

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

English translation from the original Japanese-language document

October 28, 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	November 11, 2020
Expected Date of Dividend Payment Commencement	December 1, 2020
Supplementary Information	Attached
Briefing of Financial Results of 2nd Quarter	To be held (for institutional investors and analysts)

1. Results for the six months ended September 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 2nd Quarter	337,888	(64.6)	(113,573)	-	(150,706)	-	(113,566)	-
Fiscal 2020 2nd Quarter	955,611	4.1	406,873	4.1	369,215	4.9	257,533	5.2

Note 1. Comprehensive income : Fiscal 2021 2nd Quarter (109,981) million yen, - %. Fiscal 2020 2nd Quarter 262,129 million yen, 5.2%.

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 corresponding six-month period of the previous year.

	Net income per share - basic	Net income per share - diluted
	Yen	Yen
Fiscal 2021 2nd Quarter	(578.13)	-
Fiscal 2020 2nd Quarter	1,313.04	-

(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 2nd Quarter	9,496,491	3,751,005	39.1
Fiscal 2020	9,603,126	3,872,103	39.9

Note Net worth : Fiscal 2021 2nd Quarter 3,710,897 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	-	65.00	-	-	-
Fiscal 2021 (Forecast)	-	-	-	65.00	130.00

Note Revisions to the previous forecast of cash dividends for Fiscal 2021 : revised

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

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share - basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2021	863,000	(53.2)	(185,000)	-	(258,000)	-	(192,000)	-	(977.13)

Note 1. Percentages for operating revenues, operating income, ordinary income and net income attributable to owners of the parent represent the changes from the corresponding period of the previous year.

2. Revisions to the previous consolidated forecast for Fiscal 2021 : revised

※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 2nd 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 2nd Quarter	9,450,269 shares	Fiscal 2020	9,644,869 shares
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③ Average number of shares outstanding for the period

Fiscal 2021 2nd Quarter	196,439,844 shares	Fiscal 2020 2nd Quarter	196,135,669 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 2nd Quarter 249,400 shares. Fiscal 2020 444,000 shares.

Average number of shares outstanding for the period : Fiscal 2021 2nd Quarter 359,287 shares. Fiscal 2020 2nd Quarter 663,463 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 computes income taxes by multiplying quarterly income before income taxes by the effective tax rate

that is reasonably estimated by applying tax effect accounting to the projected annual income before income taxes of the fiscal year.

In case where the method of computation is remarkably unreasonable, the statutory effective tax rate is used.

(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.

While it is difficult to predict the various outcomes related to the pandemic such as the end of the spread, an accounting estimate is made based on the assumption that the current status of passenger volume will continue until the end of December 2020, and then recover gradually.

(Reference) Nonconsolidated forecast for Fiscal 2021 (Year ending March 31, 2021)

	Operating revenues		Operating income		Ordinary income		Net income		Net income per share - basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2021	582,000	(59.5)	(171,000)	-	(247,000)	-	(187,000)	-	(950.70)

- Note 1. Percentages for operating revenues, operating income, ordinary income and net income represent the change from the corresponding period of the previous year.
 2. Revisions to the previous nonconsolidated forecast for Fiscal 2021 : revised

- 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.
 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 2nd Quarter (As of September 30, 2020)
ASSETS		
Current assets:		
Cash and deposits	406,408	320,047
Money held in trust for the Chuo Shinkansen construction	2,435,015	2,254,246
Notes and accounts receivable-trade	48,206	47,844
Railway fares receivables	39,727	34,465
Marketable securities	353,500	353,500
Inventories	43,923	48,743
Other	55,915	67,511
Allowance for doubtful accounts	(14)	(12)
Total current assets	3,382,682	3,126,345
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	1,416,829	1,385,476
Machinery, rolling stock and vehicles, net	217,844	228,431
Land	2,354,868	2,356,420
Construction in progress	890,016	1,014,406
Other, net	45,639	41,931
Total property, plant and equipment	4,925,199	5,026,667
Intangible assets	91,141	88,516
Investments and other assets		
Investment securities	846,723	854,821
Deferred tax assets	176,899	219,852
Other	182,720	181,847
Allowance for doubtful accounts	(2,241)	(1,558)
Total investments and other assets	1,204,102	1,254,962
Total noncurrent assets	6,220,443	6,370,146
Total assets	9,603,126	9,496,491

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 2nd Quarter (As of September 30, 2020)
LIABILITIES		
Current liabilities:		
Notes and accounts payable–trade	78,825	50,510
Short-term loans payable	29,497	30,110
Current portion of bonds payable	30,000	20,000
Current portion of long-term loans payable	54,969	79,981
Current portion of long-term debt of the employee stock ownership plan trust	5,400	7,000
Current portion of long-term accounts payable–railway facilities	5,783	5,962
Income taxes payable	83,575	81,744
Provision for bonuses	28,440	27,481
Other	309,191	296,229
Total current liabilities	625,682	599,020
Noncurrent liabilities:		
Bonds payable	818,786	918,820
Long-term loans payable	403,819	372,622
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	—
Long-term accounts payable–railway facilities	532,666	529,637
Provision for large-scale renovation of the Shinkansen infrastructure	105,000	87,500
Liability for retirement benefits	190,774	189,850
Other	49,994	48,034
Total noncurrent liabilities	5,105,341	5,146,466
Total liabilities	5,731,023	5,745,486
EQUITY		
Shareholders' equity:		
Common stock	112,000	112,000
Capital surplus	53,486	53,485
Retained earnings	3,755,901	3,627,559
Treasury stock	(111,615)	(107,909)
Total shareholders' equity	3,809,772	3,685,135
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	20,729	24,419
Deferred loss on hedges	—	(0)
Remeasurements of defined benefit plans	1,331	1,343
Total accumulated other comprehensive income	22,061	25,762
Noncontrolling interests	40,269	40,107
Total equity	3,872,103	3,751,005
Total liabilities and equity	9,603,126	9,496,491

QUARTERLY CONSOLIDATED STATEMENT OF INCOME (Unaudited)

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

	Millions of yen	
	Fiscal 2020 2nd Quarter (For the six months ended September 30, 2019)	Fiscal 2021 2nd Quarter (For the six months ended September 30, 2020)
Operating revenues	955,611	337,888
Operating expenses:		
Transportation, other services and cost of sales	454,927	372,325
Selling, general and administrative expenses	93,810	79,136
Total operating expenses	548,737	451,461
Operating (loss) income	406,873	(113,573)
Non-operating income:		
Interest income	1,124	1,251
Dividend income	1,912	1,905
Insurance income	157	207
Subsidies for employment adjustment	—	1,638
Other	2,070	1,720
Total non-operating income	5,264	6,723
Non-operating expenses:		
Interest expense	22,339	22,233
Interest on long-term accounts payable—railway facilities	17,650	17,482
Other	2,932	4,140
Total non-operating expenses	42,922	43,856
Ordinary (loss) income	369,215	(150,706)
Extraordinary gain:		
Contribution for construction	689	2,692
Other	2,214	905
Total extraordinary gain	2,903	3,598
Extraordinary loss:		
Loss on reduction of noncurrent assets	664	2,632
Impairment loss	24	4,054
Other	1,383	1,811
Total extraordinary loss	2,072	8,497
(Loss) income before income taxes	370,046	(155,606)
Income taxes	109,559	(41,906)
Net (loss) income	260,487	(113,700)
Net (loss) income attributable to noncontrolling interests	2,953	(133)
Net (loss) income attributable to owners of the parent	257,533	(113,566)

QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

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

	Millions of yen	
	Fiscal 2020 2nd Quarter (For the six months ended September 30, 2019)	Fiscal 2021 2nd Quarter (For the six months ended September 30, 2020)
Net (loss) income	260,487	(113,700)
Other comprehensive income:		
Unrealized gain on available-for-sale securities	1,840	3,759
Deferred loss on hedges	(0)	(0)
Remeasurements of defined benefit plans	(209)	(17)
Share of other comprehensive (loss) income in affiliates	10	(22)
Total other comprehensive income	1,642	3,718
Comprehensive (loss) income	262,129	(109,981)
(breakdown)		
Total comprehensive (loss) income attributable to		
Owners of the parent	259,320	(109,866)
Noncontrolling interests	2,808	(115)

QUARTERLY CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

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

	Millions of yen	
	Fiscal 2020 2nd Quarter (For the six months ended September 30, 2019)	Fiscal 2021 2nd Quarter (For the six months ended September 30, 2020)
Operating activities:		
(Loss) income before income taxes	370,046	(155,606)
Depreciation and amortization	104,899	94,220
Decrease in provision for large-scale renovation of the Shinkansen infrastructure	(17,500)	(17,500)
Decrease in liability for retirement benefits	(373)	(983)
Interest and dividend income	(3,036)	(3,156)
Interest expense	39,990	39,716
Proceeds from contribution for construction	(689)	(2,692)
Loss on reduction of noncurrent assets	664	2,632
Loss on retirement of noncurrent assets	1,806	1,476
Decrease in trade receivables	1,129	5,624
Increase in inventories	(1,917)	(3,906)
Decrease in trade payables	(21,761)	(28,314)
Other	(34,344)	(74,983)
Subtotal	<u>438,913</u>	<u>(143,473)</u>
Interest and dividend income received	2,919	2,992
Interest expense paid	(39,827)	(39,482)
Income taxes paid	(99,645)	(4,270)
Net cash (used in) provided by operating activities	<u>302,361</u>	<u>(184,235)</u>
Investing activities:		
Proceeds from cancellation of money held in trust for the Chuo Shinkansen construction	161,442	180,769
Purchases of property, plant and equipment	(190,322)	(253,188)
Proceeds from contribution for construction	1,877	1,661
Purchases of intangible assets	(3,646)	(4,838)
Purchases of investment securities	(104,101)	(4,952)
Other	3,363	5,964
Net cash used in investing activities	<u>(131,387)</u>	<u>(74,585)</u>
Financing activities:		
Net increase in short-term loans payable	974	613
Proceeds from issuance of short-term bonds	—	100,000
Proceeds from long-term loans payable	12,400	11,400
Repayment of long-term loans payable	(59,012)	(17,584)
Proceeds from issuance of bonds	—	100,002
Redemption of bonds	—	(10,000)
Payments for long-term accounts payable-railway facilities	(2,682)	(2,849)
Purchases of treasury stock	(0)	—
Proceeds from sales of treasury stock	2,988	4,241
Cash dividend paid	(14,775)	(14,775)
Cash dividend paid to noncontrolling shareholders	(79)	—
Other	2,889	1,486
Net cash provided by (used in) financing activities	<u>(57,296)</u>	<u>172,534</u>
Net (decrease) increase in cash and cash equivalents	<u>113,676</u>	<u>(86,286)</u>
Cash and cash equivalents, beginning of year	<u>751,636</u>	<u>761,376</u>
Cash and cash equivalents, end of year	<u>865,313</u>	<u>675,089</u>

SEGMENT INFORMATION (Unaudited)
Fiscal 2020 2nd Quarter (For the six months ended September 30, 2019)
1. Information about operating revenues and profit (loss)

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

	Millions of yen							
	Transportation	Merchandise and Other	Real Estate	Rolling Stock Production	Other	Total	Reconciliations	Consolidated
Operating revenues:								
External customers	742,323	125,509	24,183	37,433	26,161	955,611	—	955,611
Intersegment transactions or transfers	6,174	6,541	16,049	7,377	41,119	77,262	(77,262)	—
Total	748,497	132,050	40,232	44,811	67,281	1,032,873	(77,262)	955,611
Segment profit	387,142	4,680	11,326	3,360	187	406,698	174	406,873

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

2. "Reconciliations" amount of 174 million yen for segment profit is the elimination of intersegment transactions.

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

2. Information about impairment loss on noncurrent assets by reportable segments

Information about impairment loss on noncurrent assets by reportable segments is omitted because of little materiality.

Fiscal 2021 2nd Quarter (For the six months ended September 30, 2020)
1. Information about operating revenues and profit (loss)

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

	Millions of yen							
	Transportation	Merchandise and Other	Real Estate	Rolling Stock Production	Other	Total	Reconciliations	Consolidated
Operating revenues:								
External customers	212,575	64,391	18,876	29,392	12,652	337,888	—	337,888
Intersegment transactions or transfers	4,698	5,850	14,563	15,048	40,248	80,410	(80,410)	—
Total	217,274	70,242	33,440	44,440	52,901	418,298	(80,410)	337,888
Segment profit (loss)	(104,052)	(9,730)	6,727	2,976	(8,010)	(112,089)	(1,483)	(113,573)

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

2. "Reconciliations" amount of (1,483) 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 2nd quarter is disclosed on the basis of reportable segment classifications for the fiscal 2021 2nd quarter.

3. Information about impairment loss on noncurrent assets by reportable segments

Mainly, the book value of assets of business in travel included in "Other" is reduced to its recoverable amount.

The recorded amount of the impairment loss is 3,197 million yen for the fiscal 2021 2nd quarter.