

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

English translation from the original Japanese-language document

October 27, 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	November 10, 2021
Expected Date of Dividend Payment Commencement	December 1, 2021
Supplementary Information Briefing of Financial Results of 2nd Quarter	Attached 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 six months ended September 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 2nd Quarter	386,949	14.5	(34,103)	—	(67,090)	—	(44,455)	—
Fiscal 2021 2nd Quarter	337,888	(64.6)	(113,573)	—	(150,706)	—	(113,566)	—

Note 1. Comprehensive income : Fiscal 2022 2nd Quarter (45,572) million yen, —%. Fiscal 2021 2nd Quarter (109,981) 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 2nd Quarter	(225.89)	—
Fiscal 2021 2nd Quarter	(578.13)	—

(2) Consolidated financial position

	Total assets	Equity	Net worth ratio
	Millions of yen	Millions of yen	%
Fiscal 2022 2nd Quarter	9,528,889	3,628,731	37.6
Fiscal 2021	9,600,370	3,686,609	37.9

Note Net worth : Fiscal 2022 2nd Quarter 3,584,637 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	—	65.00	—	—	—
Fiscal 2022 (Forecast)	—	—	—	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	1,008,000	22.4	37,000	—	(33,000)	—	(30,000)	—	(152.44)

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
- i) Changes in accounting policies due to revision of accounting standard : changed
- ii) Other changes in accounting policies : none
- iii) Changes in accounting estimates : none
- iv) Error corrections : none
- (4) Number of common shares issued and outstanding at the end of each period

i) Number of shares outstanding at the end of the period (Including treasury stocks)	Fiscal 2022 2nd Quarter	shares 206,000,000	Fiscal 2021	shares 206,000,000
	Fiscal 2022 2nd Quarter	shares 9,200,819	Fiscal 2021	shares 9,222,869
ii) Number of treasury stocks at the end of the period	Fiscal 2022 2nd Quarter	shares 196,796,048	Fiscal 2021 2nd Quarter	shares 196,439,844
	Fiscal 2022 2nd Quarter	shares 196,796,048	Fiscal 2021 2nd Quarter	shares 196,439,844

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 2nd Quarter — shares. Fiscal 2021 22,000 shares.

Average number of shares outstanding for the period : Fiscal 2022 2nd Quarter 3,126 shares. Fiscal 2021 2nd Quarter 359,287 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" ; hereinafter, "Revenue Recognition Accounting Standard" 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 Revenue Recognition Accounting Standard, the cumulative effect of the retrospective application of the new accounting policies prior to the beginning of the fiscal 2022 1st Quarter 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 2nd Quarter decreased by 43,737 million yen, and operating expenses decreased by 43,830 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" ; hereinafter, "Fair Value Accounting Standard" from the beginning of the fiscal 2022 1st Quarter. In accordance with the transitional treatment as provided in the Paragraph 19 of Fair Value Accounting Standards and the Paragraph 44-2 of ASBJ Statement No. 10, July 4, 2019, "Accounting Standard for Financial Instruments", the Company has applied the new accounting policies prospectively as provided in Fair Value Accounting Standard. There are no effects on the quarterly consolidated financial statements due to the application of the aforementioned accounting standard.

(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 use of trains will recover from around November and it will result in the recovery of transportation revenues to 80% compared to the fiscal 2019 towards the fiscal 2022 4th Quarter, considering the current status.

(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	%	
Fiscal 2022	795,000	46.7	38,000	—	(35,000)	—	(42,000)	—	Yen (213.20)

Note 1. Percentages for operating revenues, operating income, ordinary income and net income represent the changes 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 2nd Quarter (As of September 30, 2021)
ASSETS		
Current assets:		
Cash and deposits	340,509	679,688
Money held in trust for the Chuo Shinkansen construction	2,076,158	1,948,113
Notes and accounts receivable-trade	54,157	—
Notes and accounts receivable-trade, and contract assets	—	45,011
Railway fares receivables	48,005	28,729
Marketable securities	389,600	67,800
Inventories	41,938	38,878
Other	73,480	60,285
Allowance for doubtful accounts	(16)	(96)
Total current assets	3,023,832	2,868,410
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	1,391,371	1,359,110
Machinery, rolling stock and vehicles, net	240,140	250,034
Land	2,356,270	2,356,088
Construction in progress	1,143,306	1,254,451
Other, net	45,669	39,364
Total property, plant and equipment	5,176,757	5,259,050
Intangible assets	110,456	117,781
Investments and other assets		
Investment securities	867,567	840,160
Deferred tax assets	238,939	262,691
Other	184,396	182,371
Allowance for doubtful accounts	(1,579)	(1,576)
Total investments and other assets	1,289,324	1,283,647
Total noncurrent assets	6,576,538	6,660,479
Total assets	9,600,370	9,528,889

QUARTERLY CONSOLIDATED BALANCE SHEET (Unaudited)

	Millions of yen	
	Fiscal 2021 (As of March 31, 2021)	Fiscal 2022 2nd Quarter (As of September 30, 2021)
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	70,084	56,915
Short-term loans payable	29,993	30,161
Current portion of bonds payable	68,148	68,154
Current portion of long-term loans payable	62,199	54,001
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	6,334
Income taxes payable	83,733	4,222
Provision for bonuses	22,871	22,878
Other	476,612	592,569
Total current liabilities	824,087	835,238
Noncurrent liabilities:		
Bonds payable	850,703	870,729
Long-term loans payable	418,920	396,220
Long-term debt for the Chuo Shinkansen construction	3,000,000	3,000,000
Long-term accounts payable-railway facilities	526,518	523,302
Provision for large-scale renovation of the Shinkansen infrastructure	70,000	52,500
Liability for retirement benefits	178,925	179,651
Other	44,604	42,514
Total noncurrent liabilities	5,089,672	5,064,919
Total liabilities	5,913,760	5,900,158
EQUITY		
Shareholders' equity:		
Common stock	112,000	112,000
Capital surplus	53,475	53,475
Retained earnings	3,526,766	3,469,649
Treasury stock	(103,578)	(103,159)
Total shareholders' equity	3,588,662	3,531,965
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	46,157	45,918
Remeasurements of defined benefit plans	7,695	6,754
Total accumulated other comprehensive income	53,853	52,672
Noncontrolling interests	44,094	44,093
Total equity	3,686,609	3,628,731
Total liabilities and equity	9,600,370	9,528,889

QUARTERLY CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

	Millions of yen	
	Fiscal 2021 2nd Quarter (For the six months ended September 30, 2020)	Fiscal 2022 2nd Quarter (For the six months ended September 30, 2021)
Operating revenues	337,888	386,949
Operating expenses:		
Transportation, other services and cost of sales	372,325	345,573
Selling, general and administrative expenses	79,136	75,479
Total operating expenses	451,461	421,053
Operating loss	(113,573)	(34,103)
Non-operating income:		
Interest income	1,251	1,234
Dividend income	1,905	2,068
Insurance income	207	1,276
Subsidies for employment adjustment	1,638	2,062
Other	1,720	2,154
Total non-operating income	6,723	8,796
Non-operating expenses:		
Interest expense	22,233	22,288
Interest on long-term accounts payable-railway facilities	17,482	17,304
Other	4,140	2,190
Total non-operating expenses	43,856	41,783
Ordinary loss	(150,706)	(67,090)
Extraordinary gain:		
Contribution for construction	2,692	48
Gain on sales of noncurrent assets	121	2,400
Other	783	30
Total extraordinary gain	3,598	2,479
Extraordinary loss:		
Loss on reduction of noncurrent assets	2,632	33
Loss on retirement of noncurrent assets	722	444
Other	5,143	92
Total extraordinary loss	8,497	571
Loss before income taxes	(155,606)	(65,182)
Income taxes	(41,906)	(21,227)
Net loss	(113,700)	(43,955)
Net income (loss) attributable to noncontrolling interests	(133)	499
Net loss attributable to owners of the parent	(113,566)	(44,455)

QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

	Millions of yen	
	Fiscal 2021 2nd Quarter (For the six months ended September 30, 2020)	Fiscal 2022 2nd Quarter (For the six months ended September 30, 2021)
Net loss	(113,700)	(43,955)
Other comprehensive (loss) income:		
Unrealized (loss) gain on available-for-sale securities	3,759	(655)
Deferred loss on hedges	(0)	—
Remeasurements of defined benefit plans	(17)	(948)
Share of other comprehensive loss in affiliates	(22)	(12)
Total other comprehensive (loss) income	3,718	(1,617)
Comprehensive loss	(109,981)	(45,572)
(breakdown)		
Total comprehensive loss attributable to		
Owners of the parent	(109,866)	(45,635)
Noncontrolling interests	(115)	62

QUARTERLY CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

	Millions of yen	
	Fiscal 2021 2nd Quarter (For the six months ended September 30, 2020)	Fiscal 2022 2nd Quarter (For the six months ended September 30, 2021)
Operating activities:		
Loss before income taxes	(155,606)	(65,182)
Depreciation and amortization	94,220	99,304
Decrease in provision for large-scale renovation of the Shinkansen infrastructure	(17,500)	(17,500)
Decrease in liability for retirement benefits	(983)	(532)
Interest and dividend income	(3,156)	(3,303)
Interest expense	39,716	39,593
Proceeds from contribution for construction	(2,692)	(48)
Loss on reduction of noncurrent assets	2,632	33
Loss on retirement of noncurrent assets	1,476	1,503
Decrease in trade receivables	5,624	35,408
Decrease (increase) in inventories	(3,906)	3,426
Decrease in trade payables	(28,314)	(13,169)
Other	(74,983)	(50,579)
Subtotal	(143,473)	28,955
Interest and dividend income received	2,992	3,290
Interest expense paid	(39,482)	(39,458)
Income taxes paid	(4,270)	(77,475)
Net cash used in operating activities	(184,235)	(84,688)
Investing activities:		
Placement of time deposits	—	(15,000)
Withdrawal of time deposits	—	15,000
Proceeds from cancellation of money held in trust for the Chuo Shinkansen construction	180,769	128,045
Purchases of property, plant and equipment	(253,188)	(227,699)
Proceeds from contribution received for construction	1,661	2,266
Purchases of intangible assets	(4,838)	(4,258)
Purchases of investment securities	(4,952)	(1)
Other	5,964	5,372
Net cash used in investing activities	(74,585)	(96,274)
Financing activities:		
Net increase in short-term loans payable	613	168
Proceeds from issuance of short-term bonds	100,000	200,000
Proceeds from long-term loans payable	11,400	12,100
Repayment of long-term loans payable	(17,584)	(42,996)
Proceeds from issuance of bonds	100,002	20,000
Redemption of bonds	(10,000)	—
Payments for long-term accounts payable-railway facilities	(2,849)	(3,026)
Proceeds from sales of treasury stock	4,241	336
Cash dividend paid	(14,775)	(12,805)
Cash dividend paid to noncontrolling interests	—	(70)
Other	1,486	(2,302)
Net cash provided by financing activities	172,534	171,403
Net decrease in cash and cash equivalents	(86,286)	(9,559)
Cash and cash equivalents, beginning of year	761,376	719,941
Cash and cash equivalents, end of period	675,089	710,381

SEGMENT INFORMATION (Unaudited)

Fiscal 2021 2nd Quarter (For the six months ended September 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	212,575	64,391	18,876	8,021	34,023	337,888	—	337,888
Intersegment transactions or transfers	4,698	5,850	14,563	3,262	52,181	80,557	(80,557)	—
Total	217,274	70,242	33,440	11,283	86,204	418,445	(80,557)	337,888
Segment profit (loss)	(104,052)	(9,730)	6,727	(8,353)	3,316	(112,092)	(1,480)	(113,573)

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

2. "Reconciliations" amount of (1,480) 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. Information about impairment loss on noncurrent assets by reportable segments

Mainly, the book value of assets of business in "Hotel and Services" is reduced to its recoverable amount.

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

Fiscal 2022 2nd Quarter (For the six months ended September 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	285,316	41,075	20,328	10,815	29,413	386,949	—	386,949
Intersegment transactions or transfers	4,720	3,917	15,272	2,062	52,382	78,354	(78,354)	—
Total	290,036	44,992	35,600	12,878	81,796	465,304	(78,354)	386,949
Segment profit (loss)	(32,555)	(4,922)	8,356	(5,960)	1,776	(33,305)	(797)	(34,103)

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

2. "Reconciliations" amount of (797) 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 2nd 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 2nd Quarter is disclosed on the basis of reportable segment classifications for the fiscal 2022 2nd 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 2nd Quarter decreased by 46,197 million yen compared with the amount when they were recognized by the previous methods.

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

Information about impairment loss on noncurrent assets by reportable segments is omitted because the amount is not material.