straight-line basis over a fixed number of years (10) within the average remaining service period of employees at the time of occurrence.
Actuarial gains and losses are amortized by the straight-line method over a fixed number of years (10) within the average remaining service period of employees at the time of recognition in each fiscal year, and allocated proportionately from the fiscal year following the respective fiscal year of occurrence.
4. Standards for Recording Revenues and Expenses
The Company engages in real estate leasing and directly managed businesses. Revenues from these businesses are mainly recorded in accordance with contracts with customers, and transaction prices are calculated based on the consideration of contracts with customers. However, in the case of businesses in which the Company conducts transactions as an agent, revenues are calculated using the net amount obtained by deducting the amount actually paid to other business operators that provide goods and services from the consideration received from customers for the transaction price.
Revenues from real estate leasing are mainly from the management and operation of stores, etc. in the form of commercial station buildings and are recorded over the lease term in accordance with accounting standards for lease transactions.
Revenues from the Company’s directly managed businesses are generated through sales of products and restaurants, and the Company bears the performance obligation to deliver products and provide services to customers. This performance obligation is met at the time of delivery of goods and provision of services. However, with respect to sales of products via the Internet, revenue is recognized at the time of product shipment based on Paragraph 98 of the Guidance on Accounting Standard for Revenue Recognition, because the transactions are sales in Japan, and the period from the time of shipment to the time when control of the product is transferred to the customer is the ordinary period.
5. Standards for Translation of Assets and Liabilities Denominated in Foreign Currencies into Japanese Currency
Monetary claims and obligations denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing on the balance sheet date, and any translation differences are charged or credited to income.

2 Notes to the Balance Sheet

- (1) Accumulated depreciation of property, plant and equipment 136,059 million yen
- (2) Future lease payments on non-cancelable operating lease transactions
(As lessee)
- | | |
|-----------------|--------------------|
| Within one year | 2,112 million yen |
| Over one year | 10,675 million yen |
| Total | 12,787 million yen |
- (3) Monetary claims against and obligations to subsidiaries and associates
- | | |
|---------------------------------|-------------------|
| Short-term monetary claims | 861 million yen |
| Short-term monetary obligations | 888 million yen |
| Long-term monetary claims | 1,153 million yen |
| Allowance for doubtful accounts | 559 million yen |

3 Notes to Tax Effect Accounting

The main reasons for the occurrence of deferred tax assets are impairment losses and over-depreciation. The main reason for the occurrence of deferred tax liabilities is denial of non-current asset retirement expenses, etc. The valuation allowance deducted from deferred tax assets is 695 million yen.

4 Notes on Transactions with Related Parties

(1) Parent company and major corporate shareholders, etc.

(Million yen)

Type	Name of company	Percentage of voting rights, etc. held of (or by) the related party	Relationship with the related party	Nature of the transaction	Transaction amount	Item	Balance as of March 31, 2025
Parent company	East Japan Railway Company	Directly owns 100.0% of the company	Concurrent appointment of officers, lease of land for station buildings, etc.	Payment of lease fees for land and buildings	10,440	Accounts payable - other	111
				Share exchange (*1)	100	-	-

(*1) The purpose of the share exchange is to make JR East Department Store Co., Ltd. a wholly owned subsidiary, and the share exchange ratio was determined through discussion between the parties, taking into consideration the results of a valuation by a third-party institution. The parent company shares acquired in the exchange will be distributed in kind to the parent company.

(2) Affiliated companies, etc.

(Million yen)

Type	Name of company	Percentage of voting rights, etc. held of (or by) the related party	Relationship with the related party	Nature of the transaction	Transaction amount	Item	Balance as of March 31, 2025
Subsidiary of the parent company	Viewcard Co., Ltd.	None	Merchant agreement	Transfer of credit card receivables	180,751	Trade accounts receivable	11,368
Subsidiary of the parent company	JR East Marketing & Communications, Inc.	None	Subcontracting agreement	Payment of commission fees for planning and production of advertising and sales promotions	2,909	Accounts payable - other	500
Subsidiary of the parent company	JR East Building Co., Ltd.	None	Lease agreements	Payment of lease fees for buildings	5,938	Prepaid expenses Leasehold deposits	454 2,052
Subsidiary of the parent company	JR East Facility Management Co., Ltd.	None	Lease agreements	Payment of commission fees for management of buildings	3,273	Accounts payable - other	359

Transaction conditions and policy for determining transaction conditions, etc.

(Note 1) The transfer of credit card receivables is determined after price negotiations, taking into consideration the prevailing market conditions.

(Note 2) Terms and conditions related to commission fees are determined after price negotiations, taking into consideration the prevailing market conditions.

(Note 3) Terms and conditions related to lease fees are determined after price negotiations, taking into consideration the prevailing market conditions.

5 Notes to Per Share Information

(1) Net assets per share 1,865.41 yen

(2) Profit per share 151.01 yen