Balance Sheet

(As of March 31, 2024)

(Million yen)

Item	Amount	Item	Amount
(Assets)		**(Liabilities)**	
Current assets	99,834	**Current liabilities**	37,390
Cash and deposits	2,530	Accounts payable - other	8,013
Trade accounts receivable	24,422	Accrued expenses	148
Accounts receivable	615	Accrued consumption taxes	697
Merchandise	40	Income taxes payable	2,198
Short-term loans receivable	68,506	Unearned revenue	283
Current portion of long-term loans receivable	2,584	Deposits received from customers	24,901
Prepaid expenses	905	Current portion of guarantee deposits and leasehold deposits received	134
Other	227	Provision for bonuses	533
		Provision for sales promotion expenses	62
Non-current assets	78,630	Other	417
Property, plant and equipment	37,562		
Buildings	32,429	**Non-current liabilities**	20,450
Structures	400	Guarantee deposits and leasehold deposits received	17,036
Machinery and equipment	123	Provision for retirement benefits	1,894
Furniture and fixtures	572	Asset retirement obligations	1,466
Land	2,313	Other	52
Construction in progress	1,721		
		Total liabilities	57,841
Intangible assets	697		
Software	666	**(Net assets)**	
Other	31	**Shareholders' equity**	120,153
		Share capital	2,375
Investments and other assets	40,370		
Investment securities	1,124	**Capital surplus**	5,964
Shares of subsidiaries and associates	1,892	Legal capital surplus	5,964
Long-term prepaid expenses	147	**Retained earnings**	111,813
Guarantee deposits and leasehold deposits	4,424	Legal retained earnings	596
Long-term loans receivable	26,738	Other retained earnings	111,217
Deferred tax assets	6,456	General reserve	108,222
Other	32	Retained earnings brought forward	2,995
Allowance for doubtful accounts	(445)		
			471
		Valuation difference on available-for-sale securities	471
		Total net assets	120,624
Total assets	178,465	**Total liabilities and net assets**	178,465

Statement of Income

(From April 1, 2023, to March 31, 2024)

(Million yen)

Item	Amount	
Net sales		
Real estate lease revenue	71,172	
Net sales of directly managed businesses	1,393	72,566
Cost of sales		
Cost of sales of directly managed businesses		305
Gross profit		72,261
Selling, general and administrative expenses		59,886
Operating profit		12,374
Non-operating income		
Interest income	401	
Dividend income	22	
Other non-operating income	146	571
Non-operating expenses		
Foreign exchange losses	21	
Other non-operating expenses	65	86
Ordinary profit		12,859
Extraordinary income		
Gain on sales of investment securities	280	
Early cancellation fees received	20	
Other extraordinary income	33	334
Extraordinary losses		
Impairment loss	8,058	
Loss on retirement of non-current assets	361	
Removal expenses for non-current assets	623	
Other extraordinary losse	167	9,211
Profit before income taxes		3,982
Income taxes - current	2,764	
Income taxes - deferred	(1,627)	1,136
Profit		2,846

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.

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 132,979 million yen

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

(As lessee)

Within one year	2,145 millionyen
Over one year	12,775 millionyen
Total	14,920 millionyen

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

Short-term monetary claims	695 million yen
Short-term monetary obligations	727 million yen
Long-term monetary claims	794 million yen
Allowance for doubtful accounts	445 million yen

3. Notes to Tax Effect Accounting

The main reasons for the occurrence of deferred tax assets are impairment losses 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 638 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, 2024
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, 762	Accounts payable - other	79

(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, 2024
Subsidiary of the parent company	Viewcard Co., Ltd.	None	Merchant agreement	Transfer of credit card receivables	155,697	Trade accounts receivable	8,393
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	2,663	Accounts payable - other	453
Subsidiary of the parent company	JR East Building Co., Ltd.	None	Lease agreements	Payment of lease fees for buildings	5,885	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	3,164	Accounts payable - other	323

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 1,713.95 yen

(2) Profit per share 40.44 yen