

Summary of Consolidated Financial Report for the Three Months Ended June 30, 2020 [under Japanese GAAP] (Unaudited)

English translation from the original Japanese-language document

July 31, 2020

Company Name	Central Japan Railway Company
Stock Exchange Listings	Tokyo and Nagoya
Code Number	9022
URL	https://jr-central.co.jp
Representative	Shin Kaneko, President and Representative Director
Contact Person	Kentaro Takeda, Corporate Officer, General Manager of the Public Relations Department (Tel +81-52-564-2549)
Expected Date of Presentation of Quarterly Securities Reports	August 7, 2020
Expected Date of Dividend Payment Commencement	—
Supplementary Information	Attached
Briefing of Financial Results of 1st Quarter	To be held (for institutional investors and analysts)

1. Results for the three months ended June 30, 2020

(1) Consolidated financial results (Figures less than one million yen, except for per share information, have been rounded down.)

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2021 1st Quarter	128,734	(72.7)	(83,613)	—	(101,459)	—	(72,651)	—
Fiscal 2020 1st Quarter	471,358	5.2	206,254	5.6	188,694	7.0	131,326	7.1

Note 1. Comprehensive income : Fiscal 2021 1st Quarter (68,892) million yen, - %. Fiscal 2020 1st Quarter 128,763 million yen, 4.9%.

2. Percentages for operating revenues, operating income, ordinary income, net income attributable to owners of the parent and comprehensive income represent the changes from the same period of the previous year.

	Net income per share - basic	Net income per share - diluted
	Yen	Yen
Fiscal 2021 1st Quarter	(369.96)	—
Fiscal 2020 1st Quarter	669.73	—

(2) Consolidated financial position (Figures less than one million yen have been rounded down.)

	Total assets	Equity	Net worth ratio
	Millions of yen	Millions of yen	%
Fiscal 2021 1st Quarter	9,438,872	3,789,476	39.7
Fiscal 2020	9,603,126	3,872,103	39.9

Note Net worth : Fiscal 2021 1st Quarter 3,749,490 million yen. Fiscal 2020 3,831,833 million yen.

2. Cash dividends

	Cash dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2020	—	75.00	—	75.00	150.00
Fiscal 2021	—	—	—	—	—
Fiscal 2021 (Forecast)	—	—	—	—	—

Note Revisions to the previous forecast of cash dividends for Fiscal 2021 : none

The amounts of both the interim and year-end dividends for the year ending March 31, 2021 are yet to be decided as it is difficult to forecast results of operations at this point. They will be published promptly once calculation becomes possible.

3. Consolidated forecast for Fiscal 2021 (Year ending March 31, 2021)

The forecasted results of operations for the year ending March 31, 2021 are yet to be decided as forecasting them is difficult, given the significant decrease in the use of trains and other services resulting from people refraining from going outside and moving in response to the continuing COVID-19 pandemic, as well as that there are many undetermined factors that could affect operating results in the future. They will be published promptly once calculation becomes possible.

※Notes to Consolidated Financial Information

- (1) Changes in scope of significant consolidated subsidiaries : none
 (2) Adoption of simplified accounting methods or accounting methods used specifically for quarterly consolidated financial statements : adopted
 (3) Changes in accounting policies, changes in accounting estimates and error corrections
 ① Changes in accounting policies due to revision of accounting standard : none
 ② Other changes in accounting policies : none
 ③ Changes in accounting estimates : none
 ④ Error corrections : none

(4) Number of common shares issued and outstanding at the end of each period

① Number of shares outstanding at the end of period
 (Including treasury stocks)

Fiscal 2021 1st Quarter	206,000,000 shares	Fiscal 2020	206,000,000 shares
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② Number of treasury stocks at the end of period

Fiscal 2021 1st Quarter	9,587,769 shares	Fiscal 2020	9,644,869 shares
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③ Average number of shares outstanding for the period

Fiscal 2021 1st Quarter	196,376,285 shares	Fiscal 2020 1st Quarter	196,090,057 shares
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Note The number of treasury stocks at the end of period and treasury stocks that are deducted from calculation of the average number of shares outstanding for the period include the Company's shares held by the employee stock ownership plan trust account, as follows.

Number of treasury stocks at the end of period : Fiscal 2021 1st Quarter 386,900 shares. Fiscal 2020 444,000 shares.

Average number of shares outstanding for the period : Fiscal 2021 1st Quarter 422,846 shares. Fiscal 2020 1st Quarter 709,076 shares.

(5) Quarterly Consolidated Balance Sheet

Money held in trust for the Chuo Shinkansen construction and Long-term debt for the Chuo Shinkansen construction

The Company has received loans from the Japan Railway Construction, Transport and Technology Agency for promoting the construction of the Chuo Shinkansen, and the money is placed in the trust fund to segregate it from other money.

(6) Adoption of simplified accounting methods or accounting methods used specifically for quarterly consolidated financial statements

Computation of income taxes

The Company computed income taxes by multiplying quarterly loss before income taxes by estimated effective rate, which is determined based on the estimated annual tax provision and the estimated annual income before income taxes of the current year.

(7) Additional information

Effects of the COVID-19 pandemic

The use of trains and other services is declining as an effect of people refraining from going outside and moving in response to the COVID-19 pandemic.

It is expected that the current difficult business environment will continue for the time being. This situation may potentially cause important effect on the consolidated financial results for the year ending March 31, 2021.

- Note 1. Quarterly consolidated financial information is not subject to audit procedures.
 2. The forward-looking statements in this report are based on estimates and assumptions that reflect information available as of the day of release of this report. The accuracy of forecasts above, therefore, is inherently uncertain because it is affected by future economic trends and environment. The forecasted results of operations for the year ending March 31, 2021 are yet to be decided as forecasting them is difficult at this point.
 3. English supplementary information will be announced on our website later.

QUARTERLY CONSOLIDATED BALANCE SHEET (Unaudited)

(Figures less than one million yen have been rounded down.)

	Millions of yen	
	Fiscal 2020 (As of March 31, 2020)	Fiscal 2021 1st Quarter (As of June 30, 2020)
ASSETS		
Current assets:		
Cash and deposits	406,408	375,359
Money held in trust for the Chuo Shinkansen construction	2,435,015	2,254,246
Notes and accounts receivable-trade	48,206	39,433
Railway fares receivables	39,727	30,261
Marketable securities	353,500	351,400
Inventories	43,923	46,023
Other	55,915	53,794
Allowance for doubtful accounts	(14)	(13)
Total current assets	3,382,682	3,150,506
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	1,416,829	1,399,813
Machinery, rolling stock and vehicles, net	217,844	230,818
Land	2,354,868	2,356,374
Construction in progress	890,016	928,501
Other, net	45,639	43,280
Total property, plant and equipment	4,925,199	4,958,789
Intangible assets	91,141	90,516
Investments and other assets		
Investment securities	846,723	853,304
Deferred tax assets	176,899	205,074
Other	182,720	182,256
Allowance for doubtful accounts	(2,241)	(1,576)
Total investments and other assets	1,204,102	1,239,060
Total noncurrent assets	6,220,443	6,288,366
Total assets	9,603,126	9,438,872

QUARTERLY CONSOLIDATED BALANCE SHEET (Unaudited)

(Figures less than one million yen have been rounded down.)

	Millions of yen	
	Fiscal 2020 (As of March 31, 2020)	Fiscal 2021 1st Quarter (As of June 30, 2020)
LIABILITIES		
Current liabilities:		
Notes and accounts payable–trade	78,825	43,924
Short-term loans payable	29,497	29,686
Current portion of bonds payable	30,000	20,000
Current portion of long-term loans payable	54,969	53,579
Current portion of long-term debt of the employee stock ownership plan trust	5,400	5,400
Current portion of long-term accounts payable–railway facilities	5,783	5,783
Income taxes payable	83,575	81,135
Provision for bonuses	28,440	16,445
Other	309,191	300,398
Total current liabilities	625,682	556,353
Noncurrent liabilities:		
Bonds payable	818,786	818,802
Long-term loans payable	403,819	403,817
Long-term debt for the Chuo Shinkansen construction	3,000,000	3,000,000
Long-term debt of the employee stock ownership plan trust	4,300	2,500
Long-term accounts payable–railway facilities	532,666	532,666
Provision for large-scale renovation of the Shinkansen infrastructure	105,000	96,250
Liability for retirement benefits	190,774	190,056
Other	49,994	48,950
Total noncurrent liabilities	5,105,341	5,093,042
Total liabilities	5,731,023	5,649,396
EQUITY		
Shareholders' equity:		
Common stock	112,000	112,000
Capital surplus	53,486	53,485
Retained earnings	3,755,901	3,668,474
Treasury stock	(111,615)	(110,527)
Total shareholders' equity	3,809,772	3,723,432
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	20,729	24,722
Remeasurements of defined benefit plans	1,331	1,335
Total accumulated other comprehensive income	22,061	26,057
Noncontrolling interests	40,269	39,986
Total equity	3,872,103	3,789,476
Total liabilities and equity	9,603,126	9,438,872

QUARTERLY CONSOLIDATED STATEMENT OF INCOME (Unaudited)

(Figures less than one million yen have been rounded down.)

	Millions of yen	
	Fiscal 2020 1st Quarter (For the three months ended June 30, 2019)	Fiscal 2021 1st Quarter (For the three months ended June 30, 2020)
Operating revenues	471,358	128,734
Operating expenses:		
Transportation, other services and cost of sales	216,844	170,841
Selling, general and administrative expenses	48,259	41,506
Total operating expenses	<u>265,103</u>	<u>212,348</u>
Operating (loss) income	206,254	(83,613)
Non-operating income:		
Interest income	553	624
Dividend income	1,594	1,560
Insurance income	45	59
Cancellation income	830	—
Other	776	1,034
Total non-operating income	<u>3,801</u>	<u>3,278</u>
Non-operating expenses:		
Interest expense	11,133	11,059
Interest on long-term accounts payable-railway facilities	8,826	8,742
Other	1,402	1,322
Total non-operating expenses	<u>21,361</u>	<u>21,124</u>
Ordinary (loss) income	188,694	(101,459)
Extraordinary gain:		
Contribution for construction	164	54
Reversal of provision for doubtful accounts of an unconsolidated subsidiary	—	662
Other	30	6
Total extraordinary gain	<u>194</u>	<u>723</u>
Extraordinary loss:		
Loss on reduction of noncurrent assets	178	72
Loss on retirement of noncurrent assets	283	295
Loss on sales of noncurrent assets	2	1,069
Other	61	19
Total extraordinary loss	<u>525</u>	<u>1,457</u>
(Loss) income before income taxes	188,363	(102,192)
Income taxes	55,927	(29,048)
Net (loss) income	<u>132,436</u>	<u>(73,144)</u>
Net (loss) income attributable to noncontrolling interests	1,109	(492)
Net (loss) income attributable to owners of the parent	131,326	(72,651)

QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

(Figures less than one million yen have been rounded down.)

	Millions of yen	
	Fiscal 2020 1st Quarter (For the three months ended June 30, 2019)	Fiscal 2021 1st Quarter (For the three months ended June 30, 2020)
Net (loss) income	132,436	(73,144)
Other comprehensive income:		
Unrealized gain (loss) on available-for-sale securities	(3,413)	4,252
Remeasurements of defined benefit plans	(257)	(10)
Share of other comprehensive income (loss) in affiliates	(2)	10
Total other comprehensive income (loss)	(3,673)	4,252
Comprehensive (loss) income	128,763	(68,892)
(breakdown)		
Total comprehensive (loss) income attributable to		
Owners of the parent	127,861	(68,655)
Noncontrolling interests	901	(236)

SEGMENT INFORMATION (Unaudited)

I Fiscal 2020 1st Quarter (For the three months ended June 30, 2019)

1. Information about operating revenues and profit (loss)

(Figures less than one million yen have been rounded down.)

	Millions of yen							Reconciliations	Consolidated
	Transportation	Merchandise and Other	Real Estate	Rolling Stock Production	Other	Total			
Operating revenues:									
External customers	366,212	62,379	11,887	17,706	13,172	471,358	—	471,358	
Intersegment transactions or transfers	3,055	3,360	7,864	3,482	16,332	34,095	(34,095)	—	
Total	369,268	65,739	19,751	21,189	29,504	505,453	(34,095)	471,358	
Segment profit (loss)	196,326	2,247	5,622	1,612	(60)	205,749	504	206,254	

Note 1. "Other" includes business in hotel, travel, advertising, construction, etc., which are not included in any reportable segment.

2. The reconciliations amount of 504 million yen for segment profit (loss) is the elimination of intersegment transactions.

3. Segment profit (loss) is reconciled to operating income in the quarterly consolidated statement of income.

II Fiscal 2021 1st Quarter (For the three months ended June 30, 2020)

1. Information about operating revenues and profit (loss)

(Figures less than one million yen have been rounded down.)

	Millions of yen							Reconciliations	Consolidated
	Transportation	Merchandise and Other	Real Estate	Rolling Stock Production	Other	Total			
Operating revenues:									
External customers	77,629	22,275	8,909	14,562	5,357	128,734	—	128,734	
Intersegment transactions or transfers	2,238	3,013	6,606	9,961	16,652	38,473	(38,473)	—	
Total	79,867	25,289	15,516	24,524	22,010	167,208	(38,473)	128,734	
Segment profit (loss)	(75,772)	(6,411)	2,721	1,316	(4,715)	(82,862)	(750)	(83,613)	

Note 1. "Other" includes business in hotel, travel, advertising, construction, etc., which are not included in any reportable segment.

2. The reconciliations amount of (750) million yen for segment profit (loss) is the elimination of intersegment transactions.

3. Segment profit (loss) is reconciled to operating loss in the quarterly consolidated statement of income.

2. Matters related to changes in reportable segments

From the fiscal 2021 1st quarter, business in "Rolling Stock Production," a business previously included in "Other," is reclassified as a reportable segment after fulfilling the quantitative criteria.

Segment information for the fiscal 2020 1st quarter is disclosed on the basis of reportable segment classifications for the fiscal 2021 1st quarter.