Balance Sheet

(As of March 31, 2023)

(Million yen)

Item	Amount	Item	Amount
(Assets)		**(Liabilities)**	
Current assets	87,777	**Current liabilities**	32,873
Cash and deposits	1,706	Accounts payable - other	6,746
Trade accounts receivable	22,022	Accrued expenses	113
Accounts receivable	446	Accrued consumption taxes	903
Merchandise	44	Income taxes payable	1,230
Short-term loans receivable	60,353	Unearned revenue	291
Current portion of long-term loans receivable	2,084	Deposits received from customers	22,654
Prepaid expenses	925	Current portion of guarantee deposits and leasehold deposits received	204
Other	193	Provision for bonuses	368
		Provision for sales promotion expenses	55
Non-current assets	82,994	Other	303
Property, plant and equipment	45,916		
Buildings	41,047	**Non-current liabilities**	20,375
Structures	474	Guarantee deposits and leasehold deposits received	17,073
Machinery and equipment	164	Provision for retirement benefits	1,777
Furniture and fixtures	926	Asset retirement obligations	1,471
Land	2,313	Other	53
Construction in progress	988		
		Total liabilities	53,249
Intangible assets	738		
Software	705	**(Net assets)**	
Other	33	**Shareholders' equity**	117,307
		Share capital	2,375
Investments and other assets	36,338		
Investment securities	897	**Capital surplus**	5,964
Shares of subsidiaries and associat	1,944	Legal capital surplus	5,964
Long-term prepaid expenses	166		
Guarantee deposits and leasehold deposits	4,469	**Retained earnings**	108,967
Long-term loans receivable	24,449	Legal retained earnings	596
Deferred tax assets	4,830	Other retained earnings	108,371
Other	31	General reserve	101,822
Allowance for doubtful accounts	(449)	Retained earnings brought forward	6,549
			215
		Valuation difference on available-for-sale securities	215
		Total net assets	117,522
Total assets	170,771	**Total liabilities and net assets**	170,771

Statement of Income

(From April 1, 2022, to March 31, 2023)

(Million yen)

Item	Amount	
Net sales		
Real estate lease revenue	66599	
Net sales of directly managed businesses	1386	67986
Cost of sales		
Cost of sales of directly managed businesse		276
Gross profit		67709
Selling, general and administrative expenses		58459
Operating profit		9250
Non-operating income		
Interest income	346	
Dividend income	198	
Other non-operating income	76	621
Non-operating expenses		
Foreign exchange losses	21	
Other non-operating expenses	110	131
Ordinary profit		9740
Extraordinary income		
Early cancellation fees received	31	
Gain on reversal of provision for loss on business	75	
Other extraordinary income	20	127
Extraordinary losses		
Loss on retirement of non-current assets	240	
Removal expenses for non-current assets	472	
Provision of allowance for doubtful accounts	122	
Impairment loss	55	
Other extraordinary losses	19	911
Profit before income taxes		8957
Income taxes - current	1418	
Income taxes - deferred	1213	2632
Profit		6324

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

•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 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.

(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 130,065 million yen

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

(As lessee)

Within one year	2,250	million yen
Over one year	14,920	million yen
Total	17,170	million yen

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

Short-term monetary claims	702	million yen
Short-term monetary obligations	625	million yen
Long-term monetary claims	520	million yen
Allowance for doubtful accounts	449	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 640 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	Relationship with the related party	Nature of the transaction	Transaction amount	Item	Balance as of March 31, 2023
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, 752	Accounts payable - other	47

(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, 2023
Subsidiary of the parent company	Viewcard Co., Ltd.	None	Merchant agreement	Transfer of credit card receivables	151,563	Trade accounts receivable	6,906
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	2,505	Accounts payable - other	316
Subsidiary of the parent company	JR East Building Co., Ltd.	None	Lease agreements	Payment of lease fees for buildings	5,923	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	3,156	Accounts payable - other	347

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 1,669.87 yen

(2) Profit per share 89.86 yen