

Balance Sheet

(As of March 31, 2021)

(Million yen)

Item	Amount	
(Assets)		(Liabilities)
Current assets	74,998	Current liabilities
Cash and deposits	1,253	Accounts payable - other
Trade accounts receivable	21,855	Accrued expenses
Accounts receivable	626	Accrued consumption taxes
Merchandise	118	Income taxes payable
Short-term loans receivable	48,677	Unearned revenue
Current portion of long-term loans receivable	1,183	Deposits received from customers
Prepaid expenses	989	Current portion of guarantee deposits and leasehold deposits received
Other	292	Provision for bonuses
		Provision for sales promotion expenses
Non-current assets	88,053	Other
Property, plant and equipment	49,087	Non-current liabilities
Buildings	45,030	Guarantee deposits and leasehold deposits received
Structures	446	Provision for retirement benefits
Machinery and equipment	243	Provision for loss on business of subsidiaries and associates
Furniture and fixtures	1,550	Asset retirement obligations
Land	1,545	Other
Leased assets	2	
Construction in progress	268	
		Total liabilities
Intangible assets	665	53,675
Software	629	(Net assets)
Other	35	Shareholders' equity
		Share capital
Investments and other assets	38,300	Capital surplus
Investment securities	720	Legal capital surplus
Shares of subsidiaries and associates	1,916	
Long-term prepaid expenses	499	Retained earnings
Guarantee deposits and leasehold deposits	4,578	Legal retained earnings
Long-term loans receivable	24,442	Other retained earnings
Deferred tax assets	6,288	General reserve
Other	31	Retained earnings brought forward
Allowance for doubtful accounts	(175)	
		Valuation and translation adjustments
		Valuation difference on available-for-sale securities
		Total net assets
Total assets	163,051	109,375
		Total liabilities and net assets
		163,051

Statement of Income

(From April 1, 2020 to March 31, 2021)

(Million yen)

Item	Amount	
Net sales		
Real estate lease revenue	45,153	
Net sales of directly managed businesses	7,445	52,609
Cost of sales		
Cost of sales of directly managed businesses		5,834
Gross profit		46,774
Selling, general and administrative expenses		56,361
Operating loss		(9,586)
Non-operating income		
Interest income	294	
Dividend income	6	
Subsidies for employment	192	
Other non-operating income	107	600
Non-operating expenses		
Foreign exchange losses	6	
Other non-operating expenses	109	116
Ordinary loss		(9,102)
Extraordinary income		
Early cancellation fees received	25	
Other extraordinary income	6	31
Extraordinary losses		
Loss on retirement of non-current assets	336	
Removal expenses for non-current assets	662	
Loss on valuation of shares of subsidiaries and associates	364	
Provision for loss on business of subsidiaries and associates	63	
Provision of allowance for doubtful accounts	174	
Impairment loss	197	
Other extraordinary losses	218	2,017
Loss before income taxes		(11,087)
Income taxes - current	27	
Income taxes - deferred	(3,214)	(3,186)
Loss		(7,900)

Notes to the Non-consolidated Financial Statements

1 Notes on Significant Accounting Policies

1. Valuation Standards and Methods for Assets

(1) Valuation standards and methods for securities

Stocks of subsidiaries and affiliates

Stated at cost based on the moving average method.

Other securities

- Securities with a market value

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 and the costs of securities sold are calculated using the moving average method).

- Securities without a market value

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.

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 collectibility 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.

(5) Provision for loss on business of subsidiaries and associates

To provide for losses on the business of subsidiaries, an amount deemed necessary in consideration of such factors as the financial position of the subsidiaries is recorded.

4. 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.

5. Other Important Matters that Serve as the Basis for Preparation of Financial Statements

Consumption taxes are accounted for by the tax-exclusion method.

2 Notes to the Balance Sheet

(1) Accumulated depreciation of property, plant and equipment 121,148 million yen

(2) Future lease payments on non-cancelable operating lease transactions

(As lessee)

Within one year	2,274 million yen
Over one year	19,440 million yen
Total	21,714 million yen

(3) Monetary claims against and obligations to subsidiaries and associates

Short-term monetary claims	1,238 million yen
Short-term monetary obligations	629 million yen
Long-term monetary claims	176 million yen
Allowance for doubtful accounts	174 million yen

3 Notes to Tax Effect Accounting

The main reasons for the occurrence of deferred tax assets are loss carried forward and overdepreciation. 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 590 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, 2021
Parent company	East Japan Railway Company	Directly owns 95.1% of the Company	Concurrent appointment of officers, lease of land for station buildings, etc.	Payment of lease fees for land and buildings	9,701	Accounts payable - other	5

Transaction conditions and policy for determining transaction conditions, etc.

(Note 1) Lease fees and other terms and conditions are determined after price negotiations, taking into consideration the prevailing market conditions.

(Note 2) The transaction amount does not include consumption taxes. The balance as of March 31, 2021 includes consumption taxes.

(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, 2021
Subsidiary of the parent company	Viewcard Co., Ltd.	None	Merchant agreement	Transfer of credit card receivables	113,572	Trade accounts receivable	11,493
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	2,903	Accounts payable - other	429
Subsidiary of the parent company	JR East Building Co., Ltd.	None	Lease agreements	Payment of lease fees	4,419	Prepaid expenses Leasehold deposits	453 2,042
Subsidiary of the parent company	JR East Facility Management Co., Ltd.	None	Lease agreements	Payment of commission fees for management of buildings	3,092	Accounts payable - other	274

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.
- (Note 4) Among the amounts shown above, consumption taxes are not included in transaction amounts excluding transfers of credit card receivables.
In addition, in the balances as of March 31, 2021, trade accounts receivable, accounts payable - other, and prepaid expenses include consumption taxes.

5 Notes to Per Share Information

- (1) Net assets per share 1,554.12 yen
- (2) Loss per share 112.26 yen