

Balance Sheet

(As of March 31, 2022)

(Million yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	75,162	Current liabilities	28,185
Cash and deposits	1,427	Accounts payable - other	5,518
Trade accounts receivable	18,173	Accrued expenses	97
Accounts receivable	508	Accrued consumption taxes	2,015
Merchandise	61	Income taxes payable	667
Short-term loans receivable	52,385	Unearned revenue	269
Current portion of long-term loans receivable	1,583	Deposits received from customers	18,855
Prepaid expenses	916	Current portion of guarantee deposits and leasehold deposits received	159
Other	106	Provision for bonuses	282
		Provision for sales promotion expenses	49
Non-current assets	84,551	Other	270
Property, plant and equipment	46,348	Non-current liabilities	20,459
Buildings	42,565	Guarantee deposits and leasehold deposits received	17,117
Structures	409	Provision for retirement benefits	1,703
Machinery and equipment	200	Provision for loss on business of subsidiaries and associates	75
Furniture and fixtures	1,187	Asset retirement obligations	1,473
Land	1,545	Other	90
Construction in progress	438		
Intangible assets	899	Total liabilities	48,645
Software	864		
Other	35	(Net assets)	
Investments and other assets	37,303	Shareholders' equity	110,982
Investment securities	768	Share capital	2,375
Shares of subsidiaries and associates	1,942		
Long-term prepaid expenses	198	Capital surplus	5,964
Guarantee deposits and leasehold deposits	4,504	Legal capital surplus	5,964
Long-term loans receivable	24,139		
Deferred tax assets	6,043	Retained earnings	102,642
Other	31	Legal retained earnings	596
Allowance for doubtful accounts	(326)	Other retained earnings	102,046
		General reserve	101,822
		Retained earnings brought forward	224
		Valuation and translation adjustments	86
		Valuation difference on available-for-sale securities	86
		Total net assets	111,068
Total assets	159,714	Total liabilities and net assets	159,714

Statement of Income

(From April 1, 2021 to March 31, 2022)

(Million yen)

Item	Amount	
Net sales		
Real estate lease revenue	57,667	
Net sales of directly managed businesses	1,376	59,044
Cost of sales		
Cost of sales of directly managed businesses		257
Gross profit		58,786
Selling, general and administrative expenses		56,265
Operating profit		2,521
Non-operating income		
Interest income	315	
Dividend income	6	
Subsidies for employment		
Subsidy for cooperation in preventing the spread of COVID-19	178	
Other non-operating income	207	708
Non-operating expenses		
Foreign exchange losses	15	
Other non-operating expenses	103	118
Ordinary profit		3,110
Extraordinary income		
Gain on receipt of donated assets	26	
Early cancellation fees received	17	
Gain on reversal of provision for loss on business	46	
Other extraordinary income	35	125
Extraordinary losses		
Loss on retirement of non-current assets	143	
Removal expenses for non-current assets	349	
Provision of allowance for doubtful accounts	152	
Impairment loss	112	
Other extraordinary losses	22	780
Profit before income taxes		2,455
Income taxes - current	566	
Income taxes - deferred	243	810
Profit		1,645

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 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 (all valuation differences are directly charged or credited to net assets and the costs of securities sold are calculated using 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.

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 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	125,896 million yen
(2) Future lease payments on non-cancelable operating lease transactions (As lessee)	
Within one year	2,282 million yen
<u>Over one year</u>	<u>17,169 million yen</u>
Total	19,452 million yen
(3) Monetary claims against and obligations to subsidiaries and associates	
Short-term monetary claims	598 million yen
Short-term monetary obligations	566 million yen
Long-term monetary claims	326 million yen
Allowance for doubtful accounts	326 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 625 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, 2022
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	9,723	Accounts payable - other	50

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.

(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, 2022
Subsidiary of the parent company	Viewcard Co., Ltd.	None	Merchant agreement	Transfer of credit card receivables	129,751	Trade accounts receivable	5,788
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	2,372	Accounts payable - other	394
Subsidiary of the parent company	JR East Building Co., Ltd.	None	Lease agreements	Payment of lease fees for buildings	5,879	Prepaid expenses Leasehold deposits	453 2,047
Subsidiary of the parent company	JR East Facility Management Co., Ltd.	None	Lease agreements	Payment of commission fees for management of buildings	3,138	Accounts payable - other	277

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

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|--------------------------|--------------|
| (1) Net assets per share | 1,578.18 yen |
| (2) Profit per share | 23.38 yen |