

Summary of Consolidated Financial Report for the Nine Months Ended December 31, 2021 [under Japanese GAAP] (Unaudited)

English translation from the original Japanese-language document

January 31, 2022

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 Executive Officer, General Manager of the Public Relations Department (Tel +81-52-564-2549)
Expected Date of Presentation of Quarterly Securities Reports	February 4, 2022
Expected Date of Dividend Payment Commencement	—
Supplementary Information	Attached
Briefing of Financial Results of 3rd 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 nine months ended December 31, 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 3rd Quarter	686,389	13.8	37,173	—	(14,710)	—	(12,326)	—
Fiscal 2021 3rd Quarter	603,083	(58.4)	(93,592)	—	(147,761)	—	(111,492)	—

Note 1. Comprehensive income : Fiscal 2022 3rd Quarter (20,794) million yen, — %. Fiscal 2021 3rd Quarter (95,575) 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 3rd Quarter	(62.63)	—
Fiscal 2021 3rd Quarter	(567.42)	—

(2) Consolidated financial position

	Total assets	Equity	Net worth ratio
	Millions of yen	Millions of yen	%
Fiscal 2022 3rd Quarter	9,386,467	3,640,596	38.3
Fiscal 2021	9,600,370	3,686,609	37.9

Note Net worth : Fiscal 2022 3rd Quarter 3,596,317 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 : none

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 3rd Quarter	206,000,000	Fiscal 2021	206,000,000
		shares		shares
ii) Number of treasury stocks at the end of the period	Fiscal 2022 3rd Quarter	9,200,851	Fiscal 2021	9,222,869
		shares		shares
iii) Average number of shares outstanding for the period	Fiscal 2022 3rd Quarter	196,797,093	Fiscal 2021 3rd Quarter	196,491,350
		shares		shares

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 3rd Quarter — shares. Fiscal 2021 22,000 shares.
 Average number of shares outstanding for the period : Fiscal 2022 3rd Quarter 2,080 shares. Fiscal 2021 3rd Quarter 307,781 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 3rd Quarter decreased by 70,930 million yen, and operating expenses decreased by 70,603 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 Revenue Recognition Accounting Standard, 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 Standard 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 transportation revenues will recover to 80% compared to the fiscal 2019 in the fiscal 2022 4th Quarter.

- 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 3rd Quarter (As of December 31, 2021)
ASSETS		
Current assets:		
Cash and deposits	340,509	536,856
Money held in trust for the Chuo Shinkansen construction	2,076,158	1,879,313
Notes and accounts receivable-trade	54,157	—
Notes and accounts receivable-trade, and contract assets	—	54,451
Railway fares receivables	48,005	72,019
Marketable securities	389,600	76,100
Inventories	41,938	39,788
Other	73,480	68,498
Allowance for doubtful accounts	(16)	(76)
Total current assets	3,023,832	2,726,951
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	1,391,371	1,348,479
Machinery, rolling stock and vehicles, net	240,140	261,025
Land	2,356,270	2,357,070
Construction in progress	1,143,306	1,293,535
Other, net	45,669	36,575
Total property, plant and equipment	5,176,757	5,296,686
Intangible assets	110,456	121,676
Investments and other assets		
Investment securities	867,567	813,537
Deferred tax assets	238,939	246,611
Other	184,396	181,564
Allowance for doubtful accounts	(1,579)	(561)
Total investments and other assets	1,289,324	1,241,152
Total noncurrent assets	6,576,538	6,659,515
Total assets	9,600,370	9,386,467

QUARTERLY CONSOLIDATED BALANCE SHEET (Unaudited)

	Millions of yen	
	Fiscal 2021 (As of March 31, 2021)	Fiscal 2022 3rd Quarter (As of December 31, 2021)
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	70,084	67,871
Short-term loans payable	29,993	30,184
Current portion of bonds payable	68,148	68,158
Current portion of long-term loans payable	62,199	53,999
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	4,067
Provision for bonuses	22,871	11,806
Other	476,612	427,686
Total current liabilities	824,087	670,109
Noncurrent liabilities:		
Bonds payable	850,703	870,741
Long-term loans payable	418,920	416,220
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	43,750
Liability for retirement benefits	178,925	180,348
Other	44,604	41,396
Total noncurrent liabilities	5,089,672	5,075,761
Total liabilities	5,913,760	5,745,870
EQUITY		
Shareholders' equity:		
Common stock	112,000	112,000
Capital surplus	53,475	53,474
Retained earnings	3,526,766	3,488,936
Treasury stock	(103,578)	(103,159)
Total shareholders' equity	3,588,662	3,551,251
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	46,157	38,766
Remeasurements of defined benefit plans	7,695	6,299
Total accumulated other comprehensive income	53,853	45,065
Noncontrolling interests	44,094	44,278
Total equity	3,686,609	3,640,596
Total liabilities and equity	9,600,370	9,386,467

QUARTERLY CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

	Millions of yen	
	Fiscal 2021 3rd Quarter (For the nine months ended December 31, 2020)	Fiscal 2022 3rd Quarter (For the nine months ended December 31, 2021)
Operating revenues	603,083	686,389
Operating expenses:		
Transportation, other services and cost of sales	577,825	534,903
Selling, general and administrative expenses	118,850	114,313
Total operating expenses	696,676	649,216
Operating income (loss)	(93,592)	37,173
Non-operating income:		
Interest income	1,873	1,851
Dividend income	2,903	3,516
Insurance income	243	1,332
Subsidies for employment adjustment	1,970	2,435
Other	3,810	3,603
Total non-operating income	10,802	12,739
Non-operating expenses:		
Interest expense	33,408	33,518
Interest on long-term accounts payable-railway facilities	26,179	25,910
Other	5,383	5,194
Total non-operating expenses	64,971	64,623
Ordinary loss	(147,761)	(14,710)
Extraordinary gain:		
Contribution for construction	3,985	3,884
Gain on sales of noncurrent assets	139	2,410
Other	808	773
Total extraordinary gain	4,932	7,069
Extraordinary loss:		
Loss on reduction of noncurrent assets	3,926	3,848
Other	6,103	872
Total extraordinary loss	10,030	4,720
Loss before income taxes	(152,858)	(12,362)
Income taxes	(41,651)	(1,487)
Net loss	(111,207)	(10,875)
Net income attributable to noncontrolling interests	285	1,450
Net loss attributable to owners of the parent	(111,492)	(12,326)

QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

	Millions of yen	
	Fiscal 2021 3rd Quarter (For the nine months ended December 31, 2020)	Fiscal 2022 3rd Quarter (For the nine months ended December 31, 2021)
Net loss	(111,207)	(10,875)
Other comprehensive (loss) income:		
Unrealized (loss) gain on available-for-sale securities	15,682	(8,463)
Remeasurements of defined benefit plans	(26)	(1,395)
Share of other comprehensive loss in affiliates	(24)	(60)
Total other comprehensive (loss) income	15,631	(9,918)
Comprehensive loss	(95,575)	(20,794)
(breakdown)		
Total comprehensive loss attributable to		
Owners of the parent	(96,650)	(21,113)
Noncontrolling interests	1,074	319

SEGMENT INFORMATION (Unaudited)

Fiscal 2021 3rd Quarter (For the nine months ended December 31, 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	394,483	111,768	29,372	16,632	50,827	603,083	—	603,083
Intersegment transactions or transfers	7,254	9,345	22,389	5,447	88,479	132,916	(132,916)	—
Total	401,737	121,113	51,761	22,080	139,306	736,000	(132,916)	603,083
Segment profit (loss)	(88,214)	(10,325)	11,519	(9,153)	4,856	(91,317)	(2,274)	(93,592)

- Note 1. "Other" includes business in rolling stock production, construction, etc., which are not included in any reportable segment.
2. "Reconciliations" amount of (2,274) 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 3rd Quarter.

Fiscal 2022 3rd Quarter (For the nine months ended December 31, 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	521,926	68,836	31,032	19,922	44,671	686,389	—	686,389
Intersegment transactions or transfers	7,116	5,986	23,080	3,725	86,258	126,167	(126,167)	—
Total	529,043	74,822	54,112	23,648	130,930	812,557	(126,167)	686,389
Segment profit (loss)	32,273	(3,907)	13,306	(6,424)	3,478	38,727	(1,553)	37,173

- Note 1. "Other" includes business in rolling stock production, construction, etc., which are not included in any reportable segment.
2. "Reconciliations" amount of (1,553) 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 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.

Segment information for the fiscal 2021 3rd Quarter is disclosed on the basis of reportable segment classifications for the fiscal 2022 3rd Quarter.

Application of Accounting Standard for Revenue Recognition

As described above in (7) Changes in accounting policies, the Company has applied Revenue Recognition Accounting Standard 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 3rd Quarter decreased by 72,086 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.