Central Japan Railway Company and Consolidated Subsidiaries

Consolidated Balance Sheet as of March 31, 2024, and the Related Consolidated Statements of Income, Comprehensive Income, Changes in Equity, and Cash Flows for the Year then Ended and Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu LLC
JP TOWER NAGOYA
1-1-1 Meieki, Nakamura-ku
Nagoya, Aichi 450-8530
Japan

Tel: +81 (52) 565 5511
Fax: +81 (52) 569 1394
www.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Central Japan Railway Company:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of Central Japan Railway Company and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Information Technology ("IT") control related to passenger transportation revenue</th></tr>
<tr><th>Key Audit Matter Description</th><th>How the Key Audit Matter Was Addressed in the Audit</th></tr>
<tr><td>As stated in Note 18 SEGMENT INFORMATION to the consolidated financial statements, operating revenues from the transportation business to external customers for the current fiscal year amounted to 1,391,569 million yen, which represented 81.4% of the operating revenues on the consolidated financial statements. The transportation business comprises the railway business, the bus business, and other businesses. Passenger transportation revenue of the railway business for Central Japan Railway Company (the "Company") consists of the Tokaido Shinkansen and conventional lines in the Tokai region, amounted to 1,342,829 million yen, representing the majority of the operating revenues of the transportation business with external customers.

Passenger fares are subject to contracts with other Japanese railway companies that allow passengers to pay the total fares on routes operated by all the railway companies, and the fares applicable to the Company's own routes are recorded as the Company's passenger transportation revenue. Since the Tokaido Shinkansen is responsible for the passenger transportation of Japan's main transportation artery between Tokyo and Osaka, the proportion allocated to the Company of tickets sold in the operating areas of other Japanese railway companies, including travel agencies of each company, is relatively high.

Train tickets are sold through the Mars system, which is an online system that is jointly used by six Japanese railway companies for selling designated seat tickets and other tickets. Regarding the utilization of the system, the six Japanese railway companies have jointly signed a contract with Railway Information Systems Co., Ltd. (the "Contractor"), and entrust the Contractor with calculation work, such as revenue clearing for tickets sold mutually by each company. Passenger transportation revenue is determined by receiving the clearing results from the Contractor of the revenue clearing business by collecting the revenue data through equipment, such as ticket vending machines and the aforementioned online system. The main processes, such as the aggregation processing of the revenue data, the calculation of the revenue clearing amount, and the interface between the systems and the financial accounting system, are highly reliant on the IT system. In addition, the accuracy of the passenger transportation revenue, which consists of high volume of daily usage data, is dependent on a properly functioning IT system.</td><td>Our audit procedures, with the assistance of our IT specialists, for the IT controls related to passenger transportation revenue stated on the left included the following, among others:

1. Testing the Contractor's IT controls

Regarding the design and operating effectiveness of the internal controls over the system related to the Contractor's revenue clearing operations, we inspected "Independent service auditor's assurance report on the description of the service organization's systems and the design and operating effectiveness of internal controls" issued by an independent auditor of the Contractor, and we examined whether the general information technology controls ("GITCs") and IT application controls corresponding to the accuracy of the calculation processing of revenue clearing were identified and tested.

2. Testing the Company's IT controls

• We tested the design and operating effectiveness of the IT application controls over the interfaces between the IT systems at the Contractor and the IT systems related to passenger transportation revenue at the Company through inspection of documents, such as design documents, and assessed the consistency of data for a series of IT systems.

• We tested the design and operating effectiveness of GITCs over the relevant IT systems by inspecting test results at the time of program changes and approval trails for granting or changing access rights to information resources.

3. Testing of the internal controls for the accurate recording of passenger transportation revenue

We tested the design and operating effectiveness of controls for the accurate recording of passenger transportation revenue through inquiries and inspection of related documents. We specifically focused on controls over the accuracy related to the process in the revenue data management system, such as tracking cash discrepancies on a daily basis and comparing revenue clearing results with those obtained from other railway companies.</td></tr>
</table>

Passenger transportation revenue is determined through the aggregated ticket revenue amount of Japanese railway companies and the revenue clearing amount. It does not include the amount solely sold by the Company. In addition, the effective design and stable operation of the Company's IT systems are imperative for accurately recording revenue derived from a high volume of daily revenue data, and our testing of controls over the IT systems required the involvement of IT specialists. Therefore, we determined the IT controls related to passenger transportation revenue as a key audit matter.	In addition to the audit procedures performed for IT controls of the Contractor and the Company, our audit procedures for testing the accuracy of passenger transportation revenue included the following, among others: • We performed a correlation analysis between the passenger-kilometer, which is one of the measurement units of passenger transportation, and the amount of revenue recorded from passenger transportation. We also assessed the fluctuation analysis of the cash receipts from sales of tickets by station. • On a sample basis, we tested revenue by tracing it back to cash or credit card payments and receipts or other relevant supporting documents. • We confirmed the balance of receivables from and payables to other passenger transportation companies for fares distributions.

Accounting for capital investment in the railway business	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
As of March 31, 2024, the Group recorded net property, plant and equipment of 5,808,861 million yen on the consolidated balance sheet, most of which were related to the core railway business. As stated in Note 18 SEGMENT INFORMATION to the consolidated financial statements, the increase in property, plant and equipment and intangible assets in the transportation business, which is included in the railway business, for the year ended March 31, 2024, was 414,841 million yen. In addition to ensuring safe and reliable transportation of the Tokaido Shinkansen and conventional lines, and improving services, the Company has made significant capital investments in the construction of the Chuo Shinkansen. Regarding the Chuo Shinkansen project, the construction work between Tokyo and Nagoya has commenced and is currently in the first stage. The project is deemed to be long-term and large in scale, and the significance of capital investment related to the construction of the Chuo Shinkansen is increasing.	Our audit procedures related to the accounting treatment of capital investment in the railway business included the following, among others: 1. Testing of the internal controls over the accurate accounting treatment of capital investment We tested the design and operating effectiveness of controls over the determination of accounting treatments for various capital investments by making inquiries and inspecting documents. The evaluation focused specifically on the following: • Controls over the appropriate classification of capitalizable expenditure (plan and approval of the classified construction works in accordance with the accounting policy for each type of construction) • Controls over the accuracy of fixed assets recording (trace and agree the amount booked with relevant support such as contracts) • Controls over the appropriate management of the construction in progress balances (regular examination of construction in progress detail by project)

The Company's capital investment is often accompanied by constructions, and has the following characteristics: • A large number of construction works are performed at the same time, and the monetary amount per construction contract is material. Also, changes in plans and specifications from the initial contract are often made in response to the progress of construction. • Construction contracts often include a number of performance obligations, and they often include incidental construction, such as the equipment removal and repairs, without extending the useful life of the fixed assets or increasing the asset value. • Large-scale projects can take several years to complete. In particular, most of the capital expenditures related to the construction of the Chuo Shinkansen are accounted for as construction in progress for a long period of time until future commencement of the operation. We determined the accounting for capital investments in the railway business as a key audit matter given the following considerations: • There are a large number of construction contracts consisting of transactions that are quantitatively material individually; • Management judgment is required in determining the appropriate classification of whether costs should be capitalized or expensed; and • The amount of construction in progress is significantly material, mainly due to the Chuo Shinkansen construction work.	2. Test of transactions related to the addition in fixed assets and the construction in progress year-end balance • We selected samples from fixed assets addition and tested the accuracy of amounts booked by matching them with contracts and other supporting documents. • In order to understand the current status of the Chuo Shinkansen construction work, which is a large-scale and long-term project, we performed observations of the construction sites on a sample basis. • Regarding projects involving incidental construction activities, such as equipment removal and repair, we obtained an understanding of the nature of expenditures through inquiries of the Company's personnel and inspected related supporting documents such as contracts. In addition, we tested the appropriateness of the classification of capital expenditures and the expenditures to be expensed. • We obtained an understanding of the nature of expenditures and the planned timing of completion of the construction by examining administrative data of each construction. We also tested whether any projects recorded in construction in progress should be transferred to fixed assets as they were ready for their intended use.

Other Information

Other information comprises the information included in the Group's disclosure documents accompanying the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We determined that no such information existed and therefore, we did not perform any work thereon.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2024, which were charged by us and our network firms to Central Japan Railway Company and its subsidiaries were ¥432 million and ¥89 million, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Keisuke Mizukami

Keisuke Mizukami
Designated Engagement Partner
Certified Public Accountant

Yasuhiko Goto

Yasuhiko Goto
Designated Engagement Partner
Certified Public Accountant

Shumpei Kano

Shumpei Kano
Designated Engagement Partner
Certified Public Accountant

Deloitte Touche Tohmatsu LLC

July 22, 2024

Central Japan Railway Company and Consolidated Subsidiaries

Consolidated Balance Sheet
March 31, 2024

ASSETS	Millions of Yen (Note 2) 2024	Millions of Yen (Note 2) 2023	Thousands of U.S. Dollars (Note 2) 2024
CURRENT ASSETS:			
Cash and cash equivalents (Note 13)	¥ 821,720	¥ 710,526	$ 5,441,854
Money held in trust for the Chuo Shinkansen construction (Notes 3.c and 13)	1,351,634	1,585,282	8,951,218
Marketable securities (Notes 5 and 13)	137,900	143,600	913,245
Trade receivables and contract assets (Notes 12 and 13)	181,696	141,085	1,203,284
Allowance for doubtful accounts	(105)	(95)	(695)
Inventories	41,858	37,337	277,205
Prepaid expenses and other	256,392	94,548	1,697,960
Total current assets	2,791,097	2,712,285	18,484,086
NONCURRENT ASSETS:			
Investments and other assets:			
Investment securities (Notes 5 and 13)	511,472	616,764	3,387,231
Investments in and advances to unconsolidated subsidiaries and affiliates (Note 13)	17,918	17,155	118,662
Asset for retirement benefits (Note 9)	10,330	5,763	68,410
Deferred tax assets (Note 11)	160,992	217,495	1,066,172
Long-term prepaid expenses and other	641,658	332,831	4,249,390
Allowance for doubtful accounts	(435)	(487)	(2,880)
Total investments and other assets	1,341,937	1,189,522	8,887,000
Property, plant and equipment (Note 3.f):			
Buildings and structures	5,065,288	5,037,457	33,544,953
Machinery, rolling stock and vehicles	1,538,996	1,543,827	10,192,026
Land	2,367,230	2,367,843	15,677,019
Construction in progress	1,830,396	1,571,185	12,121,827
Other	198,731	196,875	1,316,099
Total	11,000,643	10,717,190	72,851,940
Accumulated depreciation	(5,191,782)	(5,104,588)	(34,382,662)
Net property, plant and equipment	5,808,861	5,612,601	38,469,278
Total noncurrent assets	7,150,798	6,802,124	47,356,278
TOTAL ASSETS	¥ 9,941,896	¥ 9,514,409	$ 65,840,370

LIABILITIES AND EQUITY	Millions of Yen (Note 2) 2024	Millions of Yen (Note 2) 2023	Thousands of U.S. Dollars (Note 2) 2024
CURRENT LIABILITIES:			
Short-term loans payable (Notes 6 and 13)	¥ 32,094	¥ 27,341	$ 212,543
Current portion of long-term debt (Notes 6 and 13)	116,754	186,695	773,205
Current portion of long-term accounts payable—railway facilities (Notes 8 and 13)	7,373	6,937	48,827
Trade payables (Note 13)	348,306	297,661	2,306,662
Provision for bonuses	30,226	26,811	200,172
Income taxes payable (Note 13)	106,429	44,216	704,827
Advances received	48,102	42,476	318,556
Other (Note 6)	109,416	97,311	724,609
Total current liabilities	798,703	729,452	5,289,423
NONCURRENT LIABILITIES:			
Long-term debt (Notes 6 and 13)	1,216,377	1,243,192	8,055,476
Long-term debt for the Chuo Shinkansen construction (Notes 3.c, 7 and 13)	3,000,000	3,000,000	19,867,549
Long-term accounts payable—railway facilities (Notes 8 and 13)	505,677	513,050	3,348,854
Liability for retirement benefits (Note 9)	157,019	182,801	1,039,860
Other (Note 11)	40,433	38,802	267,768
Total noncurrent liabilities	4,919,508	4,977,846	32,579,523
CONTINGENCIES (Note 16)			
EQUITY (Notes 10 and 19):			
Common stock—authorized, 4,120,000,000 shares; issued, 1,030,000,000 shares in 2024 and 2023*	112,000	112,000	741,721
Capital surplus	54,129	53,474	358,470
Retained earnings	3,999,973	3,643,142	26,489,887
Treasury stock—at cost, 46,004,820 shares in 2024 and 46,004,260 shares in 2023*	(103,161)	(103,159)	(683,185)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	86,202	49,517	570,874
Remeasurements of defined benefit plans (Note 9)	20,516	4,280	135,867
Total	4,169,660	3,759,255	27,613,642
Noncontrolling interests	54,023	47,855	357,768
Total equity	4,223,683	3,807,110	27,971,410
TOTAL LIABILITIES AND EQUITY	¥ 9,941,896	¥ 9,514,409	$ 65,840,370

See notes to consolidated financial statements.
* Shares of common stock and treasury stock have been restated, as appropriate, to reflect the five-for-one stock split effective as of October 1, 2023.

Central Japan Railway Company and Consolidated Subsidiaries

Consolidated Statement of Income
Year Ended March 31, 2024

	Millions of Yen (Note 2)		Thousands of U.S. Dollars (Note 2)
	2024	2023	2024
OPERATING REVENUES (Note 12)	¥ 1,710,407	¥ 1,400,285	$ 11,327,198
OPERATING EXPENSES (Note 3.m):			
Transportation, other services and cost of sales (Note 3.j)	912,306	847,847	6,041,761
Selling, general and administrative expenses	190,719	177,934	1,263,039
Total operating expenses	1,103,025	1,025,781	7,304,801
Operating income	607,381	374,503	4,022,390
OTHER INCOME (EXPENSES):			
Interest and dividend income	7,830	7,034	51,854
Interest expense (Note 8)	(79,092)	(79,111)	(523,788)
Other—net	9,208	3,706	60,980
Other expenses—net	(62,053)	(68,370)	(410,947)
INCOME BEFORE INCOME TAXES	545,328	306,132	3,611,443
INCOME TAXES (Note 11):			
Current	120,511	41,003	798,086
Deferred	36,055	43,031	238,774
Total income taxes	156,567	84,034	1,036,867
NET INCOME	388,761	222,098	2,574,576
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	4,350	2,680	28,807
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 384,411	¥ 219,417	$ 2,545,768

	Yen		U.S. Dollars
	2024	2023	2024
PER SHARE OF COMMON STOCK* (Note 3.r):			
Basic net income	¥ 390.66	¥ 222.99	$ 2.59
Cash dividends applicable to the year	29.00	27.00	0.19

See notes to consolidated financial statements.

* Per share figures have been restated, as appropriate, to reflect the five-for-one stock split effective as of October 1, 2023.

Central Japan Railway Company and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income
Year Ended March 31, 2024

	Millions of Yen (Note 2)		Thousands of U.S. Dollars (Note 2)
	2024	2023	2024
NET INCOME	¥ 388,761	¥ 222,098	$ 2,574,576
OTHER COMPREHENSIVE INCOME (Note 17):			
Unrealized gain on available-for-sale securities	38,145	2,781	252,615
Remeasurements of defined benefit plans	17,575	(1,256)	116,390
Share of other comprehensive income in affiliates	181	8	1,198
Total other comprehensive income	55,903	1,533	370,218
COMPREHENSIVE INCOME	¥ 444,665	¥ 223,631	$ 2,944,801
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 437,332	¥ 220,786	$ 2,896,238
Noncontrolling interests	7,333	2,844	48,562

See notes to consolidated financial statements.

Central Japan Railway Company and Consolidated Subsidiaries

Consolidated Statement of Changes in Equity
Year Ended March 31, 2024

	Thousands	Millions of Yen (Note 2)								
						Accumulated Other Comprehensive Income				
	Outstanding Number of Shares of Common Stock*	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Remeasurements of Defined Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, APRIL 1, 2022	983,995	¥ 112,000	¥ 53,474	¥ 3,449,334	¥ (103,159)	¥ 46,912	¥ 5,516	¥ 3,564,078	¥ 45,173	¥ 3,609,252
Net income attributable to owners of the parent				219,417				219,417		219,417
Dividends from surplus, ¥27 per share*				(25,610)				(25,610)		(25,610)
Purchases of treasury stock	(0)				(0)			(0)		(0)
Changes in the ownership interest by purchases of shares of consolidated subsidiaries			(0)					(0)		(0)
Net change in the year						2,604	(1,235)	1,369	2,682	4,051
BALANCE, MARCH 31, 2023	983,995	112,000	53,474	3,643,142	(103,159)	49,517	4,280	3,759,255	47,855	3,807,110
Net income attributable to owners of the parent				384,411				384,411		384,411
Dividends from surplus, ¥29 per share*				(27,580)				(27,580)		(27,580)
Purchases of treasury stock	(0)				(1)			(1)		(1)
Changes in the ownership interest by purchases of shares of consolidated subsidiaries			655					655		655
Net change in the year						36,684	16,236	52,920	6,167	59,088
BALANCE, MARCH 31, 2024	983,995	¥ 112,000	¥ 54,129	¥ 3,999,973	¥ (103,161)	¥ 86,202	¥ 20,516	¥ 4,169,660	¥ 54,023	¥ 4,223,683

	Thousands of U.S. Dollars (Note 2)								
					Accumulated Other Comprehensive Income				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Remeasurements of Defined Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, MARCH 31, 2023	$ 741,721	$ 354,132	$ 24,126,768	$ (683,172)	$ 327,927	$ 28,344	$ 24,895,728	$ 316,920	$ 25,212,649
Net income attributable to owners of the parent			2,545,768				2,545,768		2,545,768
Dividends from surplus, $0.19 per share*			(182,649)				(182,649)		(182,649)
Purchases of treasury stock				(6)			(6)		(6)
Changes in the ownership interest by purchases of shares of consolidated subsidiaries		4,337					4,337		4,337
Net change in the year					242,940	107,523	350,463	40,841	391,311
BALANCE, MARCH 31, 2024	$ 741,721	$ 358,470	$ 26,489,887	$ (683,185)	$ 570,874	$ 135,867	$ 27,613,642	$ 357,768	$ 27,971,410

See notes to consolidated financial statements.

* Shares and per share figures have been restated, as appropriate, to reflect the five-for-one stock split effective as of October 1, 2023.

Central Japan Railway Company and Consolidated Subsidiaries

Consolidated Statement of Cash Flows
Year Ended March 31, 2024

	Millions of Yen (Note 2)		Thousands of U.S. Dollars (Note 2)
	2024	2023	2024
OPERATING ACTIVITIES:			
Income before income taxes	¥ 545,328	¥ 306,132	$ 3,611,443
Adjustments for:			
Income taxes—paid	(58,987)	(6,485)	(390,642)
Depreciation and amortization	216,406	219,614	1,433,152
Equity in earnings of affiliates	(566)	(173)	(3,748)
Proceeds from contribution for construction	(3,031)	(1,329)	(20,072)
Loss on reduction of noncurrent assets	2,567	1,992	17,000
Loss on retirement of noncurrent assets	8,791	6,817	58,218
Loss (gain) on sales of noncurrent assets—net	279	(1,404)	1,847
Changes in assets and liabilities:			
Decrease in provision for large-scale renovation of the Shinkansen infrastructure		(35,000)	
Increase in trade receivables	(33,992)	(37,102)	(225,112)
Increase in inventories	(3,928)	(2,192)	(26,013)
Increase in trade payables	19,321	7,118	127,953
Increase in advances received	5,627	6,869	37,264
Decrease in liability for retirement benefits	(4,693)	(317)	(31,079)
Other—net	(20,245)	22,166	(134,072)
Net cash provided by operating activities	672,878	486,706	4,456,145
INVESTING ACTIVITIES:			
Payments into time deposits	(44,600)	(28,700)	(295,364)
Proceeds from withdrawal of time deposits	44,600	28,700	295,364
Proceeds from cancellation of money held in trust for the Chuo Shinkansen construction	233,648	227,786	1,547,337
Payments for money held in trust	(450,000)		(2,980,132)
Purchases of marketable securities	(74,600)	(70,000)	(494,039)
Proceeds from redemption of marketable securities	74,600	70,000	494,039
Purchases of property, plant and equipment	(391,266)	(427,192)	(2,591,165)
Proceeds from contribution received for construction	5,693	4,054	37,701
Purchases of investment securities	(4,699)	(3,499)	(31,119)
Proceeds from sales and redemption of investment securities	177,132	50,302	1,173,059
Other—net	(7,064)	(26,488)	(46,781)
Net cash used in investing activities	(436,556)	(175,036)	(2,891,099)
FORWARD	¥ 236,322	¥ 311,670	$ 1,565,046

(Continued)

Central Japan Railway Company and Consolidated Subsidiaries

Consolidated Statement of Cash Flows
Year Ended March 31, 2024

	Millions of Yen (Note 2)		Thousands of U.S. Dollars (Note 2)
	2024	2023	2024
FORWARD	¥ 236,322	¥ 311,670	$ 1,565,046
FINANCING ACTIVITIES:			
Net increase (decrease) in short-term loans payable	4,752	(3,397)	31,470
Proceeds from issuance of short-term bonds		200,000	
Redemption of short-term bonds		(400,000)	
Proceeds from long-term debt	89,900	102,440	595,364
Repayments of long-term debt	(186,700)	(87,777)	(1,236,423)
Payments for long-term accounts payable—railway facilities	(6,937)	(6,529)	(45,940)
Cash dividends paid	(27,580)	(25,610)	(182,649)
Purchases of treasury stock	(1)	(0)	(6)
Cash dividends paid to noncontrolling interests	(224)	(161)	(1,483)
Other—net	1,663	432	11,013
Net cash used in financing activities	(125,127)	(220,604)	(828,655)
NET INCREASE IN CASH AND CASH EQUIVALENTS	111,194	91,066	736,384
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	710,526	619,460	4,705,470
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 821,720	¥ 710,526	$ 5,441,854
ADDITIONAL CASH FLOW INFORMATION:			
Interest paid	¥ 78,842	¥ 78,867	$ 522,132

See notes to consolidated financial statements.

(Concluded)

1. INCORPORATION OF CENTRAL JAPAN RAILWAY COMPANY

Central Japan Railway Company (Tokai Ryokaku Tetsudo Kabushiki Gaisha, the "Company") was incorporated on April 1, 1987, as a private business company, pursuant to the Law for Japanese National Railways Restructuring enacted upon the resolution of the Japanese Diet.

The business of the Japanese National Railways (the "JNR") was succeeded by the following newly established organizations: seven railway companies including the Company, the former Shinkansen Holding Corporation (a predecessor entity to the Railway Development Fund (1991–1997), which was subsequently succeeded by the Corporation for Advanced Transport and Technology (the "CATT") (1997–2003) and in turn by the Japan Railway Construction, Transport and Technology Agency (the "JRTT")), the former Railway Telecommunication Co., Ltd., Railway Information Systems Co., Ltd., and the Railway Technical Research Institute (the "RTRI") which reorganized as a public interest corporation as of April 1, 2011. The JNR itself became the JNR Settlement Corporation (the "JNRSC"). All of the assets and liabilities of the JNR were transferred to such organizations, including the JNRSC.

Prior to December 1, 2001, the Law Concerning Passenger Railway Companies and the Japan Freight Railway Company (the "Law") required that authorization be obtained from the Minister of Land, Infrastructure, Transport and Tourism regarding fundamentals such as: (1) commencement of business other than railway and its related business, (2) the appointment or dismissal of representative directors and corporate auditors, (3) the issuance of new shares and bonds, (4) long-term loans payable, (5) amendments to the Articles of Incorporation, (6) operating plans, (7) sales of material assets, (8) appropriations of earnings and (9) merger or dissolution. As of December 1, 2001, since the Law was revised and the Company was no longer in scope of the Law, the Company was not required to obtain the aforementioned authorizations.

On October 8, 1997, the Company's shares were listed on the Nagoya and Tokyo stock exchanges in Japan. The JNRSC, which held all 2,240,000 of the Company's outstanding shares prior to the listing, sold 1,353,929 shares in the initial public offerings. Pursuant to the Law for Disposal of Debts and Liabilities of the JNRSC enacted in October of 1998, the Company's shares held by the JNRSC were transferred to Japan Railway Construction Public Corporation (the "JRCPC"). On October 1, 2003, the CATT and the JRCPC were fully integrated, pursuant to the Law of Japan Railway Construction, Transport and Technology enacted on October 1, 2003, and designated as the JRTT. In July 2005, the JRTT sold 600,000 shares of the Company. On April 5, 2006, the JRTT also sold its remaining 286,071 shares of the Company. As a result of this sale, all of the Company's shares held by the JRTT were sold.

The shares above do not reflect the effect of the hundred-for-one stock split effective as of October 1, 2012 and the five-for-one stock split effective as of October 1, 2023.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.
The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have

been made at the rate of ¥151 to $1, the approximate rate of exchange as of March 31, 2024. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate. Japanese yen figures of less than one million yen are rounded down to the nearest million of yen, except for per share information, and U.S. dollar figures of less than one thousand U.S. dollars are also rounded down to the nearest thousand of U.S. dollars, except for per share information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of Consolidation

The accompanying consolidated financial statements as of March 31, 2024, include the accounts of the Company and its 28 (29 in 2023) significant subsidiaries (together, the "Companies").

On October 1, 2023, JR-Central Passengers Co., Ltd., a consolidated subsidiary, was excluded from the scope of consolidation due to a merger with Tokai Kiosk Co., Ltd. On the same day, Tokai Kiosk Co., Ltd. changed its trade name to JR Central Retailing Plus Co., Ltd.

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for using the equity method.

Investments in two affiliates are accounted for using the equity method. Investments in the remaining unconsolidated subsidiaries and affiliates are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The difference between the cost of acquisition and the fair value of the equity of an acquired subsidiary at the date of acquisition is fully amortized when incurred.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is also eliminated.

A certain consolidated subsidiary has adopted a fiscal year ending on February 28, which is different from that of the Company. The necessary adjustments for preparing consolidated financial statements as of the Company's year-end were appropriately made, such as adjustments for significant intercompany accounts and transactions which occur between the fiscal year-end of the subsidiary and that of the Companies.

b. Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, certificates of deposit and others, all of which mature or become due within three months of the date of acquisition.

c. 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 JRTT for the further construction of the Chuo Shinkansen, and the money is placed in the trust fund to segregate it from other money.

d. Inventories

Inventories are stated at the lower of cost, principally determined by the retail method for merchandise, by the specific identification method for land and buildings held for sale in lots, by the specific identification method for work in process and by the moving-average cost method for materials and supplies, or net selling value.

e. Securities

Securities are classified and accounted for, depending on management's intent, as follows:

(1) Held-to-maturity debt securities, for which there is a positive intent and ability to hold to maturity, are reported at amortized cost.

(2) Available-for-sale securities, which are not classified as the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

(3) Nonmarketable securities classified as available-for-sale securities are carried at cost, determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income. Investments in partnership, etc. (which are deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act (Act No. 25 of 1948)) are reported at the net value of equities based on the latest financial statements available according to the financial reporting dates stipulated in the partnership agreements.

f. Property, Plant and Equipment

Property, plant and equipment are stated at cost. Certain contributions in aid for construction of railways and other property are deducted directly from the cost of the related assets. The accumulated contributions deducted from the cost of property, plant and equipment as of March 31, 2024 and 2023 amounted to ¥299,428 million ($1,982,966 thousand), and ¥297,969 million, respectively.

Depreciation is computed substantially by the declining-balance method over the estimated useful lives of the assets. Additional depreciation is provided for the Shinkansen rolling stock based on kilometers traveled.

The range of useful lives is principally from 2 to 60 years for buildings and structures, and from 2 to 20 years for machinery, rolling stock and vehicles.

Depreciation of certain railway structures, except for the Shinkansen railway facilities, is computed by the replacement-accounting method.

g. Long-Lived Assets

The Companies review their long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

h. Software Costs

Software costs are amortized by the straight-line method mainly over five years.

i. Deferred Charges

Bond issuance costs are fully charged to income as incurred.

j. Provision for Large-Scale Renovation of Shinkansen Infrastructure

Provision for large-scale renovation of Shinkansen infrastructure has been provided based on the Nationwide Shinkansen Railway Development Law. In accordance with the Nationwide Shinkansen Railway Development Law and Regulations, the Company reversed the provision in the amount of ¥35,000 million for the year ended March 31, 2023. The reversal was completed in March 2023.

k. Retirement and Pension Plans

The Company and 28 consolidated subsidiaries have unfunded retirement plans covering substantially all of their employees. Six consolidated subsidiaries have noncontributory defined benefit pension plans and one consolidated subsidiary has a defined contribution pension plan, some of those subsidiaries also have unfunded retirement plans. Some of the subsidiaries adopt the simplified accounting method for calculation of liability for retirement benefits and retirement benefit expenses.

Liability for retirement benefits is mainly calculated based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses are amortized on a straight-line basis mainly over five years, which is within the average remaining service period. Prior service costs are amortized on a straight-line basis mainly over five years, which is within the average remaining service period.

l. Revenue Recognition

The principal performance obligations of the Companies in the principal businesses and the normal time at which revenue is recognized are as follows:

(1) Transportation

In addition to railway operations on the Tokaido Shinkansen and conventional lines in the Tokai region, the Transportation segment conducts bus operations and other operations. The segment has a performance obligation to provide transportation services based on transportation contracts with customers. Of these transportation services, ordinary tickets are recognized as the Companies determine that performance obligations are satisfied upon completion of the delivery of the transportation service, in principle. In addition, performance obligations are satisfied over a specified period of time for commuter passes and revenues are recognized over the effective period.

(2) Merchandise and Other

The Merchandise and Other segment operates a department store business within JR Central Towers and primarily sells products on train and station premises and has performance obligations to deliver merchandise under sales contracts with customers. Such performance obligations are determined to be satisfied upon delivery of the merchandise and revenue is recognized at the time of delivery. Revenue is recognized on a net basis for sales of merchandise that we believe qualify as agent transactions, such as transactions that we consider to have purchased the merchandise at the point of sale.

(3) Real Estate

In the Real Estate segment, in addition to the real estate leasing business for station buildings and other properties, the Companies engage in the real estate sales business. The real estate leasing business is a transaction that is included in the scope of "Accounting Standard for Lease Transactions" (the Accounting Standards Board of Japan (ASBJ) Statement No. 13, March 30, 2007), etc., and lease fees are recognized as revenue over the contracted period. With respect to the real estate sales business, the Companies are obligated to deliver properties pursuant to real estate purchase and sale contracts with our customers. Such performance obligations are determined to be satisfied upon delivery of the property and revenue is recognized at the time of delivery.

m. Research and Development Costs

Research and development costs are charged to income as incurred. Research and development costs charged to income were ¥33,001 million ($218,549 thousand) and ¥30,325 million for the years ended March 31, 2024 and 2023, respectively.

n. Leases

Lease assets of finance leases that were not deemed to transfer ownership of the leased property are depreciated and amortized by the straight-line method over the lease period.

o. Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

p. Appropriations of Retained Earnings

Appropriations of retained earnings are reflected in the consolidated financial statements for the following year upon shareholders' approval.

q. Derivatives and Hedging Activities

The Companies use derivative financial instruments primarily to manage exposures to market fluctuations in foreign exchange and interest rates. Foreign currency swaps are utilized by the Companies to reduce foreign currency exchange rate risks. Interest rate swaps are utilized by the Companies to reduce interest rate risks. Interest rate and currency swap contracts are utilized by the Companies to reduce interest rate and foreign exchange risks. The Companies do not enter into derivatives for trading or speculative purposes.

Foreign currency swaps, which qualify for hedge accounting and specific matching criteria, are not remeasured at market value, but the hedged debt is translated at the contracted rates of the foreign currency swaps. Interest rate swaps, which qualify for hedge accounting and meet specific matching criteria, are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense. When interest and currency swap contracts meet the above criteria, hedged debt is translated at the contracted rates, and the differential paid or received under the swap agreement is recognized and included in interest expense.

r. Per Share Information

Basic net income per share is computed by dividing net income attributable to owners of the parent available to common shareholders by the weighted-average number of common shares outstanding for the period.

Net income attributable to owners of the parent available to common shareholders used in the computation for 2024 and 2023 were ¥384,411 million ($2,545,768 thousand) and ¥219,417 million, respectively. The average number of common shares used in the computation for 2024 and 2023 were 983,995,447 shares and 983,995,743 shares, respectively.

Diluted net income per share is not presented in the accompanying consolidated financial statements as the Companies do not have any dilutive securities.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

The Company conducted the five-for-one stock split of its common stock, with an effective date of October 1, 2023. The weighted-average number of common share and per share figures have been adjusted to reflect the impact of the stock split as if the stock split had occurred at the beginning of the year ended March 31, 2023.

s. New accounting pronouncements

・Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022)
・Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022)
・Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022)

(1) Overview

In February 2018, ASBJ Statement No. 28, "Partial Amendments of Accounting Standard for Tax Effect Accounting, etc." (“ASBJ Statement No. 28, etc.”) was issued and the transfer of the practical guidelines on tax effect accounting in the Japanese Institute of Certified Public Accountants to the ASBJ was completed. In the course of its deliberation, the following two issues were reviewed again after the publication of ASBJ Statement No. 28, etc., and then discussed and published.

- Classification of tax expenses (taxation on other comprehensive income)
- Tax effect on sales of shares of subsidiaries (shares of subsidiaries or affiliates) under the group taxation regime.

(2) Scheduled date of application

The Companies will apply the accounting standards and guidance from the year beginning on April 1, 2024.

(3) Effect of application
The effect on the consolidated financial statements is not material.

t. Accounting Changes and Error Corrections

In March 2020, the ASBJ issued Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:

(1) Changes in Accounting Policies
When a new accounting policy is applied following the revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.

(2) Changes in Presentation
When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates
A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior-Period Errors
When an error in prior-period financial statements is discovered, those statements are restated.

4. SIGNIFICANT ACCOUNTING ESTIMATE

Not applicable.

5. MARKETABLE AND INVESTMENT SECURITIES

Information regarding marketable and investment securities with readily determinable fair values classified as available-for-sale and held to maturity as of March 31, 2024 and 2023, was as follows:

	Millions of Yen			
	2024			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	¥ 89,943	¥ 125,510	¥ 1,795	¥ 213,658
Trust fund investment and other	276	109		385
Held to maturity	422,500		2,954	419,545
Total	¥ 512,719	¥ 125,620	¥ 4,750	¥ 633,588

	Millions of Yen			
	2023			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	¥ 95,875	¥ 76,351	¥ 5,911	¥ 166,314
Trust fund investment and other	276	117		393
Held to maturity	584,600	14	1,787	582,827
Total	¥ 680,751	¥ 76,483	¥ 7,698	¥ 749,536

	Thousands of U.S. Dollars			
	2024			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	$ 595,649	$ 831,192	$ 11,887	$ 1,414,953
Trust fund investment and other	1,827	721		2,549
Held to maturity	2,798,013		19,562	2,778,443
Total	$ 3,395,490	$ 831,920	$ 31,456	$ 4,195,947

The information for available-for-sale securities whose fair value is not readily determinable as of March 31, 2024 and 2023, is disclosed in Note 13.

The transactions related sale of other securities for the years ended March 31, 2024 and 2023 were not presented as the effect was immaterial.

The impairment loss on marketable and investment securities was not presented as there was no impairment loss for the years ended March 31, 2024 and the effect of the loss was immaterial for the years ended March 31, 2023.

6. SHORT-TERM LOANS PAYABLE AND LONG-TERM DEBT

The interest rates applicable to short- term loans payable were 0.15% as of March 31, 2024 and 0.14% as of March 31, 2023.

Long-term debt held by the Company as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
The Company			
Unsecured 2.39% bonds due 2026	¥ 29,797	¥ 29,796	$ 197,331
Unsecured 2.31% bonds due 2027	9,997	9,996	66,205
Unsecured 2.30% bonds due 2027	4,999	4,999	33,105
Unsecured 2.39% bonds due 2028	19,995	19,993	132,417
Unsecured 2.391% bonds due 2028	30,000	30,000	198,675
Unsecured 2.646% bonds due 2038	10,000	10,000	66,225
Unsecured 2.166% bonds due 2029	30,000	30,000	198,675
Unsecured 2.312% bonds due 2029	30,000	30,000	198,675
Unsecured 2.556% bonds due 2039	10,000	10,000	66,225
Unsecured 2.321% bonds due 2029	30,000	30,000	198,675
Unsecured 2.157% bonds due 2029	40,000	40,000	264,900
Unsecured 2.375% bonds due 2039	10,000	10,000	66,225
Unsecured 2.212% bonds due 2030	30,000	30,000	198,675
Unsecured 2.111% bonds due 2030	20,000	20,000	132,450
Unsecured 1.797% bonds due 2030	10,000	10,000	66,225
Unsecured 2.083% bonds due 2031	20,000	20,000	132,450
Unsecured 1.895% bonds due 2031	10,000	10,000	66,225
Unsecured 1.824% bonds due 2032	10,000	10,000	66,225
Unsecured 1.725% bonds due 2033	5,000	5,000	33,112
Unsecured 1.807% bonds due 2033	15,000	15,000	99,337
Unsecured 1.786% bonds due 2033	15,000	15,000	99,337
Unsecured 1.629% bonds due 2033	10,000	10,000	66,225
Unsecured 1.623% bonds due 2034	15,000	15,000	99,337
Unsecured 1.584% bonds due 2034	15,000	15,000	99,337
Unsecured 1.502% bonds due 2034	20,000	20,000	132,450
Unsecured 1.309% bonds due 2032	15,000	15,000	99,337
Unsecured 1.917% bonds due 2044	10,000	10,000	66,225
Unsecured 1.362% bonds due 2034	20,000	20,000	132,450
Unsecured 1.014% bonds due 2035	20,000	20,000	132,450
Unsecured 1.685% bonds due 2045	10,000	10,000	66,225
Unsecured 1.196% bonds due 2035	15,000	15,000	99,337
Unsecured 1.297% bonds due 2035	15,000	15,000	99,337
Unsecured 1.210% bonds due 2035	15,000	15,000	99,337
Unsecured 1.018% bonds due 2036	15,000	15,000	99,337
Unsecured 0.421% bonds due 2036	10,000	10,000	66,225
Unsecured 0.001% bonds due 2023		100,000	
Unsecured 0.897% bonds due 2056	20,000	20,000	132,450
Unsecured 1.091% bonds due 2057（Green bonds）	20,000	20,000	132,450
Unsecured 1.243% bonds due 2057（Green bonds）	10,000	10,000	66,225
Unsecured 1.584% bonds due 2057（Green bonds）	8,000	8,000	52,980
Unsecured 1.787% bonds due 2043（Green bonds）	20,000		132,450
U.S. dollar 4.25% bonds due 2045 issued abroad	36,548	36,526	242,039
U.S. dollar 3.40% bonds due 2023 issued abroad		39,002	
U.S. dollar 2.20% bonds due 2024 issued abroad	80,504	80,489	533,139
Unsecured loans from Japanese banks and others, with interest rates ranging from 0.61% to 2.27% (2024), 0.61% to 2.27% (2023), due 2023 to 2045	¥ 543,290	¥ 521,082	$ 3,597,947
Total	1,333,131	1,429,887	8,828,682
Less current portion	(116,754)	(186,695)	(773,205)
Long-term debt, less current portion	¥1,216,377	¥1,243,192	$ 8,055,476

There are no debts held by consolidated subsidiaries as of March 31, 2024 and 2023.

Annual maturities of debt outstanding at the principal amounts as of March 31, 2024, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2025	¥ 116,762	$ 773,258
2026	76,200	504,635
2027	135,300	896,026
2028	119,440	790,993
2029	149,900	992,715
Thereafter	736,015	4,874,271
Total	¥ 1,333,618	$ 8,831,907

The Company has entrusted cash for the repayment of a portion of its outstanding bonds based on debt assumption agreements with financial institutions; however, the Company is not released from the primary responsibility for the liability by these agreements. The outstanding bonds covered by these agreements as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Unsecured 1.310% bonds due 2033	¥ 10,000	¥ 10,000	$ 66,225
Unsecured 2.015% bonds due 2023		9,000	
Unsecured 2.200% bonds due 2024		9,900	
Unsecured 2.210% bonds due 2024	9,650	9,650	63,907
Unsecured 2.405% bonds due 2026	9,900	9,900	65,562
Unsecured 2.310% bonds due 2027	10,000	10,000	66,225
Unsecured 2.300% bonds due 2027	10,000	10,000	66,225
Unsecured 1.725% bonds due 2033	5,000	5,000	33,112
Total	¥ 54,550	¥ 73,450	$ 361,258

The aforementioned bonds for which the Company entered into debt assumption agreements have been derecognized in the consolidated balance sheet and disclosed as contingent liabilities (see Note 16).

The Company has credit commitments from banks. Total unused credit available to the Company as of March 31, 2024, was ¥100,000 million ($662,251 thousand).

7. LONG-TERM DEBT FOR THE CHUO SHINKANSEN CONSTRUCTION

Long-term debt for the Chuo Shinkansen construction is a loan in total of ¥3,000,000 million from the JRTT using the Fiscal Investment and Loan Program (the "FILP") in accordance with the Order for Enforcement of the Act on the Japan Railway Construction, Transport and Technology Agency (the "JRTT Act") for the further construction of the Chuo Shinkansen.

The average interest rates of long-term debt for the Chuo Shinkansen construction as of March 31, 2024, were 0.86%.

Annual maturities of long-term debt for the Chuo Shinkansen construction as of March 31, 2024, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2025		
2026		
2027		
2028		
2029		
Thereafter	¥ 3,000,000	$ 19,867,549
Total	¥ 3,000,000	$ 19,867,549

8. LONG-TERM ACCOUNTS PAYABLE—RAILWAY FACILITIES

Long-term accounts payable—railway facilities were incurred in the amount of ¥5,095,661 million in 1991 for the purchase of the Shinkansen railway ground facilities and serially repaid to the JRTT. Payment terms are 25.5 years for ¥4,494,466 million and 60 years for ¥601,195 million. Payment terms and interest rates of the payables were determined based on the agreements on the purchase of the Shinkansen railway ground facilities. The Company had paid off ¥4,494,466 million by January 2017.

The average interest rates of long-term accounts payable—railway facilities excluding current portion as of March 31, 2024, were 6.51%.

Annual maturities of long-term accounts payable—railway facilities as of March 31, 2024, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2025	¥ 7,373	$ 48,827
2026	7,837	51,900
2027	8,333	55,185
2028	8,861	58,682
2029	9,424	62,410
Thereafter	471,221	3,120,668
Total	¥ 513,050	$ 3,397,682

Interest expense on the aforementioned long-term accounts payable—railway facilities amounted to ¥33,724 million ($223,337 thousand) and ¥34,132 million for the years ended March 31, 2024 and 2023, respectively.

9. RETIREMENT AND PENSION PLANS

Employees whose service with the Company and consolidated subsidiaries is terminated are entitled to retirement and pension benefits determined by reference to accumulated points during their employment calculated by their position or basic rates of pay at the time of termination, length of service and other conditions under which the termination occurs. Some of the subsidiaries adopt the simplified accounting method for calculation of liability of retirement benefits and retirement benefit expenses.

a. The changes in defined benefit obligation for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Balance at beginning of year	¥ 207,165	¥ 204,753	$ 1,371,953
Current service cost	14,742	14,809	97,629
Interest cost	865	844	5,728
Actuarial (gains) losses	(28,893)	(722)	(191,344)
Benefits paid	(11,234)	(12,525)	(74,397)
Prior service cost	(848)	6	(5,615)
Balance at end of year	¥ 181,797	¥ 207,165	$ 1,203,953

The retirement benefit expenses recognized by the consolidated subsidiaries, which adopt the simplified accounting method, are included in the current service cost.

b. The changes in plan assets for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Balance at beginning of year	¥ 30,127	¥ 29,180	$ 199,516
Expected return on plan assets	465	435	3,079
Actuarial gains (losses)	3,974	(43)	26,317
Contributions from the employer	1,370	1,373	9,072
Benefits paid	(829)	(818)	(5,490)
Balance at end of year	¥ 35,108	¥ 30,127	$ 232,503

c. Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2024 and 2023, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Funded defined benefit obligation	¥ 24,892	¥ 25,605	$ 164,847
Plan assets	(35,108)	(30,127)	(232,503)
Total	(10,216)	(4,521)	(67,655)
Unfunded defined benefit obligation	156,905	181,560	1,039,105
Net liability arising from defined benefit obligation	146,688	177,038	971,443
Liability for retirement benefits	157,019	182,801	1,039,860
Asset for retirement benefits	(10,330)	(5,763)	(68,410)
Net liability arising from defined benefit obligation	¥ 146,688	¥ 177,038	$ 971,443

d. The components of net periodic benefit costs for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Service cost	¥ 14,742	¥ 14,809	$ 97,629
Interest cost	865	844	5,728
Expected return on plan assets	(465)	(435)	(3,079)
Recognized actuarial (gains) losses	(8,169)	(2,369)	(54,099)
Amortization of prior service cost	(294)	(261)	(1,947)
Net periodic benefit costs	¥ 6,679	¥ 12,587	$ 44,231

The retirement benefit expenses recognized by the consolidated subsidiaries, which adopt the simplified accounting method, are included in service cost.

e. Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Actuarial gains (losses)	¥ 24,698	¥ (1,690)	$ 163,562
Prior service cost	554	(267)	3,668
Total	¥ 25,253	¥ (1,958)	$ 167,238

f. Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Unrecognized actuarial gains (losses)	¥ 32,040	¥ 7,341	$ 212,185
Unrecognized prior service cost	1,009	455	6,682
Total	¥ 33,049	¥ 7,796	$ 218,867

g. Plan assets

(1) Components of plan assets

Plan assets as of March 31, 2024 and 2023, consisted of the following:

	2024	2023
Equities	51 %	44 %
General security account	30	33
Bonds	10	10
Others	10	12
Total	100 %	100 %

The employee retirement benefit trust for the Companies' contributory pension plans accounted for 41% and 37% of total plan assets for the years ended March 31, 2024 and 2023.

(2) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the current and future asset portfolio and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

h. Assumptions used for the years ended March 31, 2024 and 2023, were set forth as follows:

	2024	2023
Discount rate	Mainly 1.4%	Mainly 0.4%
Expected rate of return on plan assets	1.2% to 2.0%	1.2% to 2.0 %

i. Defined contribution plan

Total contribution by the Companies for the defined contribution plan was ¥159 million ($1,052 thousand) for the year ended March 31, 2024 and ¥152 million for the year ended March 31, 2023.

10. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the Company has prescribed so in its articles of incorporation.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of equity after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals to 25% of the common stock. The Company has already appropriated defined amount as a legal reserve or additional paid-in capital. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings-unappropriated can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

d. Stock Splits

At the meeting of the Board of Directors held on August 22, 2023, the Company resolved to implement the five-for-one stock split, with an effective date of October 1, 2023.

11. INCOME TAXES

The Companies are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.3% for the years ended March 31, 2024 and 2023.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2024 and 2023, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Deferred tax assets:			
Depreciation and amortization	¥ 99,282	¥ 94,053	$ 657,496
Liability for retirement benefits	49,020	57,818	324,635
Loss on write down of investment securities	13,168	13,190	87,205
Software	11,907	13,192	78,854
Unrealized profit on property, plant and equipment	9,742	8,954	64,516
Provision for bonuses	9,283	8,270	61,476
Tax loss carryforwards	7,875	57,070	52,152
Accrued railway usage charges	1,852	2,101	12,264
Other	37,235	33,816	246,589
Total	239,368	288,467	1,585,218
Less valuation allowance for tax loss carryforwards	(5,559)	(11,877)	(36,814)
Less valuation allowance for temporary differences	(31,548)	(31,596)	(208,927)
Total less valuation allowance	(37,108)	(43,473)	(245,748)
Deferred tax assets	202,260	244,993	1,339,470
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	36,133	20,951	239,291
Deferred gain on transfer of certain fixed assets	4,598	4,297	30,450
Other	4,768	4,053	31,576
Deferred tax liabilities	45,501	29,302	301,331
Net deferred tax assets	¥ 156,759	¥ 215,691	$ 1,038,139

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2024 and 2023, were as follows:

	Millions of Yen						
March 31, 2024	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards			¥ 57		¥ 42	¥ 7,775	¥ 7,875
Less valuation allowances for tax loss carryforwards						(5,559)	(5,559)
Net deferred tax assets relating to tax loss carryforwards			¥ 57		¥ 42	¥ 2,215	¥ 2,316

	Millions of Yen						
March 31, 2023	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards			¥ 1	¥ 112	¥ 2,408	¥ 54,547	¥ 57,070
Less valuation allowances for tax loss carryforwards			¥ (1)	(39)		(11,835)	(11,877)
Net deferred tax assets relating to tax loss carryforwards				¥ 72	¥ 2,408	¥ 42,712	¥ 45,193

	Thousands of U.S. Dollars						
March 31, 2024	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards			$ 377		$ 278	$ 51,490	$ 52,152
Less valuation allowances for tax loss carryforwards						(36,814)	(36,814)
Net deferred tax assets relating to tax loss carryforwards			$ 377		$ 278	$ 14,668	$ 15,337

The amount of tax loss carryforwards was calculated by using the statutory tax rate.
The amount of deferred tax assets related to tax loss carryforwards is determined to be recovered based on the expected future taxable income.

Reconciliations between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2024 and 2023, are as follows:

March 31, 2023		March 31, 2024	
Normal effective statutory tax rate	30.3%	Normal effective statutory tax rate	30.3%
Change in valuation allowance	(2.3)	Change in valuation allowance	(0.8)
Tax credits for promotion of salary increases	(0.4)	Tax credits for promotion of salary increases	(0.4)
Tax credit for R&D Expenses	(0.3)	Tax credit for R&D Expenses	(0.3)
Other - net	0.2	Other - net	(0.1)
Actual effective tax rate	27.5%	Actual effective tax rate	28.7%

The Company and certain of its consolidated subsidiaries have adopted the group tax sharing system. In addition, the Group accounts for and disclose income taxes and local income taxes in accordance with "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ Practical Solution No. 42, August 12, 2021).

12. REVENUE

a. Disaggregation of Revenue

	Millions of Yen						
	2024						
	Reportable Segment						
	Transportation						
	Commuter passes	Ordinary tickets	Others	Merchandise and Other	Real Estate	Other	Total
Revenues from contract with customers	¥ 45,233	¥ 1,291,998	¥ 51,364	¥ 146,796	¥ 16,252	¥ 115,792	¥ 1,667,437
Other revenue			2,973	6,347	33,270	377	42,969
Total	¥ 45,233	¥ 1,291,998	¥ 54,337	¥ 153,144	¥ 49,522	¥ 116,170	¥ 1,710,407

	Millions of Yen						
	2023						
	Reportable Segment						
	Transportation						
	Commuter passes	Ordinary tickets	Others	Merchandise and Other	Real Estate	Other	Total
Revenues from contract with customers	¥ 43,092	¥ 1,026,885	¥ 49,789	¥ 125,429	¥ 14,338	¥ 99,646	¥ 1,359,183
Other revenue			3,669	6,026	31,059	346	41,102
Total	¥ 43,092	¥ 1,026,885	¥ 53,459	¥ 131,456	¥ 45,398	¥ 99,992	¥ 1,400,285

	Thousands of U.S. Dollars						
	2024						
	Reportable Segment						
	Transportation						
	Commuter passes	Ordinary tickets	Others	Merchandise and Other	Real Estate	Other	Total
Revenues from contract with customers	$ 299,556	$ 8,556,278	$ 340,158	$ 972,158	$ 107,629	$ 766,834	$ 11,042,629
Other revenue			19,688	42,033	220,331	2,496	284,562
Total	$ 299,556	$ 8,556,278	$ 359,847	$ 1,014,198	$ 327,960	$ 769,337	$ 11,327,198

"Other" includes business in hotel, travel, advertising, rolling stock production, construction, etc., which are not included in any reportable segment.

b. Basic Information to Understand Revenues from Contracts with Customers

Basic information to understand revenues from contracts with customers is stated in Note 3.l.

c. Contract Balances

Receivables from contract with customers, contract assets and contract liabilities at the beginning and end of the year are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Receivables from contracts with customers:			
Balance at beginning of year	¥ 128,338	¥ 91,377	$ 849,920
Balance at end of year	163,288	128,338	1,081,377
Contract assets:			
Balance at beginning of year	12,943	7,723	85,715
Balance at end of year	19,561	12,943	129,543
Contract liabilities:			
Balance at beginning of year	30,192	24,437	199,947
Balance at end of year	35,339	30,192	234,033

Contract liabilities are primarily related to prepaid fares received prior to the satisfaction of performance obligations for transportation services under transportation agreements with customers, and prepaid fares consist of commuter fares and non-commuter fares. Non-commuter fares are generally recognized as revenue upon completion of the delivery of the transportation service, while commuter fares are recognized as revenue over a certain period of time, and the contract liability is reversed at the time the revenue is recognized. The contract liability for these prepaid fares received is monetized over a short period of time.

d. Transaction Prices Allocated to Remaining Performance Obligations

In noting the transaction price allocated to the remaining performance obligations, the Companies apply the practical expedient and do not include in the notes contracts with an initially expected contract period of one year or less. In addition, contracts with an initial expected contract term of more than one year are not presented in the notes as they are not material.

13. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

a. Policy for Financial Instruments

The Companies use only financial instruments with high degrees of safety for the management of funds and raise funds from bank loans, bonds and others.

Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in Note 14.

b. Nature and Extent of Risks Arising from Financial Instruments

Money held in trust for the Chuo Shinkansen construction is set to segregate loans from the JRTT from other cash on hand for purposes of the further construction of the Chuo Shinkansen. The trust property is comprised of deposits.

Trade receivables are exposed to customer credit risk.

Marketable and investment securities, mainly held to maturity debt securities and equity instruments of customers and suppliers of the Companies, are exposed to the risk of market price fluctuations.

Payment terms of trade payables and income taxes payable are within one year.

Short-term bank loans are used to fund the Companies' ongoing operations. Bonds and long-term loans are used for renewal of long-term debt and capital spending. The annual maturities of bank loans and bonds payable are stated in Note 6.

Long-term debt for the Chuo Shinkansen construction is a loan in the amount of ¥3,000,000 million from the JRTT using the FILP in accordance with the JRTT Act for purposes of the further construction of the Chuo Shinkansen.

Long-term accounts payable—railway facilities were incurred in the amount of ¥5,095,661 million in 1991 for the purchase of the Shinkansen railway ground facilities and serially repaid to the JRTT. Payment terms are 25.5 years for ¥4,494,466 million and 60 years for ¥601,195 million. Payment terms and interest rates of the payables were determined based on the agreements from the purchase of the Shinkansen railway ground facilities. The Company had paid off ¥4,494,466 million by January 2017.

Derivatives include foreign currency swaps, which are used to manage exposure to market risks of changes in foreign exchange rates of foreign currency denominated long-term debt, and interest rate swaps, which are used to manage exposure to market risks of changes in interest rates of long-term debt. The details on derivatives are stated in Note 14.

c. Risk Management for Financial Instruments

Credit Risk Management
Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Companies manage their credit risk from trade receivables by monitoring payment terms and balances of major customers by each business administration department to identify the default risk of customers in the early stage. With respect to held-to-maturity debt securities, the Companies manage exposure to credit risk by limiting debt securities to high credit rated bonds.

Market Risk Management

Marketable and investment securities are managed by monitoring market values and the financial position of issuers on a regular basis.

Foreign currency swaps are used to manage exposure to market risks of changes in exchange rates of foreign currency long-term debt. Interest rate swaps are used to manage exposure to market risks of changes in interest rates of long-term debt.

d. *Fair Values of Financial Instruments*

Fair values of financial instruments are as follows: Investments in equity instruments that do not have a quoted market price in an active market and investments in partnership, etc are not included in the following table. The fair values of cash and cash equivalents, trade receivables, short-term loans payable, trade payables, income taxes payable are not disclosed because their maturities are short and the carrying values approximate fair value. The carrying values of money held in trust for the Chuo Shinkansen construction approximate fair value because the trust property consists of a deposit in cash. Therefore, the fair value of money held in trust for the Chuo Shinkansen construction is not disclosed. The details of fair values for derivatives are stated in Note 14.

(1) Fair Value of Financial Instruments

	Millions of Yen		
March 31, 2024	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Marketable and investment securities	¥ 636,543	¥ 633,588	¥ (2,954)
Total	¥ 636,543	¥ 633,588	¥ (2,954)
Long-term debt including current portion	¥ (1,333,131)	¥ (1,359,458)	¥ 26,326
Long-term debt for the Chuo Shinkansen construction	(3,000,000)	(2,401,183)	(598,816)
Long-term accounts payable—railway facilities including current portion	(513,050)	(884,267)	371,216
Total	¥ (4,846,182)	¥ (4,644,909)	¥ (201,273)

March 31, 2023	Millions of Yen Carrying Amount	 Fair Value	 Unrealized Gain (Loss)
Marketable and investment securities	¥ 751,308	¥ 749,536	¥ (1,772)
Total	¥ 751,308	¥ 749,536	¥ (1,772)
Long-term debt including current portion	¥ (1,429,887)	¥ (1,478,936)	¥ 49,049
Long-term debt for the Chuo Shinkansen construction	(3,000,000)	(2,690,051)	(309,948)
Long-term accounts payable—railway facilities including current portion	(519,988)	(925,882)	405,893
Total	¥ (4,949,876)	¥ (5,094,870)	¥ 144,994

March 31, 2024	Thousands of U.S. Dollars Carrying Amount	 Fair Value	 Unrealized Gain (Loss)
Marketable and investment securities	$ 4,215,516	$ 4,195,947	$ (19,562)
Total	$ 4,215,516	$ 4,195,947	$ (19,562)
Long-term debt including current portion	$ (8,828,682)	$ (9,003,033)	$ 174,344
Long-term debt for the Chuo Shinkansen construction	(19,867,549)	(15,901,874)	(3,965,668)
Long-term accounts payable—railway facilities including current portion	(3,397,682)	(5,856,072)	2,458,384
Total	$ (32,093,920)	$ (30,760,986)	$ (1,332,933)

(2) Carrying Amount of Investments in Equity Instruments that Do Not Have a Quoted Market Price in an Active Market and Investments in Partnership, etc.

	Carrying Amount			
March 31, 2024	Millions of Yen		Thousands of U.S. Dollars	
Unlisted equity instruments:				
Investment securities	¥	8,628	$	57,139
Investments in unconsolidated subsidiaries and affiliates		14,670		97,152
Investments in partnership, etc.		4,199		27,807
Total	¥	27,499	$	182,112

	Carrying Amount	
March 31, 2023	Millions of Yen	
Unlisted equity instruments:		
Investment securities	¥	9,056
Investments in unconsolidated subsidiaries and affiliates		14,036
Investments in partnership, etc.		
Total	¥	23,093

Based on Article 24-16 of ASBJ Guidance No. 31 on the Accounting Standard for Fair Value Measurement, investments in partnership, etc. are not included in Marketable and Investment securities.

e. Maturity Analysis for Financial Assets and Securities with Contractual Maturities

March 31, 2024	Millions of Yen Due within One Year	Due after One Year through Five Years	Due after Five Years
Cash and cash equivalents	¥ 821,720		
Money held in trust for the Chuo Shinkansen construction	1,351,634		
Trade receivables	162,078	¥ 56	
Marketable and investment securities	137,900	284,600	
Total	¥ 2,473,332	¥ 284,656	

March 31, 2024	Thousands of U.S. Dollars Due within One Year	Due after One Year through Five Years	Due after Five Years
Cash and cash equivalents	$ 5,441,854		
Money held in trust for the Chuo Shinkansen construction	8,951,218		
Trade receivables	1,073,364	$ 370	
Marketable and investment securities	913,245	$ 1,884,768	
Total	$ 16,379,682	$ 1,885,139	

f. Annual Maturities of Long-Term Debt, Long-Term Debt for the Chuo Shinkansen Construction and Long-Term Accounts Payable—Railway Facilities

Notes are omitted because the identical information is stated in Note 6 for annual maturities of long-term debt, Note 7 for long-term debt for the Chuo Shinkansen construction and Note 8 for long-term accounts payable—railway facilities.

g. Financial Instruments Categorized by Fair Value Hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements:

Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Fair values measured by using unobservable inputs for the assets or liabilities.

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is categorized at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(1) The Financial Assets and Liabilities Measured at the Fair Values in the Consolidated Balance Sheet

	Millions of Yen			
March 31, 2024	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Available-for-sale securities:				
Equity securities	¥ 213,658			¥ 213,658
Other	385			385
Total assets	¥ 214,043			¥ 214,043

	Millions of Yen			
March 31, 2023	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Available-for-sale securities:				
Equity securities	¥ 166,314			¥ 166,314
Other	393			393
Total assets	¥ 166,708			¥ 166,708

	Thousands of U.S. Dollars			
March 31, 2024	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Available-for-sale securities:				
Equity securities	$ 1,414,953			$ 1,414,953
Other	2,549			2,549
Total assets	$ 1,417,503			$ 1,417,503

(2) The Financial Assets and Liabilities Not Measured at the Fair Values in the Consolidated Balance Sheet

	Millions of Yen			
March 31, 2024	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Held-to-maturity securities:				
Municipal bonds		¥ 8,985		¥ 8,985
Corporate bonds		410,559		410,559
Total assets		¥ 419,545		¥ 419,545
Long-term debt including current portion		¥ 1,359,458		¥ 1,359,458
Long-term debt for the Chuo Shinkansen construction		2,401,183		2,401,183
Long-term accounts payable—railway facilities including current portion		884,267		884,267
Total liabilities		¥ 4,644,909		¥ 4,644,909

	Millions of Yen			
March 31, 2023	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Held-to-maturity securities:				
Municipal bonds		¥ 8,990		¥ 8,990
Corporate bonds		573,837		573,837
Total assets		¥ 582,827		¥ 582,827
Long-term debt including current portion		¥ 1,478,936		¥ 1,478,936
Long-term debt for the Chuo Shinkansen construction		2,690,051		2,690,051
Long-term accounts payable—railway facilities including current portion		925,882		935,882
Total liabilities		¥ 5,094,870		¥ 5,094,870

	Thousands of U.S. Dollars			
March 31, 2024	Level 1	Level 2	Level 3	Total
Marketable and investment securities:				
Held-to-maturity securities:				
Municipal bonds		$ 59,503		$ 59,503
Corporate bonds		2,718,933		2,718,933
Total assets		$ 2,778,443		$ 2,778,443
Long-term debt including current portion		$ 9,003,033		$ 9,003,033
Long-term debt for the Chuo Shinkansen construction		15,901,874		15,901,874
Long-term accounts payable—railway facilities including current portion		5,856,072		5,856,072
Total liabilities		$ 30,760,986		$ 30,760,986

The following is a description of valuation methodologies and inputs used for measurement of the fair value of assets and liabilities:

Marketable and Investment Securities
The fair values of listed equity securities, municipal bonds and corporate bonds are measured at the quoted market prices. Since listed equity securities and government bonds are traded in active markets, the fair values of listed equity securities are categorized as Level 1. As the quoted market prices of municipal bonds and corporate bonds are not considered to be in active markets due to low market transactions, the fair values of municipal bonds and corporate bonds are categorized as Level 2.

Long-Term Debt including Current Portion, Long-Term Debt for the Chuo Shinkansen Construction
The fair values of domestic bonds are measured at the quoted market prices. Fair values of foreign currency bonds are measured in combination with foreign currency swaps, which qualify for hedge accounting and meet specific matching criteria and are accounted for by the method stated in Note 3.q, by using discounted present value techniques considering the total amounts of principal and interest of the bonds in combination with foreign currency swaps and the Company's assumed bond issuing rate.

The fair values of long-term debt with floating interest rates are measured in combination with interest rate swaps or interest rate and currency swaps, which qualify for hedge accounting and are accounted for by the method stated in Note 3.q, by using discounted present value techniques considering the total amounts of the principal and interest and the Company's assumed borrowing rate.

The fair values of other debt, long-term debt for the Chuo Shinkansen construction are determined by using discounted present value techniques considering the cash flows related to the debt and the Company's assumed bond issuing rate or corporate borrowing rate.

The fair values of these instruments are categorized as Level 2.

Long-Term Accounts Payable—Railway Facilities including Current Portion
Long-term accounts payable represents monetary liability for purchase of railway facilities assumed under a special law, and it is difficult for the Company to raise funds again in the same manner. The fair values of such long-term accounts payable are determined by using discounted present value techniques considering the total amounts of principal and interest payment discounted and an interest rate to be applied if similar new bonds were issued. The fair values of long-term accounts payable – railway facilities are categorized as Level 2.

14. DERIVATIVES

The Companies enter into foreign currency swap agreements to manage the risk of exchange rate fluctuations of foreign currency long-term debt. The Companies also enter into interest rate swap agreements to manage the risk of interest rate fluctuations on certain liabilities.

Derivative transactions are mainly entered into to hedge foreign exchange exposures and interest rate risks inherent in the business. Accordingly, market risks in these derivatives are generally offset by opposite movements in the value of the hedged liabilities.

The counterparties of these derivatives are all highly creditworthy financial institutions and, therefore, the Companies do not anticipate any losses arising from credit risk.

Derivative transactions are carried out in accordance with internal policies.

Derivative Transactions to Which Hedge Accounting Is Applied

	Millions of Yen			
March 31, 2024	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency swaps: (fixed amount payment in yen, fixed amount receipt in U.S. dollars)	Foreign currency bonds	¥ 117,528	¥ 37,015	※
Interest rate swaps: (fixed rate payment, floating rate receipt)	Bank loans	¥ 164,700	¥ 158,000	※
Interest rate and currency swaps: (fixed rate / amount payment in yen, floating rate receipt and fixed amount receipt in U.S. dollars)	Foreign currency bank loans	¥ 9,440	¥ 9,440	※

		Millions of Yen		
March 31, 2023	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency swaps: (fixed amount payment in yen, fixed amount receipt in U.S. dollars)	Foreign currency bonds	¥ 156,535	¥ 117,528	※
Interest rate swaps: (fixed rate payment, floating rate receipt)	Bank loans	¥ 136,800	¥ 136,800	※
Interest rate and currency swaps: (fixed rate / amount payment in yen, floating rate receipt and fixed amount receipt in U.S. dollars)	Foreign currency bank loans	¥ 12,732	¥ 9,440	※

		Thousands of U.S. Dollars		
March 31, 2024	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency swaps: (fixed amount payment in yen, fixed amount receipt in U.S. dollars)	Foreign currency bonds	$ 778,331	$ 245,132	※
Interest rate swaps: (fixed rate payment, floating rate receipt)	Bank loans	$1,090,728	$ 1,046,357	※
Interest rate and currency swaps: (fixed rate / amount payment in yen, floating rate receipt and fixed amount receipt in U.S. dollars)	Foreign currency bank loans	$ 62,516	$ 62,516	※

※ Foreign currency swaps, interest rate swaps, or interest rate and currency swaps which qualify for hedge accounting are accounted for in combination with hedged items such as the foreign currency bonds, long-term debt, or foreign currency bank loans and the fair values of these swaps are included in those of hedged items in Note 14.

15. LEASES

As lessees, the minimum rental commitments under non-cancelable operating leases as of March 31, 2024 and 2023, were due as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Due within one year	¥ 969	¥ 938	$ 6,417
Due after one year	4,183	4,826	27,701
Total	¥ 5,152	¥ 5,765	$ 34,119

As lessors, the minimum rental commitments under non-cancelable operating leases as of March 31, 2024 and 2023, were due as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Due within one year	¥ 7,233	¥ 6,082	$ 47,900
Due after one year	17,011	18,628	112,655
Total	¥ 24,245	¥ 24,710	$ 160,562

16. CONTINGENCIES

As of March 31, 2024, the Company is contingently liable for guarantees of loans of RTRI amounting to ¥13,400 million ($88,741 thousand). The proceeds are being used for the enhancement of technological development of the Maglev system.

As discussed in Note 6, based on debt assumption agreements with financial institutions, the Company has transferred the debt repayment obligations for certain bonds to such financial institutions. As of March 31, 2024, the Company had contingent obligations of ¥54,550 million ($361,258 thousand) for the bonds.

17. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Unrealized gain on available-for-sale securities:			
Gain arising during the year	¥ 61,343	¥ 6,292	$ 406,245
Reclassification adjustments to profit	(7,999)	(2,937)	(52,973)
Amount before income tax effect	53,343	3,355	353,264
Income tax effect	(15,197)	(573)	(100,642)
Total	¥ 38,145	¥ 2,781	$ 252,615
Remeasurements of defined benefit plans:			
Adjustments arising during the year	¥ 33,716	¥ 672	$ 223,284
Reclassification adjustments to profit	(8,463)	(2,630)	(56,046)
Amount before income tax effect	25,253	(1,958)	167,238
Income tax effect	(7,677)	701	(50,841)
Total	¥ 17,575	¥ (1,256)	$ 116,390
Share of other comprehensive income in affiliates:			
Gain (Loss) arising during the year	¥ 178	¥ (0)	$ 1,178
Reclassification adjustments to profit	3	8	19
Total	¥ 181	¥ 8	$ 1,198
Total other comprehensive income	¥ 55,903	¥ 1,533	$ 370,218

18. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" and ASBJ Guidance No. 20, "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity for which separate financial information is available and such information is evaluated regularly by the chief operating decisionmaker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

a. Description of Reportable Segments

The Companies' reportable segments are those for which separate financial information is available and regular evaluation by the Companies' management is being performed in order to decide how resources are allocated among the Companies.

The Companies are composed of three reportable segments by nature of products and services: Transportation, Merchandise and Other, Real Estate.

The Transportation segment manages the Companies' railway operations, such as the Tokaido Shinkansen and conventional railway operations in the Tokai area, bus operations and others. The Merchandise and Other segment includes a department store in JR Central Towers, retail sales in trains and stations and others. The Real Estate segment includes real estate leasing business, such as station building leasing and real estate sales in lots.

b. Methods of Measurement for the Amounts of Operating Revenues, Profit (Loss), Assets, Liabilities and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 3, "Summary of Significant Accounting Policies." Reportable segment profit represents operating income. Prices of intersegment transactions or transfers are determined based upon arm's length transactions.

c. **Information about Operating Revenues, Profit (Loss), Assets, Liabilities and Other Items**

	Millions of Yen							
	2024							
	Reportable Segment							
	Transportation	Merchandise and Other	Real Estate	Total	Other	Total	Reconciliations	Consolidated
Operating revenues:								
External customers	¥ 1,391,569	¥ 153,144	¥ 49,522	¥ 1,594,236	¥ 116,170	¥ 1,710,407		¥ 1,710,407
Intersegment transactions or transfers	16,800	7,497	33,716	58,014	139,071	197,086	¥ (197,086)	
Total	¥ 1,408,370	¥ 160,642	¥ 83,239	¥ 1,652,251	¥ 255,241	¥ 1,907,493	¥ (197,086)	¥ 1,710,407
Segment profit	¥ 559,678	¥ 13,811	¥ 20,260	¥ 593,750	¥ 15,471	¥ 609,222	¥ (1,840)	¥ 607,381
Segment assets	8,767,826	149,372	376,404	9,293,603	466,479	9,760,083	181,812	9,941,896
Other:								
Depreciation and amortization	193,633	3,704	14,987	212,325	4,081	216,406		216,406
Amounts of investments in equity in affiliates	11,809			11,809		11,809		11,809
Increase in property, plant and equipment and intangible assets	414,841	6,113	10,370	431,325	5,886	437,212		437,212

	Millions of Yen							
	2023							
	Reportable Segment							
	Transportation	Merchandise and Other	Real Estate	Total	Other	Total	Reconciliations	Consolidated
Operating revenues:								
External customers	¥ 1,123,437	¥ 131,456	¥ 45,398	¥ 1,300,292	¥ 99,992	¥ 1,400,285		¥ 1,400,285
Intersegment transactions or transfers	10,578	7,294	31,999	49,873	149,435	199,308	¥ (199,308)	
Total	¥ 1,134,016	¥ 138,751	¥ 77,398	¥ 1,350,165	¥ 249,427	¥ 1,599,593	¥ (199,308)	¥ 1,400,285
Segment profit	¥ 338,502	¥ 8,316	¥ 17,361	¥ 364,180	¥ 10,048	¥ 374,229	¥ 274	¥ 374,503
Segment assets	8,559,242	136,386	366,526	9,062,154	420,476	9,482,631	31,778	9,514,409
Other:								
Depreciation and amortization	196,041	3,807	15,710	215,559	4,054	219,614		219,614
Amounts of investments in equity in affiliates	11,176			11,176		11,176		11,176
Increase in property, plant and equipment and intangible assets	435,450	4,676	17,394	457,522	5,128	462,650		462,650

	Thousands of U.S. Dollars							
	2024							
	Reportable Segment							
	Transportation	Merchandise and Other	Real Estate	Total	Other	Total	Reconciliations	Consolidated
Operating revenues:								
External customers	$ 9,215,688	$ 1,014,198	$ 327,960	$ 10,557,854	$ 769,337	$ 11,327,198		$ 11,327,198
Intersegment transactions or transfers	111,258	49,649	223,284	384,198	921,000	1,305,205	$ (1,305,205)	
Total	$ 9,326,953	$ 1,063,854	$ 551,251	$ 10,942,059	$ 1,690,337	$ 12,632,403	$ (1,305,205)	$ 11,327,198
Segment profit	$ 3,706,476	$ 91,463	$ 134,172	$ 3,932,119	$ 102,456	$ 4,034,582	$ (12,185)	$ 4,022,390
Segment assets	58,065,072	989,218	2,492,741	61,547,039	3,089,264	64,636,311	1,204,052	65,840,370
Other:								
Depreciation and amortization	1,282,337	24,529	99,251	1,406,125	27,026	1,433,152		1,433,152
Amounts of investments in equity in affiliates	78,205			78,205		78,205		78,205
Increase in property, plant and equipment and intangible assets	2,747,291	40,483	68,675	2,856,456	38,980	2,895,443		2,895,443

Notes:
1. Other includes business in hotel, travel, advertising, rolling stock production, construction, etc., which are not included in any reportable segment.
2. Reconciliations are as follows:
 a. The reconciliations amount of ¥(1,840) million ($(12,185) thousand) and ¥274 million for segment profit are the elimination of intersegment transactions for the years ended March 31, 2024 and 2023, respectively.
 b. The reconciliations for segment assets include corporate assets, which are not allocated to a reportable segment, and the elimination of intersegment transactions.
 Corporate assets principally consist of investment securities and certificates of deposit. The amounts of corporate assets are ¥841,365 million ($5,571,953 thousand), ¥646,707 million for the years ended March 31, 2024 and 2023, respectively.
 The elimination of intersegment transactions consists of intersegment receivables and others. The amounts of the elimination are ¥659,552 million ($4,367,894 thousand), ¥614,928 million for the years ended March 31, 2024 and 2023, respectively.
3. Segment profit is reconciled to operating income in the consolidated statement of income.
4. Information about products and services is omitted since equivalent information is disclosed above.
 Information about geographical areas is not presented since the Companies have no significant overseas operations.

d. Information about Impairment Loss on Noncurrent Assets by Reportable Segments

Information about impairment loss on noncurrent assets by reportable segments for the years ended March 31, 2024 and 2023 is omitted because the amount is not material.

19. SUBSEQUENT EVENT

Appropriations of Retained Earnings

The following appropriation of retained earnings as of March 31, 2024, was approved at the Company's shareholders' meeting held on June 21, 2024.

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥15 ($0.10) per share	¥ 14,775	$ 97,847

* * * * * *