

**FLASH REPORT [JAPANESE GAAP] (CONSOLIDATED BASIS)**Company name: **West Japan Railway Company**

Stock listings: Tokyo Stock Exchange

Code number: 9021

URL: <https://www.westjr.co.jp>

President: Kazuaki Hasegawa

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Division

Quarterly report filing date (Planned): August 10, 2023

Quarterly supplemental explanatory material prepared: Yes Planned start of dividend payments: —

Quarterly results briefing held: Yes

(Figures less than ¥1 million have been omitted.)

**1. Results for the Three Months Ended June 30, 2023 (from April 1, 2023 to June 30, 2023)****(1) Operating results**

Three months ended June 30

Percentages indicate year-on-year increase/ (decrease).

	Operating revenues		Operating income		Recurring profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2023	369,270	24.3	52,210	167.3	48,632	187.5	33,313	(42.4)
2022	297,144	47.1	19,535	—	16,914	—	57,872	—

(Note) Comprehensive Income: Three months ended June 30, 2023: ¥ 36,574 million, (37.8) %;  
Three months ended June 30, 2022: ¥ 58,832 million, —%

	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share after dilution
	Yen	Yen
2023	136.71	—
2022	237.40	—

**(2) Financial position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2023	3,614,617	1,162,297	29.1
March 31, 2023	3,735,507	1,144,309	27.7

(Reference) Total shareholders' equity: June 30, 2023: ¥ 1,051,250 million, March 31, 2023: ¥ 1,034,477 million

## 2. Dividends

Year ended / ending March 31

	Dividends per share				
	June 30	September 30	December 31	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2023	—	50.00	—	75.00	125.00
2024	—				
2024 (Forecast)		50.00	—	50.00	100.00

(Note) Revision of dividends forecast for this period: None

## 3. Forecasts for Fiscal Year ending March 31, 2024

Percentages indicate year-on-year increase / (decrease).

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	1,512,000	8.3	115,000	37.0	99,500	35.2

	Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Millions of yen	%	Yen
Fiscal year	66,500	(24.9)	272.89

(Note) Revision of earnings forecast for this period: None

## Notes

- (1) Significant changes in subsidiaries during the subject period (Transfer of particular subsidiaries following a change in the scope of consolidation): None
- (2) Adoption of simplified accounting practices and special accounting policy for quarterly financial reporting: None
- (3) Changes in accounting policies, changes in accounting estimates, restatements
- 1) Changes based on revision of accounting standards: None
  - 2) Changes other than 1) above: None
  - 3) Changes in Accounting Estimates: None
  - 4) Restatements: None
- (4) Number of shares outstanding (Common stock)

	Three months ended June 30, 2023	Year ended March 31, 2023
1) Number of shares issued and outstanding (including treasury stock):	244,001,600	244,001,600
2) Number of treasury stock	315,973	315,970
		Three months ended June 30, 2022
3) Average number of shares outstanding for each period (cumulative term):	243,685,629	243,777,815

\* Financial results are not subject to auditing.

## Notes

1. The forward-looking statements in this document, including forecasts, etc., are based on information available to the Company at the time of this document's release and on certain assumptions considered reasonable. Actual results, etc., might differ significantly due various factors. Regarding the forecast of financial results, please refer to "Qualitative Information on Consolidated Forecasts" on page 5.
2. Supplementary materials for the financial statements are posted on our homepage. The Company plans to hold a presentation for analysts on August 1, 2023. The Company plans to promptly post the presentation materials on its web site after the presentation.

## 1. QUALITATIVE INFORMATION ON THE RESULTS FOR THE SUBJECT PERIOD

The JR-West Group launched the JR-West Group Long-term Vision 2032 and the Medium-term Management Plan 2025 in the current fiscal year. While continuing to give utmost priority to safety improvements in the railway business, the Company is keen to aggressively expand in the life design field, creating value close to the lifestyles of its customers, restore operations quickly to pre-pandemic levels and invigorate the mobility services field, centered on railways.

The JR-West Group aims to play an even larger role in society by realizing Our Purpose to “Evolve connections among people, communities, and societies, stir the heart. Drive the future.” We will achieve this by creating social value and economic value and helping to solve issues in society and regions through our operations as a company that co-exists with communities. In the subject period (April 1, 2023 to June 30, 2023), JR-West implemented measures to stimulate demand and reform structures, including cost reductions, while ridership increased and consumer spending improved amid the fading of effects from COVID-19.

As a result, operating revenues expanded 24.3% year on year to ¥369.2 billion, operating income climbed 167.3% to ¥52.2 billion, recurring profit grew 187.5% to ¥48.6 billion, and profit attributable to owners of parent (excluding corporation taxes, etc.) amounted to ¥33.3 billion (down 42.4%), a reflection of special taxation treatment in the previous fiscal year in accordance with the business adaptation plan.

### (1) Qualitative Information on Consolidated Business Results

#### Consolidated Results for the Three Months Ended June 30, 2023 (April – June 2023)

Operating revenues:	¥369.2 billion
Operating income:	¥52.2 billion
Recurring profit:	¥48.6 billion
Profit attributable to owners of parent:	¥33.3 billion

The results by business segment are as follows.

In order to steadily advance the rebuilding of its business portfolio, JR-West has changed its segment classifications along with the launch of the in-house Railway Company starting from the first quarter of the current fiscal year. Specifically, the former segments “transportation,” “retail,” “real estate” and “other businesses” have been changed to “mobility,” “retail,” “real estate,” “travel and regional solutions” and “other businesses.”

Segment information for the first quarter of the previous fiscal year is presented based on these new segment classifications.

#### a. Mobility Segment

The JR-West Group remains firm in its resolve to never again allow an accident to happen again like the train accident on the Fukuchiyama Line, and continues to make concerted efforts to face with sincerity all persons affected by the accident and enhance its diligent efforts to improve safety.

In the mobility segment, operating revenues increased 20.6% year on year to ¥221.5 billion and

operating income grew 315.8% to ¥32.8 billion, due to an increase in usage as railway demand recovered.

#### **b. Retail Segment**

In the retail segment, operating revenues increased 28.4% year on year to ¥46.5 billion and operating income rose ¥3.3 billion year on year to ¥3.4 billion, owing in part to increased patronage of souvenir stores and guests at VIA INN brand hotels that belong to the retail segment.

#### **c. Real Estate Segment**

In the real estate segment, operating revenues grew 2.9% to ¥46.3 billion and operating income expanded 15.0% to ¥10.3 billion, thanks to stronger demand for accommodations in the hotels business and solid operations in the shopping center business, due to a rebound in consumer spending, even though sales to investors declined in the real estate sales and leasing business.

#### **d. Travel and Regional Solutions Segment**

In the travel and regional solutions segment, operating revenues increased 81.4% to ¥49.6 billion and operating income rose 242.9% to ¥5.1 billion, reflecting a boost to travel demand from the government's nationwide travel discount campaign.

### **(2) Qualitative Information on the Consolidated Financial Position**

JR-West's total assets at the end of the first quarter of the subject fiscal year (June 30, 2023) amounted to ¥3,614.6 billion, a decrease of ¥120.8 billion from the end of the previous fiscal year (March 31, 2023). This was due mainly to a decrease in cash and cash equivalents.

Total liabilities amounted to ¥2,452.3 billion, a decrease of ¥138.8 billion from the end of the previous fiscal year. This was due mainly to a decrease in bonds.

Total net assets amounted to ¥1,162.2 billion, an increase of ¥17.9 billion from the end of the previous fiscal year. This was due mainly to an increase in retained earnings.

### **(3) Qualitative Information on Consolidated Forecasts**

At this point the Group's consolidated results for the subject period are generally in line with expectations, and accordingly there is no change to the details of the consolidated results forecasts for the fiscal year ending March 31, 2024, that were announced on April 28, 2023.

Note: Forecasts are based on certain assumptions considered reasonable at the time of this announcement, and are subject to change.

## 2. CONSOLIDATED FINANCIAL STATEMENTS

### (1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2023	June 30, 2023
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	290,138	205,647
Notes and accounts receivable-trade	43,886	34,548
Railway fares receivable	41,472	32,728
Accounts receivable	115,535	70,610
Securities	36	36
Inventories	153,234	169,281
Other current assets	73,844	80,286
Less allowance for doubtful accounts	(1,616)	(862)
Total current assets	716,532	592,275
<b>Non-current assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures	1,230,595	1,235,299
Machinery and transport equipment	399,001	390,008
Land	782,965	792,770
Construction in progress	117,193	117,749
Other property, plant and equipment	51,447	49,518
Total property, plant and equipment	2,581,205	2,585,346
<b>Intangible assets</b>	49,254	47,864
<b>Investments and other assets:</b>		
Investments in securities	101,980	112,000
Net defined benefit asset	3,173	3,179
Deferred tax assets	232,895	222,407
Other investments and assets	53,558	54,753
Less allowance for doubtful accounts	(3,761)	(3,759)
Total investments and other assets	387,846	388,580
Total non-current assets	3,018,306	3,021,790
<b>Deferred assets :</b>		
<b>Share issuance cost</b>	668	550
<b>Total deferred assets</b>	668	550
<b>Total assets</b>	<b>3,735,507</b>	<b>3,614,617</b>

	Millions of yen	
	March 31, 2023	June 30, 2023
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable-trade	66,020	47,957
Short-term loans payable	17,483	16,949
Current portion of bonds	100,000	90,000
Current portion of long-term debt	39,553	48,544
Current portion of long-term payables for acquisition of railway properties	1,245	1,245
Accounts payable	122,108	71,599
Accrued consumption tax	23,451	14,281
Accrued income tax	13,600	5,276
Prepaid railway fares received	37,244	37,767
Advances received	44,052	63,487
Allowance for bonuses	29,540	14,639
Allowance for loss on disaster	396	391
Allowance for point program	706	225
Other current liabilities	163,060	177,773
Total current liabilities	658,464	590,138
<b>Non-current liabilities:</b>		
Bonds	859,992	809,992
Long-term debt	557,482	533,477
Long-term payables for acquisition of railway properties	97,436	97,436
Deferred tax liabilities	1,474	1,621
Allowance for large scale renovation of Shinkansen infrastructure	29,166	30,208
Allowance for environmental safety measures	3,414	3,409
Allowance for loss on liquidation of railway belts	15,794	15,794
Net defined benefit liability	223,318	224,495
Other long-term liabilities	144,653	145,744
Total non-current liabilities	1,932,733	1,862,181
<b>Total liabilities</b>	2,591,198	2,452,319

(continued on page8)

	Millions of yen	
	March 31, 2023	June 30, 2023
<b>NET ASSETS</b>		
<b>Total shareholders' equity:</b>		
Common stock	226,136	226,136
Capital surplus	183,904	183,904
Retained earnings	626,108	641,136
Treasury stock, at cost	(1,378)	(1,378)
Total shareholders' equity	1,034,772	1,049,799
<b>Valuation and translation adjustments:</b>		
Net unrealized holding gain on securities	1,061	3,059
Deferred gains or losses on hedges	(9)	0
Remeasurements of defined benefit plans	(1,347)	(1,609)
Total Valuation and translation adjustments	(295)	1,450
<b>Non-controlling interests</b>	109,832	111,046
<b>Total net assets</b>	1,144,309	1,162,297
<b>Total liabilities and net assets</b>	3,735,507	3,614,617

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### Consolidated Statements of Income

Three months ended June 30

	Millions of yen	
	2022	2023
<b>Operating revenues</b>	297,144	369,270
<b>Operating expenses:</b>		
Transportation, other services and cost of sales	236,790	268,692
Selling, general and administrative expenses	40,818	48,367
Total operating expenses	277,608	317,060
<b>Operating income</b>	19,535	52,210
<b>Non-operating revenues:</b>		
Interest income	9	15
Dividend income	579	414
Transfer from administrative fee of contracted construction	14	26
Equity in earnings of affiliates	432	410
Other	2,018	996
Total non-operating revenues	3,055	1,862
<b>Non-operating expenses:</b>		
Interest expense	5,181	5,061
Other	495	379
Total non-operating expenses	5,676	5,440
<b>Recurring profit</b>	16,914	48,632
<b>Extraordinary profits:</b>		
Gain on contribution for construction	2,117	2,512
Compensation income for expropriation	—	27
Other	4,765	173
Total extraordinary profits	6,882	2,714
<b>Extraordinary losses:</b>		
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	2,102	2,441
Loss on reduction for expropriation	—	27
Other	454	399
Total extraordinary losses	2,556	2,867
<b>Profit before income taxes</b>	21,239	48,478
<b>Income taxes- Current</b>	1,824	3,922
<b>Income taxes- Deferred</b>	(39,214)	9,829
<b>Total income taxes</b>	(37,390)	13,751
<b>Profit</b>	58,629	34,726
<b>Profit attributable to non-controlling interests</b>	757	1,413
<b>Profit attributable to owners of parent</b>	57,872	33,313

## Consolidated Statements of Comprehensive Income

Three months ended June 30

	Millions of yen	
	2022	2023
<b>Profit</b>	58,629	34,726
<b>Other comprehensive income:</b>		
Valuation difference on available-for-sale securities	527	2,092
Deferred gains or losses on hedges	—	13
Remeasurements of defined benefit plans, net of tax	(250)	(234)
Share of other comprehensive income of associates accounted for using equity method	(73)	(23)
Total of other comprehensive income	202	1,847
<b>Comprehensive income</b>	58,832	36,574
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	58,075	35,059
Comprehensive income attributable to non-controlling interests	756	1,514

### (3) Note on Assumptions for Going Concern

Not applicable

### (4) Note in the Event of Major Change in Shareholders' Equity

Not applicable

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

- This report contains forward-looking statements that are based on JR-West's current expectations, assumptions, estimates and projections about its business, industry, and capital markets around the world.
- These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "anticipate", "plan" or similar words. These statements discuss future expectations, identify strategies, contain projections of results of operations or of JR-West's financial condition, or state other forward-looking information.
- Known or unknown risks, uncertainties and other factors could cause the actual results to differ materially from those contained in any forward-looking statements. JR-West cannot promise that the expectations expressed in these forward-looking statements will turn out to be correct. JR-West's actual results could be materially different from and worse than expectations.
- Important risks and factors that could cause actual results to be materially different from expectations include, but are not limited to:
  - expenses, liability, loss of revenue or adverse publicity associated with property or casualty losses;
  - economic downturn, deflation and population decreases;
  - adverse changes in laws, regulations and government policies in Japan;
  - service improvements, price reductions and other strategies undertaken by competitors such as passenger railway and airlines companies;
  - infectious disease outbreak and epidemic;
  - earthquake and other natural disaster risks; and
  - failure of computer telecommunications systems disrupting railway or other operations
- All forward-looking statements in this release are made as of August 2023 based on information available to JR-West as of August 2023 and JR-West does not undertake to update or revise any of its forward-looking statements or reflect future events or circumstances.
- Compensation for damages caused by the accident on the Fukuchiyama Line that occurred on April 25, 2005, is NOT considered in this report.