

Summary of Consolidated Financial Report for the Three Months Ended June 30, 2021 [under Japanese GAAP] (Unaudited)

English translation from the original Japanese-language document

July 30, 2021

Company Name	Central Japan Railway Company
Stock Exchange Listings	Tokyo and Nagoya
Code Number	9022
URL	https://jr-central.co.jp
Representative Contact Person	Shin Kaneko, President and Representative Director Kentaro Takeda, Corporate Executive Officer, General Manager of the Public Relations Department (Tel +81-52-564-2549)
Expected Date of Presentation of Quarterly Securities Reports	August 5, 2021
Expected Date of Dividend Payment Commencement	—
Supplementary Information	Attached
Briefing of Financial Results of 1st Quarter	To be held (for institutional investors and analysts)

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

1. Results for the three months ended June 30, 2021

(1) Consolidated financial results

	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 2022 1st Quarter	180,628	40.3	(25,306)	—	(40,188)	—	(28,442)	—
Fiscal 2021 1st Quarter	128,734	(72.7)	(83,613)	—	(101,459)	—	(72,651)	—

Note 1. Comprehensive income : Fiscal 2022 1st Quarter (33,185) million yen, —%. Fiscal 2021 1st Quarter (68,892) million yen, —%.

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 2022 1st Quarter	(144.53)	—
Fiscal 2021 1st Quarter	(369.96)	—

(2) Consolidated financial position

	Total assets	Equity	Net worth ratio
	Millions of yen	Millions of yen	%
Fiscal 2022 1st Quarter	9,447,915	3,640,939	38.1
Fiscal 2021	9,600,370	3,686,609	37.9

Note Net worth : Fiscal 2022 1st Quarter 3,596,999 million yen. Fiscal 2021 3,642,515 million yen.

2. Cash dividends

	Cash dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2021	—	65.00	—	65.00	130.00
Fiscal 2022	—	—	—	—	—
Fiscal 2022 (Forecast)	—	65.00	—	65.00	130.00

Note Revisions to the previous forecast of cash dividends for Fiscal 2022 : none

3. Consolidated forecast for Fiscal 2022 (Year ending March 31, 2022)

	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 2022 2nd Quarter (six months)	413,000	22.2	(30,000)	—	(66,000)	—	(49,000)	—	(248.99)
Fiscal 2022	1,115,000	35.4	106,000	—	33,000	—	15,000	—	76.22

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

2. Revisions to the previous consolidated forecast for Fiscal 2022 : 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 : changed
- 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 the period (Including treasury stocks)	Fiscal 2022 1st Quarter	shares 206,000,000	Fiscal 2021	shares 206,000,000
	Fiscal 2022 1st Quarter	shares 9,200,819	Fiscal 2021	shares 9,222,869
② Number of treasury stocks at the end of the period				
③ Average number of shares outstanding for the period	Fiscal 2022 1st Quarter	shares 196,792,880	Fiscal 2021 1st Quarter	shares 196,376,285

Note The number of treasury stocks at the end of the 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 the period : Fiscal 2022 1st Quarter — shares. Fiscal 2021 22,000 shares.
 Average number of shares outstanding for the period : Fiscal 2022 1st Quarter 6,286 shares. Fiscal 2021 1st Quarter 422,846 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) Changes in accounting policies

Application of Accounting Standard for Revenue Recognition

The Company has applied ASBJ Statement No. 29, March 31, 2020, "Accounting Standard for Revenue Recognition" from the beginning of the fiscal 2022 1st Quarter. In accordance with the aforementioned accounting standard, the Company recognizes revenue in an amount expected to be entitled in exchange for promised goods or services at the time when control of those goods or services is transferred to customers.

The primary impact of the application of the aforementioned accounting standard is the changes in the methods of recognizing revenue at certain transactions from on a gross basis as principal transactions to on a net basis as agent transactions.

In accordance with the transitional treatment as provided in the proviso of Paragraph 84 of Accounting Standard for Revenue Recognition, the cumulative effect was added to or deducted from the beginning balance of retained earnings in the fiscal 2022 1st Quarter, and the balance was adjusted to apply the new policies from the beginning of the fiscal 2022 1st Quarter.

As a result, operating revenues for the fiscal 2022 1st Quarter decreased by 19,497 million yen, and operating expenses decreased by 19,539 million yen. However, there are immaterial effects on loss before income taxes of the quarterly consolidated financial statements.

Because of the application of the aforementioned accounting standard, "Notes and accounts receivable-trade" that was disclosed in Current assets in the quarterly consolidated balance sheet in the fiscal 2021 is included in "Notes and accounts receivable-trade, and contract assets" from the fiscal 2022 1st Quarter. In accordance with the transitional treatment as provided in Paragraph 89-2 of Accounting Standard for Revenue Recognition, figures for the fiscal 2021 are not reclassified by the new methods of presentation.

Application of Accounting Standard for Fair Value Measurement

The Company has applied ASBJ Statement No. 30, July 4, 2019, "Accounting Standard for Fair Value Measurement" from the beginning of the fiscal 2022 1st Quarter. In accordance with the transitional treatment as provided in the Paragraph 19 of Accounting Standard for Fair Value Measurement and the Paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company has applied the new accounting policies as provided in the aforementioned accounting standards in the future. There are no effects on the quarterly consolidated financial statements due to the application of these accounting standards.

(8) 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 decrease in infection rate - due to the progress of vaccination - will result in the recovery of passenger volume to 80% compared to the fiscal 2019 towards the fiscal 2022 3rd Quarter.

(Reference) Nonconsolidated forecast for Fiscal 2022 (Year ending March 31, 2022)

	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 2022 2nd Quarter (six months)	316,000	42.5	(20,000)	—	(56,000)	—	(38,000)	—	(192.90)
Fiscal 2022	890,000	64.3	107,000	—	34,000	—	12,000	—	60.91

Note 1. Percentages for operating revenues, operating income, ordinary income and net income represent the change from the same period of the previous year.

2. Revisions to the previous nonconsolidated forecast for Fiscal 2022 : 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)

	Millions of yen	
	Fiscal 2021 (As of March 31, 2021)	Fiscal 2022 1st Quarter (As of June 30, 2021)
ASSETS		
Current assets:		
Cash and deposits	340,509	263,493
Money held in trust for the Chuo Shinkansen construction	2,076,158	1,982,216
Notes and accounts receivable-trade	54,157	—
Notes and accounts receivable-trade, and contract assets	—	43,491
Railway fares receivables	48,005	27,191
Marketable securities	389,600	404,900
Inventories	41,938	41,613
Other	73,480	71,955
Allowance for doubtful accounts	(16)	(93)
Total current assets	3,023,832	2,834,768
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	1,391,371	1,373,362
Machinery, rolling stock and vehicles, net	240,140	249,244
Land	2,356,270	2,356,152
Construction in progress	1,143,306	1,189,834
Other, net	45,669	42,687
Total property, plant and equipment	5,176,757	5,211,280
Intangible assets	110,456	116,719
Investments and other assets		
Investment securities	867,567	853,257
Deferred tax assets	238,939	251,269
Other	184,396	182,190
Allowance for doubtful accounts	(1,579)	(1,570)
Total investments and other assets	1,289,324	1,285,146
Total noncurrent assets	6,576,538	6,613,146
Total assets	9,600,370	9,447,915

QUARTERLY CONSOLIDATED BALANCE SHEET (Unaudited)

	Millions of yen	
	Fiscal 2021 (As of March 31, 2021)	Fiscal 2022 1st Quarter (As of June 30, 2021)
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	70,084	58,035
Short-term loans payable	29,993	30,227
Current portion of bonds payable	68,148	68,151
Current portion of long-term loans payable	62,199	62,196
Current portion of long-term debt of the employee stock ownership plan trust	4,300	—
Current portion of long-term accounts payable-railway facilities	6,145	6,145
Income taxes payable	83,733	2,227
Provision for bonuses	22,871	16,521
Other	476,612	484,241
Total current liabilities	824,087	727,747
Noncurrent liabilities:		
Bonds payable	850,703	850,716
Long-term loans payable	418,920	418,920
Long-term debt for the Chuo Shinkansen construction	3,000,000	3,000,000
Long-term accounts payable-railway facilities	526,518	526,518
Provision for large-scale renovation of the Shinkansen infrastructure	70,000	61,250
Liability for retirement benefits	178,925	178,960
Other	44,604	42,863
Total noncurrent liabilities	5,089,672	5,079,229
Total liabilities	5,913,760	5,806,976
EQUITY		
Shareholders' equity:		
Common stock	112,000	112,000
Capital surplus	53,475	53,475
Retained earnings	3,526,766	3,485,481
Treasury stock	(103,578)	(103,159)
Total shareholders' equity	3,588,662	3,547,798
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	46,157	41,978
Remeasurements of defined benefit plans	7,695	7,222
Total accumulated other comprehensive income	53,853	49,201
Noncontrolling interests	44,094	43,939
Total equity	3,686,609	3,640,939
Total liabilities and equity	9,600,370	9,447,915

QUARTERLY CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

	Millions of yen	
	Fiscal 2021 1st Quarter (For the three months ended June 30, 2020)	Fiscal 2022 1st Quarter (For the three months ended June 30, 2021)
Operating revenues	128,734	180,628
Operating expenses:		
Transportation, other services and cost of sales	170,841	166,071
Selling, general and administrative expenses	41,506	39,862
Total operating expenses	212,348	205,934
Operating loss	(83,613)	(25,306)
Non-operating income:		
Interest income	624	613
Dividend income	1,560	1,727
Insurance income	59	1,242
Other	1,034	2,257
Total non-operating income	3,278	5,841
Non-operating expenses:		
Interest expense	11,059	11,077
Interest on long-term accounts payable-railway facilities	8,742	8,652
Other	1,322	992
Total non-operating expenses	21,124	20,722
Ordinary loss	(101,459)	(40,188)
Extraordinary gain:		
Contribution for construction	54	20
Gain on sales of noncurrent assets	3	2,396
Reversal of provision for doubtful accounts of an unconsolidated subsidiary	662	—
Other	3	5
Total extraordinary gain	723	2,421
Extraordinary loss:		
Loss on reduction of noncurrent assets	72	14
Loss on retirement of noncurrent assets	295	142
Loss on sales of noncurrent assets	1,069	46
Other	19	1
Total extraordinary loss	1,457	205
Loss before income taxes	(102,192)	(37,972)
Income taxes	(29,048)	(9,787)
Net loss	(73,144)	(28,184)
Net income (loss) attributable to noncontrolling interests	(492)	257
Net loss attributable to owners of the parent	(72,651)	(28,442)

QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

	Millions of yen	
	Fiscal 2021 1st Quarter (For the three months ended June 30, 2020)	Fiscal 2022 1st Quarter (For the three months ended June 30, 2021)
Net loss	(73,144)	(28,184)
Other comprehensive (loss) income:		
Unrealized (loss) gain on available-for-sale securities	4,252	(4,516)
Remeasurements of defined benefit plans	(10)	(476)
Share of other comprehensive (loss) income in affiliates	10	(7)
Total other comprehensive (loss) income	4,252	(5,000)
Comprehensive loss	(68,892)	(33,185)
(breakdown)		
Total comprehensive loss attributable to		
Owners of the parent	(68,655)	(33,093)
Noncontrolling interests	(236)	(91)

SEGMENT INFORMATION (Unaudited)

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

1. Information about operating revenues and profit (loss)

(Millions of yen)

	Transportation	Merchandise and Other	Real Estate	Hotel and Services	Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
Operating revenues:								
External customers	77,629	22,275	8,909	3,129	16,791	128,734	—	128,734
Intersegment transactions or transfers	2,238	3,013	6,606	1,523	25,121	38,504	(38,504)	—
Total	79,867	25,289	15,516	4,653	41,912	167,238	(38,504)	128,734
Segment profit (loss)	(75,772)	(6,411)	2,721	(4,583)	1,182	(82,864)	(749)	(83,613)

Note 1. "Other" includes business in rolling stock production, construction, etc., which are not included in any reportable segment.

2. "Reconciliations" amount of (749) 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 operations.

Fiscal 2022 1st Quarter (For the three months ended June 30, 2021)

1. Information about operating revenues and profit (loss)

(Millions of yen)

	Transportation	Merchandise and Other	Real Estate	Hotel and Services	Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
Operating revenues:								
External customers	133,447	19,996	9,247	5,037	12,899	180,628	—	180,628
Intersegment transactions or transfers	2,278	2,024	7,493	959	24,864	37,620	(37,620)	—
Total	135,725	22,021	16,740	5,996	37,764	218,248	(37,620)	180,628
Segment profit (loss)	(23,877)	(2,371)	4,153	(3,089)	195	(24,990)	(316)	(25,306)

Note 1. "Other" includes business in rolling stock production, construction, etc., which are not included in any reportable segment.

2. "Reconciliations" amount of (316) 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 operations.

2. Matters related to changes in reportable segments

Changes in reportable segment classifications

From the fiscal 2022 1st Quarter, business in "Hotel and Services," a business previously included in "Other," is reclassified as a reportable segment after fulfilling the quantitative criteria.

Business in "Rolling Stock Production," a business which was reclassified as a reportable segment for the fiscal 2021 1st Quarter, is reclassified back to "Other" from the fiscal 2021 3rd Quarter.

This is due to business in "Rolling Stock Production" falling short of the quantitative criteria. Segment information for the fiscal 2021 1st Quarter is disclosed on the basis of reportable segment classifications for the fiscal 2022 1st Quarter.

Application of Accounting Standard for Revenue Recognition

As described above in (7) Changes in accounting policies, the Company has applied Accounting Standard for Revenue Recognition from the beginning of the fiscal 2022 1st Quarter.

Due to the changes in the methods of accounting treatment for revenue recognition, similar changes have been made to the methods of measuring profit and loss in each reportable segment.

There are immaterial effects on profit in each reportable segment due to these changes. The primary impact of the application of the aforementioned accounting standard is the changes in the methods of recognizing revenue at certain transactions from on a gross basis as principal transactions to on a net basis as agent transactions. As a result, mainly in business in

"Merchandise and Other," operating revenues of this reportable segment in the fiscal 2022 1st Quarter decrease by 22,103 million yen compared with the amount when they were recognized by the previous methods.