

**Consolidated Financial Statements
West Japan Railway Company**

*Year ended March 31, 2025
with Independent Auditor's Report*

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Consolidated Financial Statements

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Independent Auditor's Report

The Board of Directors
West Japan Railway Company

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of West Japan Railway Company and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2025, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in 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 ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition in Railway Business (Accuracy of Aggregation)

Description of Key Audit Matter	Auditor's Response
<p>As described in Note 29 “Segment Information” in the notes to consolidated financial statements, revenues from external customers in the Mobility segment recorded by West Japan Railway Company (the “Company”) and its consolidated subsidiaries for the year ended March 31, 2025 included railway business revenues, which consisted mainly of the Company’s transportation revenues.</p> <p>Transportation revenues are recorded by aggregating revenues from sales made by the Company and settling those revenues with other companies (e.g., payment of transportation fees owed to lines operated by other companies and receipt of transportation revenues of own lines due from other companies.)</p> <p>The aggregation of transportation revenues incorporates many individual transactions due to the large number of railway passengers, and the Company needs to exchange information necessary for settling revenues (*) with other JR passenger railway companies. As such, there is a mechanism in place that allows for mutual cooperation between multiple IT systems such as transportation revenue system, connected settlement system and so on to ensure that this information is accurate, thus making the Company highly reliant on such IT systems.</p> <p>Given that the accuracy of the aggregation of transportation revenues is a critical factor in the consideration of whether transportation revenues are appropriately reflected in the consolidated financial statements, we determined this to be a key audit matter.</p>	<p>In considering the accuracy of the aggregation of transportation revenues, we engaged IT specialists in our network firm to gain an understanding of the aggregation of revenues from issuance of tickets, the flow of data to the recording of transportation revenues in the IT systems, the relevant processes and automated internal controls, and evaluated the effectiveness of internal controls.</p> <p>We mainly performed the following audit procedures.</p> <ul style="list-style-type: none"> • We evaluated the effectiveness of IT general controls by inspecting evidence of approval by the appropriate personnel when changes were made to programs in the IT systems and by inspecting evidence of approval by the appropriate personnel when granting and modifying access rights for material data and files as well as evidence of periodic inspections of access rights. • We evaluated the effectiveness of application controls over data interface processing for IT systems of handling transportation revenues (including settlement) by examining the consistency between IT systems. • In order to evaluate the effectiveness of application controls over automated aggregation by key systems, we recalculated the aggregation of transportation revenues and evaluated the processing accuracy of the IT systems. • With regard to the outsourcing of work related to the calculation of revenue settlement among JR passenger railway companies, we reviewed “Assurance Report of the Independent Auditor on Description of the Outsourced Company's System and Outsourced Company’s Design and Operation of Internal Controls” of Railway Information Systems Co., Ltd. and evaluated the design, implementation, and operating effectiveness of controls over contract work performed by Railway Information Systems Co., Ltd.

<p>(*) In settling revenues involving other passenger railway companies, the Company, jointly with five other JR passenger railway companies, has entered into an agreement with Railway Information Systems Co., Ltd. to utilize an online system (Magnetic-electronic Automatic Reservation System) for selling reserved seat train tickets and the like, and outsource work related to the processing of revenue settlement among the companies.</p>	<p>In addition to the above procedures to evaluate the effectiveness of internal controls to examine the accuracy of transportation revenues, we mainly performed the following audit procedures.</p> <ul style="list-style-type: none"> • Examining the correlation with transportation revenues by using passenger-kilometers data • Examining supporting documentation of transactions used to record transportation revenues and notice of payment from external traders • Confirmation of balances of receivables from credit card companies and receivables from other JR passenger railway companies for inter-line fares.
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Other Information

The other information comprises the information included in disclosure documents that contains audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We have concluded that other information does not exist. Accordingly, we have not performed any work related to other information.

Responsibilities of Management, the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing 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. 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, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not 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 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 in accordance with accounting principles generally accepted in Japan.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee 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 the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to 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 to reduce threats to an acceptable level.

From the matters communicated with the Audit and Supervisory Committee, 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

The fees for the audits of the financial statements of West Japan Railway Company and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2025 are 430 million yen and 381 million yen, 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.

Ernst & Young ShinNihon LLC
Osaka, Japan

August 29, 2025

Shin Ichinose

Designated Engagement Partner
Certified Public Accountant

Masahiko Naka

Designated Engagement Partner
Certified Public Accountant

Hiroki Yamamoto

Designated Engagement Partner
Certified Public Accountant

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copy (with electronic signature) is kept separately by the Company.

West Japan Railway Company

Consolidated Balance Sheet

As of March 31, 2025

(Millions of yen)

	March 31, 2025	March 31, 2024
Assets		
Current assets		
Cash and deposits (Notes 8, 20 and 22)	¥ 125,617	¥ 233,465
Notes and accounts receivable - trade (Notes 12 and 22)	58,412	58,437
Railway fares receivable (Notes 12 and 22)	54,263	52,676
Accounts receivable - other (Notes 12 and 22)	111,712	114,129
Short-term investments (Notes 8, 22 and 23)	5	-
Inventories (Note 5)	181,157	160,631
Other current assets (Note 12)	86,819	82,161
Less allowance for doubtful accounts	(680)	(537)
Total current assets	617,309	700,963
Non-current assets		
Property, plant and equipment, at cost (Notes 6, 8 and 27)		
Buildings and structures, net	1,332,567	1,236,295
Machinery, equipment and vehicles, net	423,157	414,075
Land	821,859	806,288
Construction in progress	78,200	122,667
Other non-current assets, net	57,438	54,097
Property, plant and equipment, net	2,713,223	2,633,423
Intangible assets	50,623	46,490
Investments and other assets		
Investments (Notes 7, 8, 22 and 23)	138,844	127,931
Asset for retirement benefits (Note 25)	6,216	4,564
Deferred income taxes (Note 26)	170,879	209,312
Other assets (Note 8)	60,295	60,497
Less allowance for doubtful accounts	(5,032)	(3,306)
Total investments and other assets	371,204	398,999
Total non-current assets	3,135,050	3,078,913
Deferred assets		
Share issuance costs	-	196
Total deferred assets	-	196
Total assets (Note 29)	¥ 3,752,359	¥ 3,780,073

West Japan Railway Company
Consolidated Balance Sheet (continued)
As of March 31, 2025

	(Millions of yen)	
	March 31, 2025	March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade (Notes 8 and 22)	¥ 65,982	¥ 59,894
Short-term loans (Note 22)	17,543	19,298
Current portion of bonds payable (Note 22)	55,500	60,000
Current portion of long-term loans (Notes 22 and 24)	81,880	77,130
Current portion of long-term payables (Note 22)	1,416	1,327
Accounts payable - other (Notes 22 and 24)	169,562	163,458
Accrued consumption taxes	7,060	25,326
Income taxes payable (Notes 22 and 26)	15,106	13,422
Inter-line fares received (Note 22)	6,603	4,147
Deposits received (Notes 12 and 22)	126,900	131,092
Prepaid railways fares received (Note 12)	40,824	38,339
Advances received (Note 12)	27,743	37,512
Provision for employees' bonuses	39,365	36,251
Provision for loss on disaster	908	2,575
Other current liabilities (Note 12)	42,155	40,398
Total current liabilities	698,552	710,175
Long-term liabilities		
Bonds payable (Note 22)	789,996	799,994
Long-term loans (Notes 22 and 24)	498,375	519,855
Long-term payables (Note 22)	94,692	96,108
Deferred income taxes (Note 26)	2,369	1,807
Provision for large-scale renovation of Shinkansen infrastructure	37,500	33,333
Provision for environmental safety measures	1,613	2,255
Provision for loss on railway line liquidation	30,047	30,292
Liability for retirement benefits (Note 25)	170,623	211,647
Other long-term liabilities	148,422	147,491
Total long-term liabilities	1,773,641	1,842,786
Total liabilities	2,472,194	2,552,961
Net assets		
Shareholders' equity (Note 19)		
Common stock	226,136	226,136
Capital surplus	184,031	183,939
Retained earnings (Note 30)	720,754	694,619
Less treasury stock, at cost	(1,271)	(1,262)
Total shareholders' equity	1,129,650	1,103,433
Accumulated other comprehensive income		
Net unrealized holding gain on securities	6,531	6,569
Net unrealized deferred gain on hedging instruments	228	130
Retirement benefits liability adjustments (Note 25)	20,243	(2,087)
Total accumulated other comprehensive income	27,003	4,613
Non-controlling interests	123,511	119,064
Total net assets	1,280,165	1,227,111
Total liabilities and net assets	¥ 3,752,359	¥ 3,780,073

West Japan Railway Company

Consolidated Statement of Operations

Year ended March 31, 2025

(Millions of yen)

	2025	2024
Operating revenues (Notes 27, 28 and 29)	¥ 1,707,944	¥ 1,635,023
Operating expenses		
Transportation, other services and cost of sales (Notes 16 and 27)	1,289,761	1,239,576
Selling, general and administrative expenses (Notes 15 and 16)	238,021	215,698
Total operating expenses (Note 14)	1,527,783	1,455,275
Operating income (Note 29)	180,161	179,748
Non-operating income		
Interest income	65	57
Dividend income	1,289	879
Dividend income of insurance	1,538	1,549
Reversal of clerical costs on work performed on contract	1,829	1,472
Equity in earnings of affiliates	1,616	1,379
Other non-operating income (Note 27)	4,009	4,638
Total non-operating income	10,349	9,977
Non-operating expenses		
Interest expense	19,511	20,101
Other non-operating expenses (Note 27)	5,328	2,241
Total non-operating expenses	24,839	22,343
Ordinary profit	165,670	167,382
Extraordinary income		
Gain on sales of property, plant and equipment (Note 17)	3,459	4,066
Gain on contribution received for construction (Note 6)	16,965	17,105
Compensation for expropriation (Note 6)	2,583	4,514
Other extraordinary income	1,703	5,218
Total extraordinary income	24,711	30,904
Extraordinary losses		
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment (Note 6)	11,928	16,310
Loss on deduction of expropriation from acquisition costs of property, plant and equipment (Note 6)	1,100	4,370
Loss on impairment of property, plant and equipment (Note 29)	5,435	4,556
Loss on disasters	2,251	2,785
Increase in provision for loss on railway line liquidation	–	15,000
Other extraordinary losses	5,179	10,082
Total extraordinary losses	25,894	53,105
Profit before income taxes	164,487	145,182
Income taxes - current (Note 26)	17,072	17,102
Income taxes - deferred (Note 26)	28,810	23,700
Total income taxes	45,882	40,803
Profit	118,604	104,379
Profit attributable to non-controlling interests	4,645	5,617
Profit attributable to owners of parent	¥ 113,958	¥ 98,761

West Japan Railway Company

Consolidated Statement of Comprehensive Income

Year ended March 31, 2025

	(Millions of yen)	
	2025	2024
Profit	¥ 118,604	¥ 104,379
Other comprehensive income (Note 18)		
Net unrealized holding gain on securities	169	5,794
Net unrealized deferred gain on hedging instruments	108	143
Retirement benefit liability adjustments (Note 25)	22,269	(373)
Other comprehensive gain of affiliates accounted for by the equity method attributable to owners of parent	62	109
Total other comprehensive income	22,608	5,673
Total comprehensive income	¥ 141,212	¥ 110,052
Comprehensive income attributable to:		
Owners of parent	136,348	103,670
Non-controlling interests	4,864	6,382

West Japan Railway Company

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2024	¥226,136	¥183,939	¥694,619	¥ (1,262)	¥1,103,433
Cumulative effects of changes in accounting policies					—
Restated balance	226,136	183,939	694,619	(1,262)	1,103,433
Changes during year					
Cash dividends			(38,021)		(38,021)
Profit attributable to owners of parent			113,958		113,958
Change in scope of consolidation					—
Increase due to merger					—
Purchase of treasury stock				(50,002)	(50,002)
Cancellation of treasury stock		(19)	(49,801)	49,820	—
Disposal of treasury stock		(11)		172	160
Increase due to changes in equity in affiliates accounted for by the equity method				0	0
Increase due to purchase of shares of a consolidated subsidiary		122			122
Net changes in items other than shareholders' equity					—
Total changes during year	—	91	26,135	(9)	26,217
Balance at March 31, 2025	¥226,136	¥184,031	¥720,754	¥ (1,271)	¥1,129,650

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized holding gain (loss) securities	Net unrealized deferred gain on hedging instruments	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Balance at April 1, 2024	¥6,569	¥130	¥ (2,087)	¥ 4,613	¥119,064	¥1,227,111
Cumulative effects of changes in accounting policies						—
Restated balance	6,569	130	(2,087)	4,613	119,064	1,227,111
Changes during year						
Cash dividends						(38,021)
Profit attributable to owners of parent						113,958
Change in scope of consolidation						—
Increase due to merger						—
Purchase of treasury stock						(50,002)
Cancellation of treasury stock						—
Disposal of treasury stock						160
Increase due to changes in equity in affiliates accounted for by the equity method						0
Increase due to purchase of shares of a consolidated subsidiary						122
Net changes in items other than shareholders' equity	(38)	97	22,330	22,389	4,446	26,836
Total changes during year	(38)	97	22,330	22,389	4,446	53,053
Balance at March 31, 2025	¥6,531	¥228	¥20,243	¥27,003	¥ 123,511	¥1,280,165

West Japan Railway Company

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2023	¥226,136	¥183,904	¥626,108	¥(1,378)	¥1,034,772
Cumulative effects of changes in accounting policies			2,150		2,150
Restated balance	226,136	183,904	628,259	(1,378)	1,036,922
Changes during year					
Cash dividends			(32,306)		(32,306)
Profit attributable to owners of parent			98,761		98,761
Change in scope of consolidation			(96)		(96)
Increase due to merger			1		1
Purchase of treasury stock				(1)	(1)
Cancellation of treasury stock					—
Disposal of treasury stock		30		117	147
Increase due to changes in equity in affiliates accounted for by the equity method					—
Increase due to purchase of shares of a consolidated subsidiary		5			5
Net changes in items other than shareholders' equity					—
Total changes during year	—	35	66,359	115	66,510
Balance at March 31, 2024	¥226,136	¥183,939	¥694,619	¥(1,262)	¥1,103,433

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Net unrealized deferred (loss) gain on hedging instruments	Retirement benefits liability adjustments	Total accumulated other comprehensive (loss) income		
Balance at April 1, 2023	¥1,061	¥ (9)	¥(1,347)	¥ (295)	¥109,832	¥1,144,309
Cumulative effects of changes in accounting policies						2,150
Restated balance	1,061	(9)	(1,347)	(295)	109,832	1,146,459
Changes during year						
Cash dividends						(32,306)
Profit attributable to owners of parent						98,761
Change in scope of consolidation						(96)
Increase due to merger						1
Purchase of treasury stock						(1)
Cancellation of treasury stock						—
Disposal of treasury stock						147
Increase due to changes in equity in affiliates accounted for by the equity method						—
Increase due to purchase of shares of a consolidated subsidiary						5
Net changes in items other than shareholders' equity	5,508	140	(740)	4,908	9,232	14,141
Total changes during year	5,508	140	(740)	4,908	9,232	80,652
Balance at March 31, 2024	¥6,569	¥ 130	¥(2,087)	¥ 4,613	¥119,064	¥1,227,111

West Japan Railway Company

Consolidated Statement of Cash Flows

Year ended March 31, 2025

(Millions of yen)

	2025	2024
Cash flows from operating activities		
Profit before income taxes	¥ 164,487	¥ 145,182
Depreciation and amortization	169,352	163,322
Loss on impairment of property, plant and equipment	5,435	4,556
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	11,928	16,310
Loss on disposal of property, plant and equipment	5,974	5,601
Gain on sales of property, plant and equipment	(3,305)	(3,594)
Decrease in liability for retirement benefits	(10,010)	(13,459)
Increase (decrease) in allowance for doubtful accounts	1,868	(1,533)
Increase in provision for employees' bonuses	3,124	6,705
Increase in provision for large scale renovation of Shinkansen infrastructure	4,166	4,166
(Decrease) increase in other accruals	(2,571)	14,806
Interest and dividend income	(1,355)	(937)
Interest expense	19,511	20,101
Equity in earnings of affiliates	(1,616)	(1,379)
Gain on contribution received for construction	(16,965)	(17,105)
Increase in notes and accounts receivable	(14,499)	(9,117)
Increase in inventories	(15,971)	(6,492)
Increase in notes and accounts payable	3,904	24,688
(Decrease) increase in consumption taxes payable, net	(18,264)	1,837
Other	9,644	944
Subtotal	314,838	354,603
Interest and dividend received	1,334	934
Interest paid	(19,288)	(19,939)
Income taxes paid	(15,453)	(17,283)
Net cash provided by (used in) operating activities	281,431	318,314
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets in other assets	(283,245)	(249,352)
Proceeds from sales of property, plant and equipment	22,011	4,964
Contributions received for construction	15,631	23,325
Purchases of investments in securities	(10,164)	(22,327)
Proceeds from sales of investments in securities	120	1,422
Net (increase) decrease in loans receivable	(1,235)	3,561
Other	(6,230)	(5,245)
Net cash used in investing activities	¥(263,112)	¥(243,651)

West Japan Railway Company

Consolidated Statement of Cash Flows (continued)

Year ended March 31, 2025

	(Millions of yen)	
	2025	2024
Cash flows from financing activities		
Net increase in short-term loans	¥ 114	¥ 1,508
Proceeds from long-term loans	66,800	39,500
Repayments of long-term loans	(83,530)	(39,550)
Proceeds from issuance of bonds	45,500	–
Redemption of bonds	(60,000)	(100,000)
Payments of long-term payables	(1,327)	(1,245)
Purchase of treasury stock	(50,002)	(1)
Cash dividends paid to owners of parent	(38,001)	(32,290)
Cash dividends paid to non-controlling interests	(152)	(300)
Other	(5,565)	759
Net cash used in financing activities	(126,165)	(131,620)
Net decrease in cash and cash equivalents	(107,846)	(56,956)
Cash and cash equivalents at beginning of year	233,218	289,893
Increase in cash and cash equivalents resulting from initial consolidation of a subsidiary	–	282
Cash and cash equivalents at end of year (Note 20)	¥125,371	¥233,218

West Japan Railway Company

Notes to Consolidated Financial Statements

March 31, 2025

1. Basis of Presentation of Consolidated Financial Statements and Summary of Significant Accounting Policies

Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements of West Japan Railway Company (the “Company”) and its consolidated subsidiaries (collectively, the “Group”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

As permitted by the Financial Instruments and Exchange Act of Japan, amounts of less than one million yen have been not presented, except for per share data. Consequently, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sum of the individual amounts.

Summary of Significant Accounting Policies

(1) Principles of consolidation

For the year ended March 31, 2025, 60 subsidiaries were consolidated.

For the year ended March 31, 2025, there are 85 non-consolidated subsidiaries, including Chisatosansou Co., Ltd. These entities were excluded from the scope of consolidation because their aggregate total assets, net sales, net income (attributable to the Company’s ownership interest), and retained earnings (attributable to the Company’s ownership interest) are not material in relation to the consolidated financial statements.

As of March 31, 2025, JR West Japan LINEN Co., Ltd. has been deconsolidated due to the transfer of all its shares.

For the year ended March 31, 2025, while there are no non-consolidated subsidiaries accounted for by the equity method, there are 5 affiliates, Kansai Rapid Railway Co., Ltd., Osaka Soto-Kanjo Railway Co., Ltd., Asia Air Survey Co., Ltd., KOSEI CORPORATION, and Railway Information Systems Co., Ltd., accounted for by the equity method.

The aggregate net income (loss) and retained earnings of 85 non-consolidated subsidiaries, including Chisatosansou Co., Ltd., and 20 affiliates, including Kotsu Shimbunsha Co., Ltd., were excluded from the scope of equity-method application as they are not material in relation to the consolidated financial statements.

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

1. Basis of Presentation of Consolidated Financial Statements and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies (continued)

(1) Principles of consolidation (continued)

The balance sheet date of one affiliate, Asia Air Survey Co., Ltd., is September 30, and the Company applied the equity method to its investments in this affiliate using the most recent financial statements as of the year end. The balance sheet date of the remaining affiliates is March 31, which is same as that of the consolidated financial statements.

The balance sheet date of one consolidated subsidiary, Nippon Travel Agency Co., Ltd., is December 31. Any significant differences in intercompany accounts and transactions arising from intervening intercompany transactions during the period from January 1 through March 31 have been adjusted, if necessary. The balance sheet date of the remaining consolidated subsidiaries is March 31, which is same as that of the consolidated financial statements.

Investments in unconsolidated subsidiaries and other affiliates are stated mainly at moving-average cost since their equity earnings in the aggregate are not material in relation to consolidated net income and retained earnings.

The accompanying consolidated financial statements include the accounts of the Company and all significant subsidiaries over which substantial control is exerted either through majority ownership of voting stock and/or by other means. All significant intercompany balances and transactions have been eliminated in consolidation.

Investments in affiliates (companies over which the Company has the ability to exercise significant influence) are stated at cost plus equity in their undistributed earnings or undisposed losses (the equity method). Consolidated profit includes the Company's equity in the current profit or loss of such companies after the elimination of unrealized intercompany gain or loss.

(2) Short-term investments and investments in securities

Securities for which quoted market prices are available are stated at fair value, and net unrealized holding gain or loss on such securities is accounted for as a separate component of net assets. Cost of securities sold is determined primarily by the moving average method.

Securities and others without a quoted market price classified as other securities are stated at cost primarily based on the moving average method.

(3) Derivative financial instruments

Derivative financial instruments are stated at fair value.

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

1. Basis of Presentation of Consolidated Financial Statements and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies (continued)

(4) Inventories

Inventories are stated at lower of cost or net selling value, cost being determined by the following methods:

Merchandise: Principally the retail cost method or the last purchase price method

Real estate for sale and work in progress: Identified cost method

Rails, materials and supplies: Principally the moving-average method

Carrying amount on the balance sheet is written-down in accordance with decline in profitability.

(5) Property, plant and equipment (excluding leased assets)

Depreciation is determined principally by the declining-balance method at rates based on the estimated useful lives of the respective assets, except for certain railway fixtures included in buildings and structures whose initial acquisition costs have been depreciated to a book value of 50% of their original costs, with the proviso that any replacement costs be charged to income (Refer to Note 6).

(6) Intangible assets

Amortization of intangible assets included in other assets is calculated by the straight-line method over the estimated useful lives of the respective assets.

Expenditures relating to the development of computer software intended for internal use are charged to income when incurred, except if they are deemed to contribute to the generation of future income or cost savings. Any such expenditures are capitalized as assets and are amortized by the straight-line method over their estimated useful lives, principally a period of five years.

(7) Leases

Leased assets under finance lease transactions which do not transfer ownership to the lessee are capitalized and depreciated over the respective lease terms to a nil residual value by the straight-line method.

(8) Long-term prepaid expenses

Long-term prepaid expenses are amortized by the straight-line method.

(9) Deferred assets

Bond issuance costs are charged to income as incurred.

Share issuance costs are amortized by the straight-line method over a period of three years.

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

1. Basis of Presentation of Consolidated Financial Statements and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies (continued)

(10) Allowance for doubtful accounts

Allowance for doubtful accounts is computed based on the actual historical percentage of bad debts and an estimate of uncollectible amounts determined after an analysis of specific individual receivables.

(11) Provision for employees' bonuses

Provision for employees' bonuses is provided at an expected payment amount of the bonuses to employees.

(12) Provision for loss on disaster

Provision for loss on disaster is provided, at an estimated amount, for expected expenditures required to complete future restoration work related to damage arising from "the Noto Peninsula Earthquake of 2024."

(13) Provision for large-scale renovation of Shinkansen infrastructure

Provision for large-scale renovation of Shinkansen infrastructure is provided based on the Article 17, Paragraph 1, of the Nationwide Shinkansen Railway Development Act.

(14) Provision for environmental safety measures

Provision for environmental safety measures is provided, at a reasonably estimated amount, for expected expenditures corresponding to the disposal to polychlorinated biphenyl and other wastes held by the Company and certain consolidated subsidiaries.

(15) Provision for loss on railway line liquidation

Provision for loss on railway line liquidation is provided, at a reasonably estimated amount, for expected expenditures corresponding to the dismantlement of bridges, electrical facilities and other items along the closed Sanko Line (running between Gotsu station and Miyoshi station).

In addition, provision for loss on railway line liquidation is provided, at a reasonably estimated amount, for expected expenditures corresponding to the contribution to the Johana Line and Himi Line Railway Operations Redevelopment Plan.

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

1. Basis of Presentation of Consolidated Financial Statements and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies (continued)

(16) Retirement benefits

The asset and liability for retirement benefits are provided principally at an expected amount calculated based on the retirement benefit obligation and the fair value of the plan assets as of the balance sheet date.

In calculating the retirement benefit obligations, the benefit formula basis is applied for the attribution of expected retirement benefits to each period up to the end of the current year.

Prior service cost is principally charged to income when incurred.

Actuarial gain or loss is amortized commencing the year following the year in which the gain or loss is recognized by the straight-line method principally over a period of ten years, which is shorter than the average remaining years of service of the eligible employees.

Certain consolidated subsidiaries have calculated their retirement benefit obligation and retirement benefit expenses based on the amount which would be payable at the year-end if all eligible employees terminated their services voluntarily (the "Simplified Method").

(17) Revenue recognition

The Group mainly recognizes revenue at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the transfer of goods or services to customers based on the following five-step approach.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the separate performance obligations in the contract

Step 5: Recognize revenue when (or as) the performance obligations are satisfied

The basis for recognizing revenue in each business segment is as follows:

Mobility business

In the mobility business, the Group provides passenger transportation services mainly railroad services, and is obligated to provide passenger transportation services to its customers in accordance with transportation agreements. The Group recognizes revenue when the performance obligation is satisfied upon completion of the passenger transportation services or over time.

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

1. Basis of Presentation of Consolidated Financial Statements and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies (continued)

(17) Revenue recognition (continued)

Goods and food services business

In the goods and food services business, the Group sells goods and food mainly at stores located in train stations. The Group determines that the performance obligation is satisfied and a customer acquires control over the merchandise typically at the time of delivery of the merchandise to a customer and recognizes revenue at the time of delivery of the merchandise.

Real estate business

In the real estate sales business, the Group mainly sells condominiums along the railway, and is obligated to deliver properties to customers based on real estate sales contracts. The Group determines the performance obligation is satisfied and recognizes revenue when the property is delivered to customers.

In the real estate rental business, the Group mainly leases stations and surrounding facilities. The Group recognizes revenues from these property leases over the respective lease terms in accordance with the “Accounting Standard for Lease Transactions” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 13, March 30, 2007).

In the hotel business the Group mainly provides lodging and banquet services in station buildings located on station sites, and is obligated to provide facilities and services to customers based on the terms of use. The Group determines the performance obligation is satisfied and recognizes revenue when the customers use the facilities or services are provided.

Travel and regional solutions business

In the travel and regional solutions business, the Group is mainly engaged in arranging travel and selling in-house travel products, and is obligated to arrange for railroad or other reservations, issue accommodation tickets and conduct tours for its customers in accordance with the travel conditions.

The Group determines the performance obligation is satisfied and recognizes revenue when the customer makes reservations and tickets are issued or over the period of the travel.

In addition, the Group is engaged in consignment businesses involving public relations offices and local governments, and is obligated to provide customers with tourism attraction projects, economic measures projects and various administrative operations.

The Group determines the performance obligation is satisfied and recognizes revenue over the period of the contract with each customer.

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

1. Basis of Presentation of Consolidated Financial Statements and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies (continued)

(17) Revenue recognition (continued)

Gross and net presentation of revenues

When the Group act as principals in a transaction, revenue is recognized on a gross basis in the amount of total consideration received from customers.

When acting as agents for a third party, the Group and its consolidated subsidiaries recognize revenue on a net basis, measured as the amount of consideration received from customers less any amounts collected on behalf of the third party.

The determination of whether the Group and its consolidated subsidiaries act as principals or agents is based on consideration of the following items:

- The Group has primary responsibility for fulfilling the contractual obligations;
- The Group bears inventory risk before or after the customer's order, during shipping, or in the case of returns;
- Setting of prices is at the discretion of the Group.

Point program

The Group operates a point program for its members. The points awarded for the use of the Group's passenger transportation services can be used to receive future services provided by the Group and other partners. The Group recognizes the points granted as performance obligations and records them as contract liabilities and allocates transaction prices to each performance obligation based on a percentage of the arm's length sales price, taking into account the percentage of services provided and expected breakage amount, as appropriate. The transaction price allocated to the performance obligation of the point program is deferred as a "contract liability" and revenue is recognized upon the redemption of the points.

Significant financing components

The consideration promised by the Group and its consolidated subsidiaries does not include a significant financing component.

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

1. Basis of Presentation of Consolidated Financial Statements and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies (continued)

(18) Hedge accounting

Gain or loss on derivatives designated as hedging instruments is deferred until the loss or gain on the underlying hedged items is recognized. Derivatives such as forward foreign exchange contracts, currency swap contracts and interest-rate swap contracts are utilized to manage foreign currency and interest-rate risk. Forward foreign exchange contracts and currency swap contracts which meet certain conditions are accounted for by the allocation method which requires that recognized foreign currency receivables or payables and forecast transactions be translated at the corresponding forward foreign exchange or currency swap contract rates (the “allocation method”). Interest-rate swaps which meet certain conditions are accounted for as if the interest rates applied to the interest-rate swaps had originally been applied to the underlying debt (the “special treatment”).

The Company and its certain consolidated subsidiaries hedge foreign currency exchange rate risk and interest rate risk within certain ranges based on their internal rules for derivative transactions

The relationship between the hedging instruments and the underlying hedged items is evaluated at each balance sheet date to confirm the effectiveness of hedging activities. However, an evaluation of effectiveness is omitted for currency swaps which meet certain conditions for applying the allocation method and interest-rate swaps which meet certain conditions for applying the special treatment.

(19) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand and short-term investments which are readily convertible to cash subject to an insignificant risk of any change in their value and which were purchased with an original maturity of three months or less.

(20) Accounting treatment of contribution for construction

The Company receives contributions from local governments as part of construction costs for continuous grade separation work in the railway business. These construction contributions, etc. are deducted directly from the acquisition cost of property, plant and equipment acquired at the time of completion of construction. In the consolidated statement of operations, the amount of the contribution for construction received is recorded as extraordinary income, and the amount directly deducted from the acquisition cost of property, plant and equipment as the amount of the reduction in contribution received for construction is recorded as extraordinary losses.

(21) Recognition of revenue derived from finance lease transactions as a lessor

Revenue from finance lease transactions and related costs are recognized upon receipt of lease payments.

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

2. Changes in Accounting Policies

(Application of the Accounting Standard for Current Income Taxes)

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022) (hereinafter referred to as “Revised Accounting Standard 2022”), etc. have been adopted from the beginning of the year ended March 31, 2025. The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022) (hereinafter referred to as “Revised Implementation Guidance 2022”). These changes in accounting policies have no impact on the consolidated financial statements.

For the amendment to changes in accounting treatment in the consolidated financial statements, when gains or losses on sale of shares in subsidiaries resulting from transactions between the consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the year ended March 31, 2025.

Due to retrospective application, deferred tax assets as of March 31, 2024 increased by ¥2,150 million. In addition, the cumulative effect is reflected in the balance of net assets of April 1, 2023, and, as a result, retained earnings increased by ¥2,150 million.

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

3. Accounting Standards Issued but Not Yet Effective

- Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024)

(1) Overview

As part of the efforts taken by the ASBJ to align Japanese accounting standards with international standards, discussions have been held regarding the development of accounting standards for leases that require the recognition of assets and liabilities for all lessee leases, taking international accounting standards into consideration.

The guiding principle is to base these standards on a single accounting model for lessees as outlined in IFRS 16; however, rather than adopting all the provisions of IFRS 16, the aim is to primarily incorporate the key provisions.

This approach seeks to create a lease accounting standard that is simple, convenient, and, in principle, does not require modifications when applying the provisions of IFRS 16 to stand-alone financial statements.

For the accounting treatment of lessees concerning lease expense allocation consistent with IFRS 16, a single accounting model is applied for all leases, regardless of whether they are finance leases or operating leases, whereby depreciation expenses related to the right-of-use assets and interest expense related to the lease liability are recognized.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard and related implementation guidance from the beginning of the year ending March 31, 2028.

(3) Impact of adoption

The Company is currently evaluating the effect of the adoption of the Accounting Standard for Leases and related implementation guidance on its consolidated financial statements.

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

4. Changes in Method of Presentation

(Consolidated balance sheet)

In the year ended March 31, 2025, the Group has included “Provision for customer point programs” in “Other current liabilities” under “Current liabilities” because the amount was immaterial. To reflect this change in method of presentation in the consolidated balance sheet as of March 31, 2024, the Group reclassified ¥143 million that was previously separately presented as “Provision for customer point programs” in “Other current liabilities” under “Current liabilities.”

(Consolidated statement of operations)

1. “Reversal of allowance for doubtful accounts” under “Non-operating income,” which was presented separately for the year ended March 31, 2024, has been included in “Other non-operating income” under “Non-operating income” in the year ended March 31, 2025 because the amount was immaterial. In order to reflect this change in method of presentation, “Reversal of allowance for doubtful accounts” in the amount of ¥998 million under “Non-operating income” in the consolidated statement of operations for the year ended March 31, 2024 has been reclassified to “Other non-operating income” of “Non-operating income.”
2. “Loss on impairment of property, plant and equipment,” which was previously included in “Other extraordinary losses” under “Extraordinary losses,” is separately presented in the year ended March 31, 2025 because of an increase in materiality. To reflect this change in method of presentation, in the consolidated statement of operations for the previous fiscal year, the Company has reclassified ¥(4,556) million that was presented and included in “Other extraordinary losses” as “Loss on impairment of property, plant and equipment” under “Extraordinary losses.”
3. “Loss on disasters,” which was previously included in “Other extraordinary losses” under “Extraordinary losses,” is separately presented in the year ended March 31, 2025 because of an increase in materiality. To reflect this change in method of presentation, in the consolidated statement of operations for the year ended March 31, 2024, the Company has reclassified ¥(2,785) million that was presented and included in “Other extraordinary losses” as “Loss on disasters” under “Extraordinary losses.”

(Consolidated statement of cash flows)

“Loss on impairment of property, plant and equipment,” which was previously included in “Other” under “Cash flows from operating activities,” is separately presented in the year ended March 31, 2025 because of an increase in materiality. To reflect this change in method of presentation, in the consolidated statement of cash flows for the year ended March 31, 2024, the Company has reclassified ¥(4,556) million that was presented and included in “Other” under “Cash flows from operating activities” as “Loss on impairment of property, plant and equipment” under “Cash flows from operating activities.”

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

5. Inventories

Inventories at March 31, 2025 and 2024 consisted of the following:

	<i>Millions of yen</i>	
	2025	2024
Merchandise and real estate for sale	¥ 36,783	¥ 32,875
Work in progress	115,082	103,725
Rails, materials and supplies	29,291	24,030
	¥ 181,157	¥ 160,631

6. Accumulated Depreciation

	<i>Millions of yen</i>	
	2025	2024
Accumulated depreciation	¥4,004,238	¥ 3,918,851

Accumulated deduction of contributions received for construction from acquisition costs of property, plant and equipment and deduction for the current period of substitute assets related to the railway business were as follows

	<i>Millions of yen</i>	
	2025	2024
Accumulated deduction of contributions received for construction from acquisition costs of property, plant and equipment	¥ 796,850	¥ 787,000
Deduction from the acquisition costs of property, plant and equipment to replace the properties expropriated	¥ 688	¥ 3,992

7. Investments in Unconsolidated Subsidiaries and Affiliates

Investments in unconsolidated subsidiaries and affiliates at March 31, 2025 and 2024 consisted of the following:

	<i>Millions of yen</i>	
	2025	2024
Investments in: Unconsolidated subsidiaries and affiliates	¥ 83,738	¥ 72,303

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

8. Pledged Assets

Assets pledged at March 31, 2025 and 2024 as collateral for indebtedness are summarized as follows:

	<i>Millions of yen</i>	
	2025	2024
Cash and deposits	¥ 245	¥ 246
Short-term investments	5	–
Buildings and structures, net	169	175
Land	128	128
Investments	288	346
Other assets	810	791
	¥ 1,648	¥ 1,688

The indebtedness secured by such collateral at March 31, 2025 and 2024 was as follows:

	<i>Millions of yen</i>	
	2025	2024
Notes and accounts payable-trade	¥ 19	¥ 53

9. Guarantee Obligations of Unconsolidated Subsidiaries

	<i>Millions of yen</i>		
	2025	2024	
Kansai Rapid Railway Co., Ltd.	¥ 52,405	¥ 52,405	Guarantees for borrowings from financial institutions
Osaka Soto-Kanjo Railway Co., Ltd.	¥ 10,329	¥ 11,702	Guarantees for borrowings from financial institutions
Unconsolidated subsidiaries	¥ 316	¥ 352	Guarantees for consignment sales of JR tickets
Customers using housing loans	¥ 6,884	¥ 5,643	Guarantees for housing loans
Other	¥ 9	¥ 1	
Total	¥ 69,944	¥ 70,104	

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

10. Commitment Line

In order to achieve more efficient financing, the Company has concluded line-of-credit agreements with certain financial institutions. The status of these lines of credit at March 31, 2025 and 2024 was as follows:

	<i>Millions of yen</i>	
	2025	2024
Lines of credit	¥ 130,000	¥ 130,000
Credit utilized	—	—
Available credit	¥ 130,000	¥ 130,000

11. Contingent Liabilities

The Company expects further expenditures to be incurred in subsequent years relating to the payment of compensation for a train accident on the Fukuchiyama Line, which occurred on April 25, 2005, as well as other related costs; however, it is unable to estimate the amounts of such expenditures on a reasonable basis at the present time.

12. Receivables from Contracts with Customers, Contract Assets, and Contract Liabilities

The balances of receivables from contracts with customers, contract assets, and contract liabilities as of March 31, 2025 and 2024 were as follows:

	<i>Millions of yen</i>	
	2025	2024
Receivables from contracts with customers:	¥ 128,345	¥ 130,108
Notes and accounts receivable - trade	38,830	44,839
Railway fares receivables	54,263	52,676
Accounts receivable-other	34,853	32,112
Other	397	480
	¥ 22,408	¥ 17,945
Contract assets:	18,434	13,312
Notes and accounts receivable - trade	3,950	4,614
Accounts receivable-other	22	18
Other	¥ 91,750	¥ 83,444
Contract liabilities:	35,316	33,886
Deposits received	40,824	38,339
Prepaid railways fares received	14,990	10,619
Advances received	619	598
Other		

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

13. Revenue from Contracts with Customers

Revenue from contracts with customers and other sources of revenue are not presented separately.

The amount of revenue from contracts with customers is disclosed in Note “28. Revenue Recognition.”

14. Provision of Allowance and Retirement Benefit Expenses

Provision of allowance and retirement benefit expenses at March 31, 2025 and 2024 consisted of the following:

	<i>Millions of yen</i>	
	2025	2024
Allowance for employees' bonuses	¥ 38,779	¥ 35,640
Allowance for the large-scale renovation of Shinkansen infrastructure	¥ 4,166	¥ 4,166
Retirement benefit expenses	¥ 14,097	¥ 14,045

15. Selling, General and Administrative Expenses

Selling, general and administrative expenses at March 31, 2025 and 2024 consisted of the following:

	<i>Millions of yen</i>	
	2025	2024
Personnel expenses	¥ 106,875	¥ 101,473
Sundry expenses	¥ 109,410	¥ 95,066
Taxes	¥ 8,455	¥ 7,847
Depreciation and amortization	¥ 13,280	¥ 11,311
Total	¥ 238,021	¥ 215,698

16. Research and Development Costs

Research and development costs are expensed in the year in which such costs are incurred. These amounted to ¥8,597 million and ¥7,628 million for the years ended March 31, 2025 and 2024, respectively.

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

17. Gain on Sales of Property, Plant and Equipment

Gain on sales of property, plant and equipment at March 31, 2025 and 2024 consisted of the following:

	<i>Millions of yen</i>	
	2025	2024
Land	¥ 3,340	¥ 3,591
Buildings	¥ 118	¥ 475
Total	¥ 3,459	¥ 4,066

18. Other Comprehensive Income

The following table presents reclassification adjustments, income taxes, and tax effects on components of other comprehensive income for the years ended March 31, 2025 and 2024.

	<i>Millions of yen</i>	
	2025	2024
Net unrealized holding gain on securities:		
Amount arising during the year	¥ 343	¥ 8,320
Reclassification adjustments	–	(5)
Before income taxes and tax effects adjustment	343	8,314
Income taxes and tax effect	(174)	(2,520)
Total	169	5,794
Net unrealized deferred gain on hedging instruments:		
Amount arising during the year	161	207
Before tax effect	161	207
Tax effect	(53)	(64)
Total	108	143
Retirement benefit liability adjustments:		
Amount arising during the year	33,961	982
Reclassification adjustments	(1,759)	(1,574)
Before income taxes and tax effects adjustment	32,202	(592)
Income taxes and tax effect	(9,933)	218
Total	22,269	(373)
Other comprehensive income of affiliates accounted for by the equity method attributable to owners of parent:		
Amount arising during the year	76	128
Reclassification adjustments	(14)	(19)
Total	62	109
Total other comprehensive income	¥ 22,608	¥ 5,673

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

19. Shareholders' Equity

(1) Common stock and treasury stock

Movements in common stock and treasury stock during the years ended March 31, 2025 and 2024 are summarized as follows:

Year ended March 31, 2025

	Number of shares			March 31, 2025
	April 1, 2024	Increase	Decrease	
Common stock	244,001,600	244,001,600	16,993,400	471,009,800
Treasury stock	291,853	17,286,418	17,049,230	529,041

(Summary of reasons for change)

The breakdown of increases and decreases in the number of issued shares is as follows:

Increase due to stock split: 244,001,600

Decrease due to cancellation of treasury stock: 16,993,400

(Summary of reasons for change)

The breakdown of increases and decreases in the number of common treasury stock shares is as follows:

Increase due to stock split: 291,853

Increase due to acquisition of treasury stock: 16,993,400

Increase due to purchase of less than one unit shares: 812

Increase due to acquisition free of charge following mid-term retirement of directors: 353

Decrease due to cancellation of treasury stock: 16,993,400

Decrease due to allocation to restricted stock compensation: 55,796

Decrease in treasury stock due to changes in ownership interest in equity method affiliates: 34

(Note) The Company implemented a 2-for-1 common stock split on April 1, 2024. The number of shares presented above is based on the number of shares before the stock split.

Year ended March 31, 2024

	Number of shares			March 31, 2024
	April 1, 2023	Increase	Decrease	
Common stock	244,001,600	–	–	244,001,600
Treasury stock	315,970	252	24,369	291,853

(Summary of reasons for change)

The breakdown of increases and decreases in the number of common treasury stock shares is as follows:

Increase due to purchase of less than one unit shares: 252

Decrease due to proceeds from less than one unit shares: 83

Decrease due to allocation to restricted stock compensation: 24,286

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

19. Shareholders' Equity (continued)

(2) *Share acquisition rights*

Not applicable.

(3) *Dividends*

Year ended March 31, 2025

Dividends paid

Resolution	Classes of shares	Total amount of dividends (Millions of yen)	Dividend paid per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 19, 2024 (Note)	Ordinary shares	20,604	84.5	March 31, 2024	June 20, 2024
Board of Directors meeting held on November 1, 2024	Ordinary shares	17,417	37.0	September 30, 2024	November 28, 2024

(Note) The Company implemented a 2-for-1 common stock split on April 1, 2024. The number of shares presented in Note "31. Amounts per Share" is based on the number of shares before the stock split.

Dividends whose record date falls in the year ended March 31, 2025 but whose effective date falls in the year ending March 31, 2026.

Resolution	Classes of shares	Total amount of dividends (Millions of yen)	Source of funds for dividends	Dividend paid per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders to be held on June 18, 2025	Ordinary shares	22,360	Retained earnings	47.5	March 31, 2025	June 19, 2025

Year ended March 31, 2024

Dividends paid

Resolution	Classes of shares	Total amount of dividends (Millions of yen)	Dividend paid per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 23, 2023	Ordinary shares	18,286	75.0	March 31, 2023	June 26, 2023
Board of Directors meeting held on October 31, 2023	Ordinary shares	14,020	57.5	September 30, 2023	December 4, 2023

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

19. Shareholders' Equity (continued)

(3) Dividends (continued)

Dividends whose record date falls in the year ended March 31, 2024 but whose effective date falls in the year ended March 31, 2025.

Resolution	Classes of shares	Total amount of dividends (Millions of yen)	Source of funds for dividends	Dividend paid per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders to be held on June 19, 2024	Ordinary shares	20,604	Retained earnings	84.5	March 31, 2024	June 20, 2024

(Note) The Company implemented a 2-for-1 common stock split on April 1, 2024. The number of shares presented in Note "31. Amounts per Share" is based on the number of shares before the stock split.

20. Cash and Cash Equivalents

The balances of cash and deposits reflected in the accompanying consolidated balance sheets at March 31, 2025 and 2024 are reconciled to the balances of cash and cash equivalents as presented in the accompanying consolidated statements of cash flows for the years then ended as follows:

	<i>Millions of yen</i>	
	2025	2024
Cash and deposits	¥ 125,617	¥ 233,465
Time deposits with original maturities in excess of three months included in cash and deposits	(245)	(246)
Cash and cash equivalents	¥ 125,371	¥ 233,218

21. Leases

Minimum lease payments of noncancelable operating leases are as follows:

	<i>Millions of yen</i>	
	2025	2024
Within one year	¥ 2,645	¥ 2,729
More than one year	32,522	34,499
Total	¥ 35,167	¥ 37,228

Minimum lease receipts of noncancelable operating leases are as follows:

	<i>Millions of yen</i>	
	2025	2024
Within one year	¥ 2,223	¥ 2,084
More than one year	32,179	29,754
Total	¥ 34,403	¥ 31,839

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

22. Financial Instruments

Overview

(1) Policy for financial instruments

The Group raises funds mainly through bonds and bank borrowings mainly for the purpose of settlement of existing payables and capital investment which cannot be fully funded by free cash flows. The Group manages temporary cash surpluses through low-risk financial assets. Further, the Group raises short-term working capital mainly through short-term bonds. The Group uses derivatives for the purpose of reducing risk and does not enter into derivatives for speculative or trading purposes.

(2) Types of financial instruments and related risk

Trade receivables – trade notes and accounts receivable – are exposed to credit risk in relation to customers. Short-term investments and investments in securities are exposed to market price volatility risk. Those securities are mainly composed of the shares of common stock of other companies with which the Group has business relationships.

Substantially all trade payables – trade notes and accounts payable and deposits and advances received – have payment due dates within one year. The Group is also exposed to foreign currency exchange risk arising from trade payables denominated in foreign currencies. However, regarding trade payables denominated in foreign currencies arising from organized foreign tours, forward foreign exchange contracts are principally arranged to reduce the risk. Bonds and bank borrowings are taken out principally for the purpose of settlement of existing payables and capital investments. The redemption dates of such long-term debt extend up to 46 years from March 31, 2025. Certain borrowings have variable interest rates and are exposed to interest rate fluctuation risk. Long-term payables are mainly derived from the purchase of Sanyo Shinkansen's facilities. These payables are settled by installments once every six months. The repayment dates of these payables extend up to 26 years from March 31, 2025.

Regarding derivatives, the Group enters into currency swap and interest-rate swap contracts to reduce the risk arising from the fluctuation in exchange rates and interest rates on financial liabilities and forward foreign exchange contracts to reduce the foreign currency exchange risk arising from trade payables denominated in foreign currencies.

Information regarding the method of hedge accounting is described in Note “1. Basis of Presentation of Consolidated Financial Statements and Summary of Significant Accounting Policies,” “(3) Derivative financial instruments.”

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

22. Financial Instruments (continued)

Overview (continued)

(3) Risk management for financial instruments

(a) Monitoring of credit risk (the risk that customers or counterparties may default)

In accordance with the internal policies of the Company for managing credit risk arising from trade receivables, the Company monitors due dates and outstanding balances by individual customer. The Company is also making efforts to identify at an early stage and mitigate risks arising from bad debts from customers who are having financial difficulties. The consolidated subsidiaries also monitor the risk as same manners as the Company in accordance with their internal policies.

The Group enters into derivative transactions only with financial institutions which have a sound credit profile to mitigate counterparty risk. At the balance sheet date, the carrying values of the financial assets in the consolidated balance sheets represent the maximum credit risk exposures of the Group.

(b) Monitoring of market risks (the risks arising from fluctuations in foreign currency exchange rates, interest rates and others)

The Company utilizes interest-rate swap contracts and forward foreign exchange contracts to reduce the risk arising from the fluctuation in exchange rates and interest rates on financial liabilities. The finance division of the Company executes and monitors them in accordance with internal policy.

For trade payables denominated in foreign currencies, certain consolidated subsidiaries identify the foreign currency exchange risk by currency and month and enter into principally forward foreign exchange contracts to hedge such risk. For trade payables denominated in foreign currencies arising from forecasted transactions to occur within six months regarding organized foreign tours, forward foreign exchange contracts are principally arranged considering the actual results in the past and the circumstances of the tour reservations. The basic policy is approved at a meeting once a half year in accordance with internal policy. In accordance with the approval, finance division enters into such transactions and reconciles outstanding balances with those of the counterparties. The control division of the Company monitors these risks based on the application from each operating division of each branch of certain consolidated subsidiaries. In addition, these risks are also periodically monitored by the internal audit division of the Company.

For short-term investments and investments in securities, the Group periodically reviews the fair values of such financial instruments and the financial position of the issuers. In addition, the Group continuously evaluates whether securities other than those classified as held-to-maturity debt securities should be maintained taking into account their fair values and relationships with the issuers.

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

22. Financial Instruments (continued)

Overview (continued)

(3) Risk management for financial instruments (continued)

- (c) Monitoring of liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates)

Based on reports from each division of the Company, subsidiaries and affiliates, the Company prepares and updates their cash flow plans on a timely basis to manage liquidity risk. In addition, the Company has kept the liquidity level stable to a certain extent by entering into commitment line contracts to enable the Company to raise funds in accordance with the policies determined in advance.

(4) Supplementary explanation of the estimated fair value of financial instruments

Since a number of variable factors are reflected in estimating the fair value, different inputs could result in different fair values.

Estimated Fair Value of Financial Instruments

The carrying value of financial instruments on the consolidated balance sheets as of March 31, 2025 and 2024 and estimated fair value are shown in the following table.

	<i>Millions of yen</i>		
	2025		
	Carrying value	Estimated fair value	Difference
Assets:			
Notes and accounts receivable-trade	¥ 58,412	¥ 58,412	¥ –
Railway fares receivable	54,263	54,263	–
Accounts receivable-other	111,712	111,712	–
Short-term investments and investments			
(*2) (*3):			
Investments in affiliates	4,991	5,807	815
Other securities	38,769	38,769	–
Liabilities:			
Notes and accounts payable-trade	(65,982)	(65,982)	–
Short-term loans	(17,543)	(17,543)	–
Accounts payable-other	(169,562)	(169,562)	–
Income taxes payable	(15,106)	(15,106)	–
Inter-line fares received	(6,603)	(6,603)	–
Deposits received	(126,900)	(126,900)	–
Bonds payable (including current portion)	(845,496)	(684,290)	161,205
Long-term loans (including current portion)	(580,255)	(558,137)	22,117
Long-term payables (including current portion)	(96,108)	(151,233)	(55,124)
Derivative transactions:			
Hedge accounting is applied	¥ 349	¥ 349	¥ –

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

22. Financial Instruments (continued)

Estimated Fair Value of Financial Instruments (continued)

	<i>Millions of yen</i>		
	2024		
	Carrying value	Estimated fair value	Difference
Assets:			
Notes and accounts receivable-trade	¥ 58,437	¥ 58,437	¥ –
Railway fares receivable	52,676	52,676	–
Accounts receivable-other	114,129	114,129	–
Short-term investments and investments (*2) (*3):			
Investments in affiliates	4,788	5,367	579
Other securities	38,062	38,062	–
Liabilities:			
Notes and accounts payable-trade	(59,894)	(59,894)	–
Short-term loans	(19,298)	(19,298)	–
Accounts payable-other	(163,458)	(163,458)	–
Accrued income tax	(13,422)	(13,422)	–
Inter-line fares received	(4,147)	(4,147)	–
Deposits received	(131,092)	(131,092)	–
Bonds payable (including current portion)	(859,994)	(761,495)	98,498
Long-term loans (including current portion)	(596,985)	(590,101)	6,883
Long-term payables (including current portion)	(97,436)	(169,545)	(72,108)
Derivative transactions:			
Hedge accounting is applied	¥ 188	¥ 188	¥ –

Notes:

(*1) Cash and deposits are omitted in the above tables of “Estimated Fair Value of Financial Instruments” as fair value of cash is the same as the carrying value, and deposits are settled within a short term and their fair value approximates the carrying value.

(*2) Stocks without a quoted market price as of March 31, 2025 and 2024 are summarized as follows:

	<i>Millions of yen</i>	
	2025	2024
Investments		
Unlisted stocks	¥ 81,739	¥ 70,418

The above financial instruments are not included as amounts presented in the above table of “Estimated Fair Value of Financial Instruments” in this note.

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

22. Financial Instruments (continued)

Estimated Fair Value of Financial Instruments (continued)

(*3) Investments in limited liability partnership and others, which are accounted for based on the equity interest held by the Company, are in accordance with Paragraph 24-16 of the “Guidance on Accounting Standard for Measurement of Fair Value” (ASBJ Guidance No. 31, June 17, 2021) and the information required by Paragraph 4 (1) of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No.19, March 31, 2020) was not disclosed. The carrying value of these investments in the consolidated balance sheet as of March 31, 2025 and 2024 amounted to ¥13,349 million and ¥14,661 million, respectively.

(*4) Assets and liabilities arising from derivative transactions are shown at net value with the amount in parentheses representing net liability position.

(*5) Figures shown in parentheses are liability items.

Redemption Schedules of Financial Instruments

Note 1. Redemption schedule for monetary claims and investments in securities with maturities at March 31.

	<i>Millions of yen</i>		
	2025		
	Due in one year or less	Due after one year through five years	Due after five years through ten years
Cash and deposits	¥ 112,554	¥ –	¥ –
Notes and accounts receivable-trade	58,412	–	–
Railway fares receivable	54,263	–	–
Accounts receivable-other	111,693	19	–
Short-term investments and investments:			
Other securities with maturities (national government bonds)	5	–	–
Other securities with maturities (corporate bonds)	–	–	30
Total	¥ 336,929	¥ 19	¥ 30

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

22. Financial Instruments (continued)

Redemption Schedules of Financial Instruments (continued)

	<i>Millions of yen</i>		
	2024		
	Due in one year or less	Due after one year through five years	Due after five years through ten years
Cash and deposits	¥ 219,055	¥ –	¥ –
Notes and accounts receivable-trade	58,437	–	–
Railway fares receivable	52,676	–	–
Accounts receivable-other	114,115	14	–
Short-term investments and investments: Other securities with maturities (national government bonds)	–	5	–
Other securities with maturities (corporate bonds)	–	–	30
Total	¥ 444,283	¥ 19	¥ 30

Note 2. Redemption schedule for bonds, long-term borrowings, and other interest-bearing debt subsequent to March 31.

	<i>Millions of yen</i>					
	2025					
	Within 1 year	Over 1 year Within 2 years	Over 2 years Within 3 years	Over 3 years Within 4 years	Over 4 years Within 5 years	Over 5 years
Short-term loans	¥ 17,543	¥ –	¥ –	¥ –	¥ –	¥ –
Bonds payable	55,500	80,000	70,000	30,000	25,000	585,000
Long-term loans	81,880	43,903	56,183	73,759	111,132	213,396
Long-term payables	1,416	1,510	1,611	1,718	1,832	88,019
Lease obligations	2,188	2,164	2,193	2,220	2,239	20,120
Total	¥158,528	¥127,578	¥129,987	¥107,698	¥140,204	¥906,536

	<i>Millions of yen</i>					
	2024					
	Within 1 year	Over 1 year Within 2 years	Over 2 years Within 3 years	Over 3 years Within 4 years	Over 4 years Within 5 years	Over 5 years
Short-term loans	¥ 19,298	¥ –	¥ –	¥ –	¥ –	¥ –
Bonds payable	60,000	55,000	80,000	45,000	30,000	590,000
Long-term loans	77,130	81,880	47,603	56,283	73,759	260,328
Long-term payables	1,327	1,416	1,510	1,611	1,718	89,852
Lease obligations	2,093	2,078	2,062	2,091	2,120	21,343
Total	¥159,850	¥140,374	¥131,176	¥104,986	¥107,598	¥961,524

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

22. Financial Instruments (continued)

Breakdown of Fair Value of Financial Instruments by Level

Financial instruments are classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1: Fair value calculated based on adjusted or unadjusted quoted prices in active market for the same asset or liability

Level 2: Fair value calculated based on directly or indirectly observable inputs other than level 1 inputs

Level 3: Fair value determined based on significant unobservable inputs

When multiple inputs that significantly affect the fair value measurement are used, the fair value is classified into the lowest level among those to which the inputs are assigned.

Financial assets and liabilities measured at fair value by level as of March 31, 2025 and 2024 are as follows:

	<i>Millions of yen</i>			
	2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Short-term investments and investments:				
Other securities	¥38,102	¥ 667	¥ –	¥38,769
Derivative transactions:				
Hedge accounting is applied	–	349	–	349
Total	¥38,102	¥ 1,017	¥ –	¥39,119
	<i>Millions of yen</i>			
	2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Short-term investments and investments:				
Other securities	¥37,520	¥541	¥ –	¥38,062
Derivative transactions:				
Hedge accounting is applied	–	188	–	188
Total	¥37,520	¥ 730	¥ –	¥38,250

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

22. Financial Instruments (continued)

Breakdown of Fair Value of Financial Instruments by Level (continued)

Financial assets and liabilities other than those measured at fair value by level as of March 31, 2025 and 2024 are as follows:

	<i>Millions of yen</i>			
	2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Notes and accounts receivable-trade	¥ –	¥ 58,412	¥ –	¥ 58,412
Railway fares receivable	–	54,263	–	54,263
Accounts receivable-other	–	111,712	–	111,712
Short-term investments and investments:	–	–	–	–
Investments in affiliates	5,807	–	–	5,807
Total	¥ 5,807	¥ 224,389	¥ –	¥ 230,196
Liabilities:				
Notes and accounts payable-trade	¥ –	¥ 65,982	¥ –	¥ 65,982
Short-term loans	–	17,543	–	17,543
Accounts payable-other	–	169,562	–	169,562
Income taxes payable	–	15,106	–	15,106
Inter-line fares received	–	6,603	–	6,603
Deposits received	–	126,900	–	126,900
Bonds payable (including current portion)	684,290	–	–	684,290
Long-term loans (including current portion)	–	558,137	–	558,137
Long-term payables (including current portion)	–	151,233	–	151,233
Total	¥ 684,290	¥ 1,111,069	¥ –	¥ 1,795,359

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

22. Financial Instruments (continued)

Breakdown of Fair Value of Financial Instruments by Level (continued)

	<i>Millions of yen</i>			
	2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Notes and accounts receivable-trade	¥ –	¥ 58,437	¥ –	¥ 58,437
Railway fares receivable	–	52,676	–	52,676
Accounts receivable-other	–	114,129	–	114,129
Short-term investments and investments:	–	–	–	–
Investments in affiliates	5,367	–	–	5,367
Total	¥ 5,367	¥ 225,243	¥ –	¥ 230,610
Liabilities:				
Notes and accounts payable-trade	¥ –	¥ 59,894	¥ –	¥ 59,894
Short-term loans	–	19,298	–	19,298
Accounts payable-other	–	163,458	–	163,458
Income taxes payable	–	13,422	–	13,422
Inter-line fares received	–	4,147	–	4,147
Deposits received	–	131,092	–	131,092
Bonds payable (including current portion)	761,495	–	–	761,495
Long-term loans (including current portion)	–	590,101	–	590,101
Long-term payables (including current portion)	–	169,545	–	169,545
Total	¥ 761,495	¥ 1,150,961	¥ –	¥ 1,912,456

Description of valuation techniques used and valuation inputs related to the calculation of fair value is as follows:

Notes and accounts receivable-trade, railway fares receivable and accounts receivable-other

Since these items are settled in a short term and their fair value approximates carrying value, their fair value is determined with carrying value, and is classified as Level 2.

Short-term investments and investments

Listed securities are valued based on quoted prices. Since listed securities are traded on active markets, the fair value of listed securities is classified as Level 1.

Corporate bonds are classified based on the discount present value method using future cash flows and a discount rate that includes a yield on government bonds plus an appropriate credit spread, and are classified as Level 2.

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

22. Financial Instruments (continued)

Breakdown of Fair Value of Financial Instruments by Level (continued)

Private investments are valued based on the net asset value as the fair value and classified as Level 2 since such investments have no market price and there are no significant restrictions on cancellation or repurchase to such an extent that market participants would require compensation for the risk.

Notes and accounts payable, short-term loans, accounts payable-other, income taxes payable, inter-line fares received and deposits received

Since these items are settled in a short term and their fair value approximates carrying value, their fair value is determined with carrying value, and is classified as Level 2.

Bonds payable (including current portion)

The fair value of bonds issued by the Company is determined based on the quoted market price. Since bonds issued by the Company are traded on active markets, the fair value of bonds is classified as Level 1.

Long-term loans (including current portion)

The fair value of long-term loans is calculated by the discounted present value method, using future cash flows divided by maturity periods and discounted at interest rates that reflect the remaining term to maturity and the borrower's credit risk. The fair value is classified as Level 2.

For certain loans subject to interest rate swap agreements, fair value is determined by discounting the total amount of principal and interest, combined with the related interest rate swaps, at the interest rate assumed to be applied if similar new loans were undertaken.

Long-term payables (including current portion)

The fair value of long-term payables is calculated based on the present value of the total principal and interest, discounted at the interest rate assumed to be applied in the issuance of similar corporate bonds. As these payables are statutory obligations and are difficult to replace through similar means, they are classified as Level 2.

Derivative transactions

The fair value of derivative transactions is determined based on prices quoted by financial institutions.

However, derivative transactions such as exchange forward contracts subject to allocation treatment and interest rate swaps subject to special hedge accounting are treated as part of the underlying long-term loans or other hedged items. The fair value of these derivative transactions is included in the fair value of the respective long-term loans, and is classified as Level 2.

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

23. Short-Term Investments and Investments

The accounting standard for financial instruments requires that, except for investments in unconsolidated subsidiaries and affiliates, securities be classified as follows: trading, held-to-maturity, or other securities. The Group did not have any investments classified as trading or held-to-maturity securities at March 31, 2025 and 2024. The standard further requires that marketable securities classified as other securities are stated at fair value, with any unrealized holding gain or loss reported as a separate component of net assets, net of deferred income taxes.

Marketable securities classified as other securities at March 31, 2025 and 2024 are summarized as follows:

	<i>Millions of yen</i>					
	2025			2024		
	Carrying value	Acquisition costs	Difference	Carrying value	Acquisition costs	Difference
Securities whose carrying value exceeds their acquisition costs:						
Equity securities	¥27,004	¥14,377	¥12,626	¥ 17,932	¥ 7,225	¥10,706
Debt securities:						
National government bonds	–	–	–	5	5	0
Corporate bonds	38	33	5	41	33	8
Other	628	604	23	–	–	–
Subtotal	27,671	15,015	12,656	17,979	7,264	10,715
Securities whose carrying value does not exceed their acquisition costs:						
Equity securities	11,092	14,066	(2,973)	19,582	21,216	(1,634)
Debt securities:						
National government bonds	5	5	(0)	–	–	–
Other	–	–	–	500	500	–
Subtotal	11,098	14,071	(2,973)	20,082	21,716	(1,634)
Total	¥ 38,769	¥ 29,087	¥9,682	¥ 38,062	¥ 28,981	¥ 9,081

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

24. Derivative Transactions

There were no derivative transactions not qualifying for hedge accounting at March 31, 2025 and 2024.

The notional amounts and the estimated fair value of the derivative instruments outstanding qualifying for hedge accounting at March 31, 2025 and 2024 were as follows:

Currency-related transactions

			<i>Millions of yen</i>		
			2025		
Method of hedge accounting	Description of hedging instruments	Hedged items	Notional amount	Notional amount (Over 1 year)	Estimated fair value
Deferral hedge accounting	Forward foreign exchange contracts				
	Buy:				
	Euro	Accounts payable-other	¥ 8,501	¥ 5,548	¥ 271 (*1)
	U.S. dollars	(Forecasted transaction)	874	124	57 (*1)
	Other		1,737	355	21 (*1)
	Sell:				
	Euro	Accounts receivable	-	-	- (*1)
	Other	(Forecasted transaction)	-	-	- (*1)
			¥ 11,112	¥ 6,028	¥ 349
			¥ 11,112	¥ 6,028	¥ 349
			<i>Millions of yen</i>		
			2024		
Method of hedge accounting	Description of hedging instruments	Hedged items	Notional amount	Notional amount (Over 1 year)	Estimated fair value
Deferral hedge accounting	Forward foreign exchange contracts				
	Buy:				
	Euro	Accounts payable-other	¥ 3,752	¥ 2,546	¥ 198 (*1)
	U.S. dollars	(Forecasted transaction)	443	-	(5) (*1)
	Other		476	-	4 (*1)
	Sell:				
	Euro	Accounts receivable	41	-	(2) (*1)
	Other	(Forecasted transaction)	60	-	(5) (*1)
			¥ 4,774	¥ 2,546	¥ 188
			¥ 4,774	¥ 2,546	¥ 188

(*1) The fair value is primarily based on the prices provided by financial institutions.

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

24. Derivative Transactions (continued)

Interest-rate related transactions

			<i>Millions of yen</i>		
			2025		
Method of hedge accounting	Description of transaction	Hedged items	Notional amount	Notional amount (Over 1 year)	Estimated fair value
Special treatment of interest-rate swap contracts	Interest-rate swaps Pay fixed / Receive floating	Long-term loans	¥ 48,100	¥ 43,100	(*2)

			<i>Millions of yen</i>		
			2024		
Method of hedge accounting	Description of transaction	Hedged items	Notional amount	Notional amount (Over 1 year)	Estimated fair value
Special treatment of interest-rate swap contracts	Interest-rate swaps Pay fixed / Receive floating	Long-term loans	¥ 48,100	¥ 48,100	(*2)

(*2) Because foreign exchange forward contracts are accounted for as if the exchange rates applied to the foreign exchange forward contracts had originally applied to the hedged items, their fair values were included in the hedged items.

25. Retirement Benefit Plans

The Company and its consolidated subsidiaries have lump-sum severance and retirement benefit plans. Certain consolidated subsidiaries have a small-and-medium-sized enterprise mutual aid plan (a defined contribution retirement plan) and/or a defined contribution pension plan. In certain cases, special retirement benefits may be paid to employees.

Certain consolidated subsidiaries have calculated their retirement benefit obligation and retirement benefit expenses by the Simplified Method.

The changes in the retirement benefit obligations, except those for which the Simplified Method was applied, during the years ended March 31, 2025 and 2024 were as follows:

	<i>Millions of yen</i>	
	2025	2024
Retirement benefit obligations at beginning of year	¥ 226,220	¥ 236,596
Service cost	13,927	13,688
Interest cost	1,687	1,743
Actuarial loss (gain)	(34,733)	658
Retirement benefits paid	(23,723)	(26,466)
Prior service cost	144	-
Other	15	-
Retirement benefit obligations at end of year	¥ 183,538	¥ 226,220

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

25. Retirement Benefit Plans (continued)

The changes in plan assets, except those for which the Simplified Method was applied during the years ended March 31, 2025 and 2024 were as follows:

	<i>Millions of yen</i>	
	2025	2024
Plan assets at beginning of year	¥ 26,616	¥ 23,771
Expected return on plan assets	461	389
Actuarial gain (loss)	(627)	1,640
Contributions paid	1,696	1,706
Retirement benefits paid	(1,216)	(891)
Plan assets at end of year	¥ 26,931	¥ 26,616

The changes in liability for retirement benefits for which the Simplified Method was applied during the years ended March 31, 2025 and 2024 were as follows:

	<i>Millions of yen</i>	
	2025	2024
Liability for retirement benefits at beginning of year	¥ 7,479	¥ 7,319
Retirement benefit expenses	1,065	927
Retirement benefits paid	(684)	(746)
Contributions paid	(21)	(21)
Reclassification of liability for retirement benefits resulting from change from the Simplified Method	-	-
Change in scope of consolidation	(37)	-
Liability for retirement benefits at end of year	¥ 7,800	¥ 7,479

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2025 and 2024 for the Company's and its consolidated subsidiaries' defined benefit pension plans, including those for which the Simplified Method was applied:

	<i>Millions of yen</i>	
	2025	2024
Funded retirement benefit obligations	¥ 25,500	¥ 27,805
Plan assets at fair value	(27,212)	(26,878)
	(1,711)	927
Unfunded retirement benefit obligations	166,119	206,156
Net liability for retirement benefits in the consolidated balance sheet	¥ 164,407	¥ 207,083
Liability for retirement benefits	¥ 170,623	¥ 211,647
Asset for retirement benefits	(6,216)	(4,564)
Net liability for retirement benefits in the consolidated balance sheet	¥ 164,407	¥ 207,083

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

25. Retirement Benefit Plans (continued)

The components of retirement benefit expenses for the years ended March 31, 2025 and 2024 were as follows:

	<i>Millions of yen</i>	
	2025	2024
Service cost	¥ 13,927	¥ 13,688
Interest cost	1,687	1,743
Expected return on plan assets	(461)	(389)
Amortization of unrecognized actuarial gain	(1,641)	(1,440)
Amortization of prior service cost	(117)	(134)
Retirement benefit expenses calculated by the Simplified Method	1,065	927
Other	6	(9)
Retirement benefit expenses under defined benefit pension plans	¥ 14,465	¥ 14,385

The components of retirement benefit liability adjustments included in other comprehensive income (before tax effects) for the years ended March 31, 2025 and 2024 were as follows:

	<i>Millions of yen</i>	
	2025	2024
Prior service cost	¥ (261)	¥ (134)
Actuarial loss	32,464	(457)
	¥ 32,202	¥ (592)

The components of retirement benefit liability adjustments included in accumulated other comprehensive income (before tax effects) as of March 31, 2025 and 2024 were as follows:

	<i>Millions of yen</i>	
	2025	2024
Unrecognized prior service cost	¥ (217)	¥ 44
Unrecognized actuarial loss	30,082	(2,381)
	¥ 29,865	¥ (2,336)

The fair value of plan assets, by major category, as percentages of total plan assets as of March 31, 2025 and 2024 were as follows:

	2025	2024
Debt securities	43%	40%
Equity securities	21%	27%
Other	36%	33%
Total	100%	100%

The expected long-term rate of return on plan assets has been determined considering the anticipated allocation to each asset class at present and in the future, and the expected long-term rate of return on assets held in each category at present and in the future.

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

25. Retirement Benefit Plans (continued)

The assumptions used in accounting for the above retirement benefit plans for the years ended March 31, 2025 and 2024 were principally as follows:

	2025	2024
Discount rate	2.3%	0.8%
Expected rate of return on plan assets	2.0%	2.0%

Total contributions required to be paid by certain consolidated subsidiaries to the defined contribution pension plans for the years ended March 31, 2025 and 2024 amounted to ¥445 million and ¥1,104 million, respectively.

26. Income Taxes

The significant components of deferred tax assets and liabilities of the Group at March 31, 2025 and 2024 are summarized as follows:

	<i>Millions of yen</i>	
	2025	2024
Deferred tax assets:		
Provision for employees' bonuses	¥ 12,561	¥ 11,909
Accrued enterprise taxes included in income taxes payable	1,829	1,735
Liability for retirement benefits	53,236	64,872
Unrealized gain on property, plant and equipment	15,570	15,167
Tax loss carryforwards	67,202	104,039
Other	82,555	74,544
Total gross deferred tax assets	232,955	272,269
Valuation allowance related to tax loss carryforwards	(15,661)	(16,952)
Valuation allowance related to total future deductible temporary differences	(25,513)	(25,330)
Total valuation allowance (*)	(41,175)	(42,282)
Total deferred tax assets	191,780	229,987
Deferred tax liabilities:		
Unrealized holding gain on securities	(3,231)	(3,001)
Contributions received for construction deducted from acquisition costs of property, plant and equipment	(11,965)	(11,558)
Gain on valuation of assets of consolidated subsidiaries	(1,158)	(1,168)
Other	(6,914)	(6,753)
Total deferred tax liabilities	(23,270)	(22,482)
Deferred tax assets, net	¥ 168,510	¥ 207,505

(*) Total valuation allowance decreased by ¥1,107 million mainly due to the decrease of valuation allowance related to tax loss carryforwards.

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Notes to Consolidated Financial Statements (continued)

26. Income Taxes (continued)

The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022) and other related accounting standards were applied from the beginning of the year ended March 31, 2025, and the figures for the year ended March 31, 2024 are presented after retroactive application of said accounting standards.

A breakdown of tax loss carryforwards and valuation allowance by expiry date as of March 31, 2025 and 2024 is as follows:

Year ending March 31,	<i>Millions of yen</i>		
	2025		
	Tax loss carryforwards	Valuation allowance	Deferred tax assets
2026	¥ 251	¥ (9)	¥ 241
2027	369	(185)	184
2028	–	–	–
2029	23	(23)	–
2030	1,205	(693)	511
2031 and thereafter	65,353	(14,750)	50,602
	¥ 67,202	¥ (15,661)	¥ 51,541

Year ending March 31,	<i>Millions of yen</i>		
	2024		
	Tax loss carryforwards	Valuation allowance	Deferred tax assets
2025	¥ 197	¥ –	¥ 197
2026	546	(434)	111
2027	362	(362)	–
2028	–	–	–
2029	22	(22)	–
2030 and thereafter	102,910	(16,132)	86,778
	¥ 104,039	¥ (16,952)	¥ 87,087

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

26. Income Taxes (continued)

Deferred tax assets on tax loss carryforwards in the above were measured applying the statutory tax rate and determined to be recoverable based on estimated future taxable income.

The aggregate statutory tax rate applicable to the Company and its consolidated subsidiaries was 30.62% for the years ended March 31, 2025 and 2024.

A reconciliation of the statutory tax rate and effective tax rate for the year ended March 31, 2025 and 2024 as a percentage of profit before income taxes is as follows:

	<u>2025</u>	<u>2024</u>
Statutory tax rate	30.62%	30.62%
Effect of:		
Adjustment of end-of-period deferred tax assets due to changes in tax rates	(1.65)	-
Change in valuation allowance	(1.46)	(2.69)
Special credit of corporation tax	(0.56)	(0.50)
Permanent non-deductible expenses	0.46	0.95
Other	0.48	(0.28)
Effective tax rate	<u>27.89%</u>	<u>28.10%</u>

Adjustment of deferred tax assets and deferred tax liabilities due to changes in corporate tax rates on March 31, 2025, the “Act to Partially Amend the Income Tax Act, etc.” (Act No. 13 of 2025) was enacted, and a new additional tax, the “Special Defense Surtax,” will be imposed from fiscal years beginning on or after April 1, 2026.

Therefore, for temporary differences etc. expected to be resolved in fiscal years beginning on or after April 1, 2026, the statutory effective tax rate for calculating deferred tax assets and deferred tax liabilities has been changed mainly from 30.62% to 31.52%.

As a result, deferred tax assets after offsetting have increased by ¥2,417 million, and corporate tax adjustments (debit) have decreased by ¥2,768 million as of and for the year ended March 31, 2025.

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Notes to Consolidated Financial Statements (continued)

27. Investment and Rental Properties

The Company and certain consolidated subsidiaries own office buildings for lease, commercial facilities including lands and rental housing, mainly in Osaka Prefecture and other areas.

Rental income, net of related expenses relevant to these real estate properties amounted to ¥45,837 million and ¥45,271 million for the years ended March 31, 2025 and 2024, respectively. The rental income is recorded under operating revenues or other income, and the rental expenses are recorded under operating expenses or other expenses in the consolidated statements of operations.

The carrying value in the consolidated balance sheets and corresponding fair value of those properties as of March 31, 2025 and 2024 were as follows:

<i>Millions of yen</i>			
2025			
Carrying value		Fair value	
As of April 1, 2024	Net change	As of March 31, 2025	As of March 31, 2025
¥ 455,651	¥38,361	¥ 494,013	¥ 990,938

<i>Millions of yen</i>			
2024			
Carrying value		Fair value	
As of April 1, 2023	Net change	As of March 31, 2024	As of March 31, 2024
¥ 380,243	¥75,408	¥ 455,651	¥ 921,838

(Notes)

1. The carrying amount recorded on the consolidated balance sheets was calculated by deducting accumulated depreciation and amortization and accumulated impairment losses from acquisition costs.
2. The main increases and decreases in the consolidated balance sheet during the year ended March 31, 2024 included an increase due to real estate acquisition (¥93,014 million) and a decrease due to depreciation (¥17,406 million). In addition, the main increases and decreases in the consolidated balance sheet during the year ended March 31, 2025 included an increase due to real estate acquisition (¥59,997 million) and a decrease due to depreciation (¥18,488 million).
3. Market value at the year ended March 31, 2025 for major properties is calculated based on Japan's Real Estate Appraisal Standards. For other properties, the market value at the year ended March 31, 2025 is the appraised value or the amount recorded on the consolidated balance sheet because a certain appraised value is considered to appropriately reflect the market price.

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Notes to Consolidated Financial Statements (continued)

28. Revenue Recognition

Information on disaggregation of revenue from contracts with customers for the years ended March 31, 2025 and 2024 is as follows:

		<i>Millions of yen</i>							
		2025							
		Mobility							
		Passenger transportation			Sales of		Travel and		
		Commuter	Non-		goods and	Real estate	regional		
		passes	Commuter	Other	food		solutions	Other	
		passes	passes	Other	services	Real estate	solutions	Other	
		Total							
Revenue from contracts with customers:		¥ 141,716	¥ 751,415	¥ 146,475	¥ 199,736	¥ 123,189	¥ 188,778	¥ 31,357	¥ 1,582,668
Revenue from other sources		–	–	7,187	8,535	109,497	–	55	125,275
Operating revenues from external customers		<u>¥ 141,716</u>	<u>¥ 751,415</u>	<u>¥ 153,662</u>	<u>¥ 208,271</u>	<u>¥ 232,686</u>	<u>¥ 188,778</u>	<u>¥ 31,413</u>	<u>¥ 1,707,944</u>
		<i>Millions of yen</i>							
		2024							
		Mobility							
		Passenger transportation			Sales of		Travel and		
		Commuter	Non-		goods and	Real estate	regional		
		passes	Commuter	Other	services		solutions	Other	
		passes	passes	Other	services	Real estate	solutions	Other	
		Total							

(Notes)

1. The “Other Businesses” category is a business segment not included in reportable segments. It includes such operations as advertising.
2. “Revenue from other sources” is revenue that is not subject to the application of accounting standard for revenue recognition and includes real estate lease revenue and lease revenue.

Underlying information for understanding revenue from contracts with customers as stated in Note 1. “Basis of Presentation of Consolidated Financial Statements and Summary of Significant Accounting Policies” “(17) Revenue recognition.”

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Notes to Consolidated Financial Statements (continued)

28. Revenue Recognition (continued)

Information on the relationship between satisfaction of performance obligations based on contracts with customers and cash flows arising from such contracts, and the amounts and timing of revenue expected to be recognized in the following year from contracts with customers existing at the end of the years ended March 31, 2025 and 2024 is as follows:

Balances of contract assets and contract liabilities

	<i>Millions of yen</i>	
	March 31, 2025	April 1, 2024
Accounts receivable arising from contracts with customers	¥ 128,345	¥ 130,108
Contract assets	22,408	17,945
Contract liabilities	91,750	83,444

Contract assets are mainly related to the rights of consolidated subsidiaries to the consideration for the delivery of buildings which has been completed but not yet been invoiced at the year end. Contractual assets are transferred to receivables when the rights of consolidated subsidiaries to the consideration become unconditional. The consideration for the construction contract will be invoiced and received based on the construction contract with the customer.

Contract liabilities are mainly related to the consideration received before fulfillment of performance obligations through sales of train tickets in the Mobility business, sales of inventory assets in the real estate and construction business, and sales of planned travel products in the Travel and regional solutions business. Contract liabilities are reversed upon revenue recognition.

Of the revenue recognized during the year ended March 31, 2025, the amount included in the balance of contract liabilities at the beginning of the year was ¥81,053 million. The main reason for the increase of ¥4,462 million in contract assets during the year was increases in the rights of the consolidated subsidiaries to the consideration for the delivery of buildings which has been completed but not yet been invoiced at the year end. The main reason for the increase of ¥8,306 million in contract liabilities during the year was increases in consideration received before fulfillment of performance obligations in the Mobility business.

	<i>Millions of yen</i>	
	March 31, 2024	April 1, 2023
Accounts receivable arising from contracts with customers	¥ 130,108	¥ 117,469
Contract assets	17,945	26,441
Contract liabilities	83,444	82,110

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

28. Revenue Recognition (continued)

Balances of contract assets and contract liabilities (continued)

Contract assets are mainly related to the rights of consolidated subsidiaries to the consideration for the delivery of buildings which has been completed but not yet been invoiced at the year end. Contractual assets are transferred to receivables when the rights of consolidated subsidiaries to the consideration become unconditional. The consideration for the construction contract will be invoiced and received based on the construction contract with the customer.

Contract liabilities are mainly related to the consideration received before fulfillment of performance obligations through sales of train tickets in the Mobility business, sales of inventory assets in the Real estate and Construction business, and sales of planned travel products in the Travel and regional solutions business. Contract liabilities are reversed upon revenue recognition.

Of the revenue recognized during the year ended March 31, 2024, the amount included in the balance of contract liabilities at the beginning of the year was ¥81,598 million. The main reason for the decrease in contract assets of ¥8,496 million was the decrease in contracts in the travel and regional solutions business for which performance obligations have been satisfied but the right to consideration is not unconditional.

The increase in contract liabilities of ¥1,333 million during the year ended March 31, 2024 was primarily due to an increase in consideration received prior to satisfaction of performance obligations in the mobility business.

Transaction price allocated to remaining performance obligations

The total transaction price allocated to the remaining performance obligations and the period of expected revenue to be recognized are as follows:

	<i>Millions of yen</i>	
	<u>March 31, 2025</u>	<u>April 1, 2024</u>
Within one year	¥ 90,699	¥ 82,218
More than one year	1,051	1,225
Total	<u>¥ 91,750</u>	<u>¥ 83,444</u>

	<i>Millions of yen</i>	
	<u>March 31, 2024</u>	<u>April 1, 2023</u>
Within one year	¥ 82,218	¥ 81,870
More than one year	1,225	240
Total	<u>¥ 83,444</u>	<u>¥ 82,110</u>

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

29. Segment Information

The Group's reportable segments are its structural units, for which separate financial information is available, and which are subject to periodic review by the Board of Directors in order to assist decision-making on the allocation of managerial resources and assessment of business performance.

The Group primarily engages in businesses related to mobility, sales of goods and food services, real estate and travel and regional solutions.

The Group is composed of four main business segments and those reportable segments are "Mobility," "Sales of goods and food services," "Real estate," and "Travel and regional solutions." "Mobility" includes the passenger transportation business, centered on railway operations, station operations and management, cleaning and maintenance, construction, machinery and equipment installation, rolling stock and other facility construction, and electric works. "Sales of goods and food services" engages in sales of goods and food services, department stores, and other wholesale operations. "Real estate" segment covers the real estate sales and leasing business, shopping center, and hotel operations. "Travel and regional solutions" encompass travel agencies and regional solutions.

Accounting policies used in each reportable segment are substantially the same as those described in Note 1. Intersegment transactions are those conducted among the Company and its consolidated subsidiaries and are mainly recorded at the market prices.

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

29. Segment Information (continued)

Reportable segment information for the years ended March 31, 2025 and 2024 is outlined as follows:

		<i>Millions of yen</i>						
		2025						
		Reportable segments						
	Mobility	Sales of goods and food services	Real estate	Travel and regional solutions	Other	Subtotal	Eliminations and adjustments	Consolida- ted
Operating revenues and income by reportable segments:								
Operating revenues:								
External customers	¥ 1,046,794	¥ 208,271	¥ 232,686	¥ 188,778	¥ 31,413	¥ 1,707,944	¥ –	¥1,707,944
Intersegment operating revenues or transfers	42,892	5,281	17,366	3,758	68,401	137,700	(137,700)	–
Total	¥ 1,089,687	¥ 213,552	¥ 250,052	¥ 192,536	¥ 99,814	¥ 1,845,644	¥(137,700)	¥1,707,944
Segment income	122,508	13,833	38,908	1,133	4,141	180,526	(365)	180,161
Segment assets	2,319,346	111,761	983,754	62,419	74,805	3,552,087	200,272	3,752,359
Other items:								
Depreciation and amortization	130,720	5,700	33,321	613	1,552	171,908	(2,555)	169,352
Loss on impairment of property, plant and equipment	283	2,229	2,774	32	114	5,435	–	5,435
Investment in affiliates accounted for by the equity method	43,133	–	–	–	8,627	51,761	–	51,761
Increase in property, plant and equipment and intangible assets	174,242	7,124	102,671	1,212	2,948	288,200	–	288,200

Notes:

1. The “Other Businesses” category is a business segment not included in reportable segments. It includes such operations as advertising.
2. Adjustments are as follows:
 - (1) The segment income adjustment of ¥(365) million is the elimination of intersegment transactions.
 - (2) The segment assets adjustment of ¥200,272 million reflects ¥284,496 million in companywide assets not attributed to any segment, (¥84,224 million) in the elimination of intersegment credits and debts.
 - (3) The depreciation and amortization adjustment of (¥2,555 million) is the elimination of intersegment transactions.
3. Segment income is adjusted to operating income on the consolidated statement of operations.
4. To evolve our business portfolio management, we have reviewed some of the income and expenditure classifications from the year ended March 2025. This review aims to reflect the status of each business more appropriately. As a result, revenue from our leasing operations of under-elevated tracks, which was previously categorized under the “Mobility Business” reporting segment, has been changed to the “Real Estate Business” reporting

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

segment. The segment information for the year ended March 31, 2024 has been prepared based on the revised reporting segment classification.

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Notes to Consolidated Financial Statements (continued)

29. Segment Information (continued)

		<i>Millions of yen</i>								
		2024								
		Reportable segments								
		Mobility	Sales of goods and food services	Real estate	Travel and regional solutions	Other	Subtotal	Eliminations and adjustments	Consolida- ted	
Operating revenues and income by reportable segments:										
Operating revenues:										
External customers	¥	986,215	¥ 197,000	¥ 217,960	¥ 206,000	¥ 27,846	¥1,635,023	¥	-	¥1,635,023
Intersegment operating revenues or transfers		47,383	4,743	17,169	3,235	59,697	132,229	(132,229)		-
Total		¥1,033,599	¥ 201,744	¥ 235,129	¥ 209,235	¥ 87,544	¥1,767,252	¥(132,229)		¥1,635,023
Segment income		110,673	13,076	44,442	7,846	4,231	180,270	(521)		179,748
Segment assets		2,302,147	111,660	883,829	70,119	70,384	3,438,141	341,932		3,780,073
Other items:										
Depreciation and amortization		128,768	5,591	29,765	461	1,375	165,962	(2,639)		163,322
Loss on impairment of property, plant and equipment		2,074	94	2,380	5	-	4,556	-		4,556
Investment in affiliates accounted for by the equity method		41,940	-	-	-	8,140	50,081	-		50,081
Increase in property, plant and equipment and intangible assets		171,967	6,360	86,203	777	2,128	267,437	-		267,437

Notes:

1. The “Other Businesses” category is a business segment not included in reportable segments. It includes such operations as advertising.
2. Adjustments are as follows:
 - (1) The segment income adjustment of ¥(521) million is the elimination of intersegment transactions.
 - (2) The segment assets adjustment of ¥341,932 million reflects ¥423,698 million in companywide assets not attributed to any segment, (¥81,766 million) in the elimination of intersegment credits and debts.
 - (3) The depreciation and amortization adjustment of (¥2,639 million) is the elimination of intersegment transactions.
3. Segment income is adjusted to operating income on the consolidated statement of operations.
4. The “Accounting Standard for Corporate, Inhabitant and Enterprise Taxes” (ASBJ Statement No. 27, October 28, 2022) and other related accounting standards were applied from the beginning of the current consolidated fiscal year, and the figures for the previous consolidated fiscal year of segment information are after retroactive application of the said accounting standards.

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

29. Segment Information (continued)

Segment income was reconciled to operating income in the consolidated statement of operations.

Information on each product and service was omitted for the years ended March 31, 2025 and 2024 because it was same as that of the reportable segment information.

Geographical information was omitted for the years ended March 31, 2025 and 2024 because net sales to external customers in Japan exceed 90% of consolidated sales and property, plant and equipment in Japan exceeds 90% of property, plant and equipment of the consolidated balance sheet.

Information on sales to major customers is omitted because there is no specific customers that account for 10% or more of consolidated sales.

Information on loss on impairment of property, plant and equipment per each reportable segment was omitted for the years ended March 31, 2025 and 2024 because the amounts were immaterial.

Information on amortization of goodwill and the remaining balance by reportable segment as of and for the years ended March 31, 2025 and 2024 was omitted because there was no relevant information.

Information on gain on negative goodwill by reportable segment as of and for the years ended March 31, 2025 and 2024 was omitted because there was no relevant information.

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

30. Related Party Transactions

Transactions with related parties

Transactions with the Company and related parties for the year ended March 31, 2025 is summarized as follows:

Type	Name	Address	Capital or contribution to capital	Title	Voting interest	Relation- ship
Officer	Kazuaki Hasegawa	-	-	President and Representative Director of the Company	Ownership directly 0.0%	-
Details of business transaction			Transaction amount	Account	Balance at the end of year	
Disposal of treasury stock accompanying contribution in kind of the monetary compensation claims (*1)			¥10 million	-	-	

(*1) This item is due to the contribution in kind of monetary compensation claims accompanying the restricted stock remuneration plan.

Transactions with the Company and related parties for the year ended March 31, 2024 is summarized as follows:

Type	Name	Address	Capital or contribution to capital	Title	Voting interest	Relation- ship
Officer	Kazuaki Hasegawa	-	-	President and Representative Director of the Company	Ownership directly 0.0%	-
Details of business transaction			Transaction amount	Account	Balance at the end of year	
Disposal of treasury stock accompanying contribution in kind of the monetary compensation claims (*1)			¥10 million	-	-	

(*1) This item is due to the contribution in kind of monetary compensation claims accompanying the restricted stock remuneration plan.

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

31. Amounts per Share

Amounts per share at March 31, 2025 and 2024 and for the years then ended were as follows:

	<i>Yen</i>	
	2025	2024
Net assets	¥ 2,458.45	¥ 2,273.29
Profit attributable to owners of parent	240.08	202.63

(Notes)

1. Fractions less than one million yen are rounded to the nearest million.
2. Profit attributable to owners of parent per share has been computed based on the profit available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during each year. Diluted profit attributable to owners of parent per share has not been presented for the years ended March 31, 2025 and 2024 since the Company had no potentially dilutive stock at March 31, 2025 and 2024.
3. The Company implemented a 2-for-1 common stock split on April 1, 2024. Profit attributable to owners of parent per share and net assets per share are calculated on the assumption that stock split was implemented at the beginning of the year ended March 31, 2024. Cash dividends per share presented above is based on the number of shares before the stock split.
4. The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022) and other related accounting standards were applied from the beginning of the year ended March 31, 2025, and the figures for the year ended March 31, 2024 are presented after retroactive application of said accounting standards.
5. Basis for calculation of profit per share is below.

	2025	2024
Profit per share (Basis for calculation)		
Profit attributable to owners of parent (Millions of yen)	¥113,958	¥98,761
Amount not attributable to ordinary shareholders (Millions of yen)	—	—
Profit attributable to owners of parent related to ordinary shares (Millions of yen)	¥113,958	¥98,761
Average number of ordinary shares outstanding during the year (1,000 shares)	¥474,675	¥487,405

West Japan Railway Company

Notes to Consolidated Financial Statements (continued)

32. Subsequent Events

(Notes on Material Subsequent Events)

1. Acquisition and cancellation of treasury stock

At the Board of Directors meeting held on May 2, 2025, the Company resolved matters pertaining to the acquisition of treasury stock under the provisions of its Articles of Incorporation pursuant to Article 156 of the Companies Act, pursuant to Article 165, paragraph 3 of the said Law., and the cancellation of treasury stock in accordance with Article 178 of the Companies Act, as follows.

1. Reason for acquisition of treasury stock

To enhance shareholder returns and improve capital efficiency

2. Details of the matters concerning the acquisition

(1) Class of shares to be acquired

Common stock of the Company

(2) Total number of shares to be acquired:

Up to 20 million shares

(Equivalent to 4.2% of outstanding shares excluding treasury stock)

(3) Total cost of acquisition

Up to ¥50 billion

(4) Acquisition period

From May 7, 2025 to September 19, 2025

3. Details of the matters concerning cancellation of shares

(1) Class of shares to be cancelled

Common stock of the Company

(2) Number of shares to be cancelled

Total number of shares acquired in above “2. Details of the matters concerning the acquisition”

(3) Planned date of cancellation

September 30, 2025

2. Issuance of bonds

The Company issued the following bonds:

	<i>Millions of yen</i>		
	The 84th Series of West Japan Railway Bond	The 85th Series of West Japan Railway Bond	The 86th Series of West Japan Railway Bond
Total amount issued	¥40,000	¥10,000	¥1,000
Issue price	¥100 with a face value of ¥100		
Annual Interest rate	1.043%	1.896%	0.79%
Maturity	May 26, 2028	May 28, 2035	June 12, 2026
Issuance date	May 28, 2025		June 12, 2025
Type	Unsecured		
Use of funds	Redemption of bonds, repayment of long-term loans		Repayment of long-term loans