

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

Stock listings: Tokyo Stock Exchange, Nagoya and Fukuoka Stock Exchanges

Code number: 9021

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

President: Kazuaki Hasegawa

For further information, please contact: Jun Fukushima, General Manager, Corporate Communications
Department Telephone: +81-6-6375-8889

Date for the General Meeting of Shareholders: June 23, 2020

Filing of annual security report: June 24, 2020

Start of dividend payments: June 24, 2020

Supplemental explanatory material prepared: Yes

Results briefing held: Yes

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

1. Performance**(1) Operating results**

Years ended March 31

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

	Operating revenues		Operating income		Recurring profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2020	1,508,201	(1.4)	160,628	(18.4)	148,353	(19.1)	89,380	(13.0)
2019	1,529,308	1.9	196,946	2.9	183,323	3.1	102,750	(7.0)

(Note) Comprehensive Income: Year ended March 31, 2020: ¥87,050 million, (17.0%);
Year ended March 31, 2019: ¥104,817 million, (8.2%)

	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share after dilution	Return on equity	Recurring profit-to-total assets ratio	Operating income-to-operating revenues ratio
	Yen	Yen	%	%	%
2020	466.88	—	8.1	4.6	10.7
2019	533.31	—	9.8	5.8	12.9

(Reference) Gain on investment by equity method: Year ended March 31, 2020: ¥1,787 million;
Year ended March 31, 2019: ¥1,812 million**(2) Financial position**

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2020	3,275,257	1,223,106	34.1	5,847.27
2019	3,237,596	1,179,861	33.3	5,612.63

(Reference) Total shareholders' equity: March 31, 2020: ¥1,118,026 million, March 31, 2019: ¥1,079,598 million

(3) Cash flows

Years ended March 31

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financial activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2020	240,152	(268,657)	(29,167)	78,283
2019	289,728	(247,420)	(7,174)	136,581

2. Dividends

Year ended / ending March 31

	Dividends per share					Total amount of dividends (for the entire fiscal year)	Payout ratio (Consolidated)	Dividends-to-net assets ratio (Consolidated)
	June 30	Sept. 30	Dec. 31	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen			
2019	—	87.50	—	87.50	175.00	33,684	32.8	3.2
2020	—	95.00	—	87.50	182.50	34,918	39.1	3.2
2021 (Forecast)	—	—	—	—	—		—	

(Note) At this point, the dividend forecast for the fiscal year ending March 31, 2021, has not yet been determined due to the difficulty of calculating the results forecast. In the future, when it becomes possible to make the forecast, it will be promptly released.

3. Forecasts for Fiscal Year ending March 31, 2021

Due to the influence of the spread of the novel coronavirus infection, future revenue trends, etc., are very uncertain, and it is difficult to rationally calculate a results forecast. Accordingly, at this point the consolidated results forecast has not yet been determined. In the future, at the stage when it becomes possible to calculate the results forecast, it will be promptly released.

4. Notes

1. Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None
2. Changes in accounting policies, changes in accounting estimates, restatements
 - 1) Changes based on revision of accounting standards: None
 - 2) Changes other than 1) above: None
 - 3) Changes in Accounting Estimates: None
 - 4) Restatements: None
3. Number of Shares Outstanding (Common stock)

	Years ended March 31	
	2020	2019
1) Number of shares issued and outstanding (including treasury stock):	191,334,500	192,481,400
2) Number of treasury stock	129,792	129,794
3) Average number of shares outstanding for each period (cumulative term):	191,441,334	192,664,863

(Reference) FLASH REPORT (NON-CONSOLIDATED BASIS)

1. Performance

(1) Operating results

Years ended March 31

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

	Operating revenues		Operating income		Recurring profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2020	961,905	(1.9)	119,738	(20.6)	106,953	(21.6)	73,596	(8.7)
2019	980,906	0.5	150,727	4.4	136,489	6.1	80,613	(0.2)

	Net income per share	Net income per share after dilution
	Yen	Yen
2020	384.17	—
2019	418.13	—

(2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2020	2,793,991	823,966	29.5	4,306.43
2019	2,782,350	799,779	28.7	4,155.11

(Reference) Total shareholders' equity: March 31, 2020: ¥823,966 million, March 31, 2019: ¥799,779 million

2. Forecasts for Fiscal Year ending March 31, 2021

Due to the influence of the spread of the novel coronavirus infection, future revenue trends, etc., are very uncertain, and it is difficult to rationally calculate a results forecast. Accordingly, at this point the non-consolidated results forecast has not yet been determined. In the future, at the stage when it becomes possible to calculate the results forecast, it will be promptly released.

Notes

* The Flash Report has not been audited by certified public accountants or the Accounting Auditor

* Explanation regarding appropriate use of the results forecast, other items warranting special mention
Supplementary materials for the financial statements are posted on our homepage. The Company plans to hold a presentation for analysts on May 1, 2020. The Company plans to post the presentation materials on its homepage.

1. BUSINESS PERFORMANCE

1. Analysis of Business Performance

(1) Overview of Results for the Subject Period

Based on the “JR-West Group Medium-Term Management Plan 2022” and the “JR-West Group Railway Safety Think-and-Act Plan 2022,” the core component of the plan, the JR-West Group steadily implemented various measures to enhance its corporate value over the medium to long term.

In the railway business, our initiatives included taking steps to increase the value of railway belts by enhancing the railway network through the opening of all sections of the Osaka Higashi Line and the opening of new stations. In addition, in October 2019 we restored all segments on the Geibi Line, on which operation had been suspended for an extended period of time due to damage from the Heavy Rain Event of July 2018. In these ways, we worked to advance restoration and recovery from natural disaster damage. In non-railway operations, we implemented initiatives in each of our businesses. These included opening multiple hotels, such as Hotel Vischio Kyoto, as well as the "ekie" commercial facility at Hiroshima Station. In addition, with cooperation between the railway business and non-railway businesses, the Group worked together to develop a variety of businesses that leverage synergies. Nonetheless, in the fourth quarter, the management environment was affected by the spread of the novel coronavirus infection in Japan and around the world, and JR-West worked to implement rapid countermeasures in order to prevent infection among customers and employees. Due to such factors as a decline in tourism; a trend toward people refraining from going out, including constraints on business trips; and reduced consumption, the management environment became extremely challenging.

Due to the initiatives described above, our results were firm up to the end of the third quarter, with operating revenues and operating income both higher year on year. However, due to the spread of the novel coronavirus, the usage trend changed completely and declined, and as a result, for the subject fiscal year, operating revenues were down 1.4% from the previous fiscal year, to ¥1,508.2 billion, operating income declined 18.4% to ¥160.6 billion, and recurring profit was down 19.1% to ¥148.3 billion. Profit attributable to owners of parent declined 13.0% to ¥89.3 billion.

(2) Results by Business Segment

a. Transportation Operations

Safety Enhancements

With consideration for the train accident on the Fukuchiyama Line on April 25, 2005, JR-West remains firm in its resolve to never again cause such a serious accident, and will continue to make concerted efforts to face with sincerity all persons affected by the accident, and enhance its diligent efforts to improve safety. On that basis, we formulated the “JR-West Group Railway Safety Think-and-Act Plan 2022.” We promoted initiatives to enhance safety from tangible and intangible perspectives and worked to advance the establishment of frameworks for safety management.

On the Shinkansen, we moved ahead with the introduction of new rolling stock that offers enhanced safety and reliability. In addition, we moved forward with the installation of equipment for

detecting abnormalities in bogies during operation.

As a measure to enhance platform safety, we advanced the installation of platform gates at major stations on the Sanyo Shinkansen and at frequently used stations on conventional lines.

To address intensifying natural disasters, we continued to implement measures for reinforcement of slopes and other countermeasures to heavy rains. In addition, for earthquakes, we installed derailment prevention guards on the Sanyo Shinkansen and advanced earthquake resistance reinforcement measures, such as for buildings and elevated bridges.

We also advanced crime prevention measures on trains.

(Main specific measures)

1. Shinkansen safety measures

- Replaced the 700 series rolling stock used in direct operation between the Tokaido Shinkansen and the Sanyo Shinkansen with new rolling stock (N700A)
- Advanced installation of ground-based bogie temperature detectors for the Sanyo Shinkansen
- Advanced installation of bogie abnormality detectors on N700 series rolling stock

2. Platform / railroad crossing safety measures

- Commenced use of platform gates for all tracks at Kyobashi Station and for certain tracks at Sannomiya Station, Osaka Station, and Akashi Station (October 2019 to March 2020)
- Commenced use of platform gates for certain tracks at Okayama Station (Shinkansen) (December 2019)

3. Natural disaster countermeasures

- Moved forward with slope reinforcement work, mainly along railway segments used by limited express and special rapid service trains on the Biwako Line and JR Kyoto Line

4. Onboard crime prevention measures

- Installed crime prevention equipment, etc., onboard Haruka limited express trains, expanded deployment of protective shields in stations (in stages from June 2019)
- Advanced installation of surveillance cameras in Shinkansen passenger cabins (N700A, N700 series)

Marketing Initiatives

In regard to marketing initiatives, increasing customer satisfaction (CS) is one of the basic strategies of the railway business. JR-West pursued measures to meet the diverse needs of customers, while working to capture and create business and tourism demand, including from inbound customers.

In addition, JR-West continued to work to increase transport service quality on the Shinkansen, enhance the value of the railway belts in the Kansai Urban Area, promote tourism in collaboration with local communities in the Other West Japan Area, etc.

(Main specific measures)

1. Shinkansen

- In accordance with the concept of "invigorating the local community through tourism," implemented initiatives to support tourism to the Hokuriku Shinetsu area (campaign for the fifth anniversary of the opening of the Hokuriku Shinkansen, etc.) (October 2019 ~)
- Started "Shinkansen e-ticket service" on the Hokuriku Shinkansen (March)

2. Kansai Urban Area

- Completed introduction of new rolling stock 323 series" on the Osaka Loop Line (June 2019)
- Implemented special operation of the Mahoroba limited express on the segment between Shin-Osaka and Nara (November to December 2019, March~)
- Introduced new rolling stock (271 series) on the limited express Haruka (March)

3. Other West Japan Area

- In the Setouchi Area, conducted pre-destination campaign and verification testing for "setowa" tourism-oriented MaaS (October 2019 to March 2020)
- Expanded the service area for using ICOCA on the Wakayama Line and the Kinokuni Line (March)

4. Providing assistance for overseas visitors

- Began to handle exclusive products for visitors to Japan through the "JR-WEST ONLINE TRAIN RESERVATION" service (May 2019)
- Opened "Travel Service Center SHIN-OSAKA" at Shin-Osaka Station (August 2019)
- Promoted sales of products in collaboration with leading platforms (KLOOK, Alibaba) etc. (September 2019~)
- Started ticket vending machine QR code settlement service for visitors to Japan (March)

In bus and ferry (the Miyajima Line) services, with a basis in safe transportation, JR-West worked to enhance convenience through such measures as implementing transportation improvements based on customer usage patterns.

In the first nine months of the fiscal year, the Transportation Operations segment recorded solid results due to these measures and to favorable usage during holidays and other busy periods. However, due to such factors as a decline in usage resulting from the spread of the novel coronavirus infection, segment revenue decreased 2.1% from the previous fiscal year, to ¥933.4 billion. Operating income was down 22.7% to ¥105.3 billion.

b. Retail Business

For the Retail Business, JR-West worked to strengthen managerial capabilities for directly-operated stores, enhance convenience inside stations, expand to areas outside stations, and establish a competitive brand.

At JR Kyoto Isetan, we completed a major renovation of floors 2 to 5 in February. Furthermore, for the accommodation-oriented hotels included in the Retail Business segment, from May to

August 2019 JR-West opened 4 VIA INN hotels (Kyotoeki Hachijoguchi, Hakataguchi Ekimae, Shinsaibashi Yotsubashi, Nihonbashi Ningyocho).

However, in the Retail Business segment, due to a change in the contracts of tenant stores in stations, a decline in usage due to the spread of the novel coronavirus infection, and other factors, operating revenues were down 7.9% from the previous fiscal year to ¥226.0 billion, and operating income decreased 37.2% to ¥3.8 billion

c. Real Estate Business

For the Real Estate Business, in recognition that the real estate business has a high degree of affinity with the railway business in terms of utilizing the portfolio assets of the corporate group to improve customer convenience and enhance the value of railway belts, JR-West pursued such businesses as the development and management of shopping centers, as well as sales of residential and other properties.

In July 2019, JR West Japan Shopping Center Development Company, which operates LUCUA osaka, merged with Tennoji Shopping Center Development Co., Ltd., which operates "Tennoji MIO." The management resources of the two companies, such as their know-how and human resources, have been unified and are being utilized for all Group shopping centers, and moving forward their specialized skills will be enhanced.

In addition, in September 2019 we launched the WESPO service, which includes JR West Group shopping center shared points and a smartphone application. We held the grand opening of "ekie" commercial facility at Hiroshima Station in October 2019, and opened "Koshienguchi Green Place," a shopping center located outside of the station, in November 2019.

Furthermore, we pursued real estate sales and the leasing business in promising markets, including those outside JR-West's railway belts or railway service area, and in November we opened our first VIERRA commercial facility in the Tokyo area.

In the Real Estate Business segment, due to favorable real estate sales, etc., operating revenues increased 11.2% from the previous fiscal year to ¥165.1 billion. However, due to lower shopping center usage resulting from the spread of the novel coronavirus infection, renovation work at certain facilities, etc., operating income decreased 2.2% to ¥34.9 billion.

d. Other Businesses

In the Hotel Business, JR-West strengthened operational capabilities, including structures and facilities for the reception system for overseas visitors to Japan, and worked to expand openings of new hotels.

In May 2019, we opened Hotel Vischio Kyoto, a high class accommodation oriented hotel. Also, in November we finished the first phase of a complete renovation of the Hotel Granvia Osaka.

In travel agency operations, JR-West strengthened marketing to overseas visitors to Japan, and made efforts to expand corporate sales, and sales of products for individuals such as web-

only products.

In the Other Businesses segment, due to the effect of new hotel openings in the previous fiscal year, etc., operating revenues increased 1.2% from the previous fiscal year to ¥183.6 billion. However, due to a decline in usage resulting from the spread of the novel coronavirus infection, increased expenses accompanying new hotel openings, etc., operating income decreased 7.3% to ¥19.7 billion.

2. Analysis of Financial Condition

(1) Assets, Liabilities and Net Assets

Total assets at the end of the subject fiscal year (March 31, 2020) amounted to ¥3,275.2 billion, an increase of ¥37.6 billion from the end of the previous fiscal year (March 31, 2019). This was due mainly to an increase in non-current assets.

Total liabilities amounted to ¥2,052.1 billion, a decrease of ¥5.5 billion from the end of the previous fiscal year. This was due mainly to a decrease in bonds.

Total net assets amounted to ¥1,223.1 billion, an increase of ¥43.2 billion from the end of the previous fiscal year. This was due mainly to an increase in retained earnings.

(2) Cash Flows

Cash provided by operating activities amounted to ¥240.1 billion, a decrease of ¥49.5 billion from the previous fiscal year. This was due mainly to a decrease in profit before income taxes.

Cash used in investing activities amounted to ¥268.6 billion, an increase of ¥21.2 billion from the previous fiscal year. This was due mainly to an increase in purchases of non-current assets.

Net cash used in financing activities amounted to ¥29.1 billion, an increase of ¥21.9 billion from the previous fiscal year. This was due mainly to an increase in redemption of long-term bonds.

As a result, cash and cash equivalents at the end of the subject fiscal year (March 31, 2020) amounted to ¥78.2 billion, a decrease of ¥58.2 billion from the end of the previous fiscal year (March 31, 2019).

(Reference) Cash Flow Indicators

Years ended March 31

	2016	2017	2018	2019	2020
Equity ratio (%)	30.9	31.3	33.2	33.3	34.1
Equity ratio, based on market value (%)	47.3	46.6	46.8	49.5	43.2
Interest-bearing debt to cash flow ratio (Times)	3.8	4.4	3.7	3.6	4.2
Interest coverage ratio (Times)	7.5	7.9	9.2	9.9	8.3

Notes: Equity ratio: shareholders' equity/ total assets
Market-based rate of equity ratio: total market capitalization/ total assets
Interest-bearing debt to cash flow ratio: interest-bearing debt/ cash flows
Interest coverage ratio: (operating income + interest & dividend income)/ interest expense

1. All of the figures in the above table were calculated on a consolidated basis.
2. Total market capitalization was calculated by multiplying the closing stock price at the end of the term by the total amount of outstanding stock at the end of the term (excluding treasury stock).
3. Cash flow is defined as operating cash flow.
4. Interest-bearing debt is defined as interest-bearing debt of long-term debt and payables.

2. FUTURE OUTLOOK

(1) Outlook for the Next Fiscal Year

For the fiscal year ending March 31, 2021, the spread of the novel coronavirus infection will have a significant influence on overall economic trends, and the Group will face an extremely challenging operating environment. In regard to the results forecast for the fiscal year ending March 31, 2021, revenue trends are very unclear, and this point the results forecast has not yet been determined. In the future, at the stage when it becomes possible to calculate the forecast, it will be promptly released.

(2) Basic Policy Regarding Distribution of Earnings, and Dividends for the Subject and Next Fiscal Years

JR-West considers it important to provide stable shareholder returns over the long term.

In the "JR-West Group Medium-Term Management Plan 2022," which was announced in April 2018, the Company states that, with consideration for the status of achievement of the targets in the medium-term management plan, it will implement stable dividends, aiming for a dividend payout ratio of approximately 35% in FY2023.3 and over the period of this plan, our yardstick will be a total return ratio of approximately 40%, making flexible acquisitions of treasury stock.

Based on this policy, for the fiscal year ending March 2020, the company had planned to pay a full-year dividend of ¥190 per share. However, due to the influence of the spread of the novel coronavirus infection, results are significantly below forecasts. Accordingly, the company plans a year-end dividend of ¥87.5 per share, for an annual dividend of ¥182.5 per share.

Also, in regard to the dividend for the fiscal year ending March 2021, future revenue trends, etc., are very unclear due to the influence of the spread of the novel coronavirus infection. As a result, at this point the dividend plans have not yet been determined. In the future, when it becomes

possible to make the forecast, it will be promptly released.

The spread of the novel coronavirus infection is having a significant influence on management, and accordingly we will once again review the basic policy regarding distribution of earnings, etc., as described in the Medium-Term Management Plan 2022, while maintaining the basic policy of providing stable shareholder returns over the long term.

(3) Basic Management Policies and Issues for the Company to Address

a. Business Environment for the JR-West Group

The business environment for the JR-West Group is influenced by increasingly severe natural disasters as well as shrinking markets and diminished labor capacity due to population decline. In addition, the spread of the novel coronavirus infection is influencing overall economic trends. With a decline in tourism; a trend toward people refraining from going out, including constraints on business trips; reduced consumption, etc., the Group faces extremely challenging conditions. In this environment, the Group will do its utmost to provide customers with safe, secure products and services.

To that end, with consideration for the changes in the management environment that we face, we will once again review the Medium-Term Management Plan 2022, which describes the Group's medium to long term management strategies, while working to secure the safety of railway operations, our core business. We will work to fulfill our duty as a social infrastructure business group over the medium to long term.

b. Basic Management Policies

The JR-West Group, as a corporate group with social infrastructure centered on railways, has positioned safety as the basis of its management in the corporate philosophy and management vision.

To fulfil its corporate philosophy and management vision, JR-West will implement the Medium-Term Management Plan 2022, and together with local communities, contribute to the realization of its vision for the future, the fostering of “a safe, comfortable society filled with meetings among people and smiles”.

To realize this vision for the future, JR-West has established as its ideal form “fulfilling our mission as a company coexisting with the community,” and “becoming a company that continually embraces new challenges.” To allow all stakeholders to smile, JR-West provides the following value.

Value provided to stakeholders

- i. Customers: Safe, secure, and comfortable services that make people “Happy.
- ii. Communities: Building communities that people want to visit and live in.
- iii. Shareholders: Sustained expansion in shareholder value.
- iv. Colleagues: Motivation and pride

c. Medium to Long Term Management Strategies

As described above in "a. Business Environment for the JR-West Group," due to the influence of the spread of the novel coronavirus infection, we will once again review the Group's medium to long term management strategies. The content contained throughout section c, "Medium to Long Term Management Strategies" describes the current details of the Medium-Term Management Plan 2022.

Under the Medium-Term Management Plan 2022, JR-West will pursue three groupwide strategies and strategies for the railway and non-railway businesses, build management foundations for continued and healthy business operations, and advance ceaselessly toward growth for the entire JR-West Group.

Groupwide Strategies and the value provided

i. Increase regional value

We will work together with local communities to build cities and areas along railway lines that everyone wants to visit and everyone wants to live in.

ii. Increase the value of railway belts

We will contribute to the realization of convenient, comfortable lifestyles by providing safe, high-quality railway services and lifestyle services.

iii. Increase business value

We will increase the quality of the products and services provided by the JR-West Group.

Business strategies in railway business and value provided

• Basic strategies

i. Enhance safety

We will continue to position safety as the highest priority strategy, and we will work to build frameworks for securing safety on a Companywide basis and to establish a corporate culture in which safety is the highest priority. We will strive to successfully implement the "JR-West Group Railway Safety Think-and-Act Plan 2022," and to prevent serious accidents / labor accidents.

ii. Increase customer satisfaction

We will pursue "customer-oriented management" with the aim of creating "JR-West fans" among customers.

iii. Increase productivity

To continue to provide railway/transportation services in the years ahead, we will work to effectively offer safe, high-quality railway services through improvements in both tangible and intangible areas.

iv. Implement reforms through human resources development and technology

We will increase the quality of railway services by enhancing "human resources" and "technologies," which support railway operations.

- Business strategies

- i. Shinkansen

- We will strive to reinforce high-speed railway safety, enhance strengths centered on wide-area railway networks, and contribute to the expansion of the visitor population.

- ii. Kansai Urban Area

- We will increase the value of railway belts through the provision of transportation services that offer peace of mind and reliability, the development of areas along railway lines, etc.

- iii. Other West Japan Area

- Through dialog and collaboration with communities, we will develop businesses aligned with local areas and contribute to the activation of the Other West Japan Area.

- Non-railway business strategies and the value provided

- Basic strategies

- i. Deepen operations in major businesses

- In areas along railway lines, we will take steps to advance “city development starting with stations,” centered on major businesses. We will provide appealing products and services and increase community value overall.

- ii. Advance into new markets

- In businesses in which we can demonstrate our strengths, we will boost our competitiveness as a chain by entering new markets. In addition, we will build an optimal business portfolio to support sustained growth.

- iii. Implementing initiatives in new business areas

- We will take on the challenge of creating new value and invigorating regions by promoting local industries and leveraging regional resources, while cooperating with local communities and participating directly.

- iv. Strengthen foundations to support growth

- We will proactively utilize ICT tools and external expertise, develop human assets and organizations to fit businesses, build structures to take advantage of the collective power of the corporate group, and make other efforts to establish the foundations that support growth.

- Business strategies

- i. Sales of goods / Food services

- We will strengthen functions as “Lifestyle Stations” and provide support for the enjoyment of daily lives and travel.

- ii. Real estate lease and sales

- We will build communities that people want to reside in and visit, and contribute to the development of areas along railway lines and local communities.

- iii. Shopping centers

- We will propose high-quality lifestyles through the provision of tangible and intangible products and services.

- iv. Hotels

- We will meet the accommodation needs of a diverse range of customers and provide support for comfortable stays.

Building management foundations

i. ESG initiatives

We will establish priority fields from the perspective of ESG (environmental, social and governance) and, with consideration for SDGs*, we will take steps to implement initiatives. In this way, we will aim to fulfill our responsibilities as a member of society and to achieve sustained growth.

* SDGs is an abbreviation for Sustainable Development Goals. These global goals for the period from 2016 to 2030 are listed in the “2030 Agenda for Sustainable Development,” which was adopted at the UN Summit in September 2015.

ii. Create organizations that contribute to safety and growth

To enhance safety and realize growth for the entire Group, we will move forward with preparations for transition to a group management system (in-house company system) under which each business will conduct management initiatives in a more-independent manner and will be able to respond to changes in the management environment and implement decision-making rapidly.

Consolidated Capital Expenditure Plan

* We will once again review the content of the Medium-Term Management Plan 2022. The following describes the current content of the Medium-Term Management Plan 2022.

JR-West is strengthening investments for safety, the basis of its management, and investments to benefit sustainable growth, and will implement the plan.

Billions of yen

	Medium-Term Management Plan 2022 Period (FY2019.3 – FY2023.3)
Maintenance and improvements [of which, safety investments]	810.0 [530.0]
Growth investments	460.0
Total	1,270.0

Medium-Term Management Plan 2022 Targets

* We will once again review the content of the Medium-Term Management Plan 2022. The following describes the current content of the Medium-Term Management Plan 2022.

	FY2023.3
Consolidated operating revenues	¥1,630.0 billion
Consolidated EBITDA	¥400.0 billion
Consolidated ROA	Mid 6% level
[Reference benchmark] Consolidated ROE	Around 10%

Priority for Uses of Cash and Shareholder Returns Policy

i. Priority for uses of funds

* We will once again review the content of the Medium-Term Management Plan 2022. The following describes the current content of the Medium-Term Management Plan 2022.

The priority for the use of cash in this plan is 1) Investment for safety and growth; 2) Shareholder

returns; and 3) Debt reduction.

JR-West, to realize its vision for the future and ideal form, will steadily make investments for safety and growth, and seek sustainable growth.

ii. Shareholder returns policy

* We will once again review the content of the Medium-Term Management Plan 2022. The following describes the current content of the Medium-Term Management Plan 2022.

JR-West considers it important to provide stable shareholder returns over the long term. Specifically, we will implement stable dividends, aiming for a dividend payout ratio of approximately 35% in fiscal 2023.

In addition, over the period of this plan, our yardstick will be a total return ratio of approximately 40%, and we will make flexible acquisitions of treasury stock.

We will also work to enhance shareholder benefits, in order to build long-term, stable relationships with shareholders.

d. Issues to be addressed (review of fiscal 2019 and future initiatives)

In fiscal 2020, the second year of the "Medium-Term Management Plan 2022" and the "Safety Think-and-Act Plan 2022," the entire Group worked together to advance initiatives.

In regard to safety in our core business of railway operations, which is the Group's most important issue, we advanced a variety of initiatives to achieve the objectives of the "Safety Think-and-Act Plan 2022." Our initiatives have demonstrated results in the areas of railway accidents that result in casualties among our customers and accidents at level crossings. On the other hand, in regard to labor accidents, we have caused events that have become problems. In addition, we must make further efforts to achieve our objectives in the area of transportation disruptions due to internal factors. We will work to carefully identify the causes of these issues, and, as an organization, rapidly implement substantial countermeasures.

Also, in regard to intensifying natural disasters, there were incidents of large typhoons approaching/striking land in fiscal 2020. However, we provided advance notice to customers and made preparations, and we took steps to secure safety by stopping trains, including planned suspension of operations, with the objective of preventing significant disorder. In regard to heavy rains and the associated damage from flooding of rolling stock, etc., we will continue to advance necessary countermeasures.

Our carefully planned disaster countermeasures, such as slope reinforcement measures, are steadily showing results. We recognize that there could be disasters that cannot be addressed by countermeasures that are based on previous expectations. In accordance with that recognition, we will establish countermeasures with the maximum use of limited management resources.

In regard to countermeasures for the novel coronavirus infection, in January we established a countermeasure headquarters led by the president, and we have worked to prevent to spread of the infection. As an initial response, we have had station employees and train crews wear masks,

and we have implemented the disinfection of train interiors in addition to the previous ventilation measures. We have also asked customers for their cooperation in helping to prevent the spread of the infection. Furthermore, from late March, in consideration of usage conditions, we gradually began to suspend train operation, centered on extra Shinkansen trains and conventional line limited express trains.

Furthermore, accompanying the declaration of a state of emergency, most JR-West Group company commercial facilities suspended their operations or changed their operating hours. Moreover, we also took such steps as reevaluating the times at which employees arrive at work.

Going forward, we will continue working to prevent the spread of the infection, fulfill our duties as a public transportation organization, and strive to ensure business continuity on a Groupwide basis. In addition, we will work to secure the funds needed for those initiatives, and we will establish appropriate countermeasures in response to changes in circumstances going forward.

For management, the decline in usage is an extremely significant issue, and it is very difficult to anticipate how long it will take for a recovery. Furthermore, it is also possible that there will be changes to the socioeconomic structure, values, behavioral patterns, etc. We believe that, from a financial perspective, this is the greatest crisis that JR-West has faced since it was established.

In this type of challenging management environment, we will act as a "railway company that coexists with local communities" and has safety as its cornerstone. The entire Group will work together with local regions to overcome this crisis. To that end, we will once again review the Group's medium to long term management strategies, adapt to changes in the management environment, and strive to fulfill our duty as a Group that operates important social infrastructure.

Note: For details on the Medium-Term Management Plan 2022, see the "Investor Relations" page on the company website (<https://www.westjr.co.jp/global/en/ir/medium-term/>)

3. BASIC PERSPECTIVE ON THE CHOICE OF ACCOUNTING STANDARDS

The JR-West Group employs Japanese accounting standards and has no plans to adopt IFRS for the foreseeable future. However, we will consider this adoption, taking into consideration such factors as future trends in Japanese accounting standards.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2019	March 31, 2020
ASSETS		
Current assets:		
Cash	109,327	78,530
Notes and accounts receivable-trade	32,521	28,198
Railway fares receivable	43,552	34,699
Accounts receivable	72,287	71,671
Securities	27,500	127
Inventories	104,827	117,088
Other current assets	65,623	77,298
Less allowance for doubtful accounts	(705)	(634)
Total current assets	454,934	406,981
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	1,175,279	1,215,032
Machinery and transport equipment	376,995	385,669
Land	767,908	780,886
Construction in progress	73,496	86,437
Other property, plant and equipment	60,207	64,062
Total property, plant and equipment	2,453,887	2,532,088
Intangible fixed assets	39,361	34,229
Investments and other assets:		
Investments in securities	101,010	116,690
Net defined benefit asset	2,170	1,919
Deferred tax assets	140,749	136,954
Other investments and assets	49,359	51,085
Less allowance for doubtful accounts	(3,876)	(4,692)
Total investments and other assets	289,413	301,956
Total fixed assets	2,782,661	2,868,275
Total assets	3,237,596	3,275,257

	Millions of yen	
	March 31, 2019	March 31, 2020
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes and accounts payable-trade	70,771	70,037
Short-term loans payable	20,713	24,711
Commercial Paper	—	60,000
Current portion of bonds	35,000	35,000
Current portion of long-term debt	38,832	36,422
Current portion of long-term payables for acquisition of railway properties	1,642	1,567
Accounts payable	126,024	133,582
Accrued consumption tax	6,583	9,367
Accrued income tax	28,068	20,953
Inter-line fares received	2,686	6,700
Deposits received	105,788	98,282
Prepaid railway fares received	41,280	31,999
Advances received	33,785	40,532
Allowance for bonuses	37,408	37,410
Provision for loss on disaster	11,100	5,131
Allowance for point program	2,081	2,431
Other current liabilities	46,786	44,398
Total current liabilities	608,554	658,530
Non-current liabilities:		
Bonds	534,984	509,986
Long-term debt	350,828	334,846
Long-term payables for acquisition of railway properties	102,728	101,158
Deferred tax liabilities	1,528	655
Provision for large scale renovation of Shinkansen infrastructure	12,500	16,666
Allowance for environmental safety measures	11,587	8,912
Provision for loss on liquidation of railway belts	9,594	8,887
Provision for unredeemed gift certificates	2,382	2,343
Net defined benefit liability	285,843	269,328
Other long-term liabilities	137,203	140,834
Total fixed liabilities	1,449,180	1,393,620
Total liabilities	2,057,734	2,052,150

(continued on page 18)

	Millions of yen	
	March 31, 2019	March 31, 2020
NET ASSETS		
Total shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	56,171	56,567
Retained earnings	911,532	956,227
Treasury stock, at cost	(483)	(483)
Total shareholders' equity	1,067,220	1,112,311
Valuation and translation adjustments:		
Net unrealized holding gain on securities	3,837	(430)
Deferred gains or losses on hedges	(54)	29
Remeasurements of defined benefit plans	8,594	6,114
Total Valuation and translation adjustments	12,378	5,714
Non-controlling interests	100,262	105,080
Total net assets	1,179,861	1,223,106
Total liabilities and net assets	3,237,596	3,275,257

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

Consolidated Statements of Income

Years ended March 31

	Millions of yen	
	2019	2020
Operating revenues	1,529,308	1,508,201
Operating expenses:		
Transportation, other services and cost of sales	1,128,016	1,130,143
Selling, general and administrative expenses	204,345	217,430
Total operating expenses	1,332,361	1,347,573
Operating income	196,946	160,628
Non-operating revenues:		
Interest income	17	38
Dividend income	1,144	1,164
Dividends income of insurance	2,233	1,880
Transfer from administrative fee of contracted construction	1,580	1,770
Equity in earnings of affiliates	1,812	1,787
Other	2,638	2,222
Total non-operating revenues	9,426	8,864
Non-operating expenses:		
Interest expense	20,030	19,465
Other	3,019	1,674
Total non-operating expenses	23,049	21,139
Recurring profit	183,323	148,353
Extraordinary profits:		
Gain on sales of noncurrent assets	612	961
Gain on contributions received for construction	23,724	12,191
Compensation income for expropriation	1,212	2,658
Other	3,527	7,286
Total extraordinary profits	29,076	23,097
Extraordinary losses:		
Loss on sales of noncurrent assets	139	148
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	22,107	11,606
Loss on reduction for expropriation	1,204	2,642
Provision for loss on disaster	11,100	—
Loss on disposal of property, plant and equipment	1,875	5,291
Other	18,798	11,098
Total extraordinary losses	55,226	30,788
Profit before income taxes	157,173	140,662
Income taxes- Current	47,937	40,703
Income taxes- Deferred	1,414	6,130
Total income taxes	49,352	46,833
Profit	107,821	93,828
Profit attributable to non-controlling interests	5,071	4,447
Profit attributable to owners of parent	102,750	89,380

Consolidated Statements of Comprehensive Income

Years ended March 31

	Millions of yen	
	2019	2020
Profit	107,821	93,828
Other comprehensive income		
Valuation difference on available-for-sale securities	(323)	(4,572)
Deferred gains or losses on hedges	(172)	105
Remeasurements of defined benefit plans, net of tax	(2,575)	(2,519)
Share of other comprehensive income of associates accounted for using equity method	68	208
Total of other comprehensive income	(3,003)	(6,778)
Comprehensive income	104,817	87,050
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	99,783	82,716
Comprehensive income attributable to non-controlling interests	5,034	4,333

Business Segment Information

Years ended March 31

		Billions of yen		
		2019	2020	Change from the same period of the previous period
Transportation	Operating revenues	953.9	933.4	(20.4)
	Operating income	136.2	105.3	(30.9)
Retail	Operating revenues	245.5	226.0	(19.4)
	Operating income	6.1	3.8	(2.2)
Real Estate	Operating revenues	148.5	165.1	16.6
	Operating income	35.6	34.9	(0.7)
Other Businesses	Operating revenues	181.3	183.6	2.2
	Operating income	21.2	19.7	(1.5)

Note: Revenues by each segment are from third parties.

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2019

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at beginning of current period	100,000	56,171	849,925	(481)	1,005,615
Change in the fiscal year:					
Dividends from surplus			(32,340)		(32,340)
Profit attributable to owners of parent			102,750		102,750
Change of scope of consolidation		—	—		—
Increase by merger			845		845
Increase by corporate division			348		348
Purchase of treasury stock				(9,999)	(9,999)
Retirement of treasury shares		(0)	(9,997)	9,997	—
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0
Capital increase of consolidated subsidiaries		—			—
Net changes of items other than shareholders' equity					
Total	—	(0)	61,606	(1)	61,604
Balance at end of current period	100,000	56,171	911,532	(483)	1,067,220

	Millions of yen					
	Valuation and translation adjustments				Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total		
Balance at beginning of current period	4,018	83	11,242	15,344	95,343	1,116,304
Change in the fiscal year:						
Dividends from surplus						(32,340)
Profit attributable to owners of parent						102,750
Change of scope of consolidation						—
Increase by merger						845
Increase by corporate division						348
Purchase of treasury stock						(9,999)
Retirement of treasury shares						—
Change in treasury shares arising from change in equity in entities accounted for using equity method						0
Capital increase of consolidated subsidiaries						—
Net changes of items other than shareholders' equity	(181)	(137)	(2,648)	(2,966)	4,919	1,952
Total	(181)	(137)	(2,648)	(2,966)	4,919	63,557
Balance at end of current period	3,837	(54)	8,594	12,378	100,262	1,179,861

Year ended March 31, 2020

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at beginning of current period	100,000	56,171	911,532	(483)	1,067,220
Change in the fiscal year:					
Dividends from surplus			(35,018)		(35,018)
Profit attributable to owners of parent			89,380		89,380
Change of scope of consolidation		379	(186)		192
Increase by merger			518		518
Increase by corporate division			—		—
Purchase of treasury stock				(9,999)	(9,999)
Retirement of treasury shares		—	(9,999)	9,999	—
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0
Capital increase of consolidated subsidiaries		17			17
Net changes of items other than shareholders' equity					
Total	—	396	44,694	(0)	45,091
Balance at end of current period	100,000	56,567	956,227	(483)	1,112,311

	Millions of yen					
	Valuation and translation adjustments				Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total		
Balance at beginning of current period	3,837	(54)	8,594	12,378	100,262	1,179,861
Change in the fiscal year:						
Dividends from surplus						(35,018)
Profit attributable to owners of parent						89,380
Change of scope of consolidation						192
Increase by merger						518
Increase by corporate division						—
Purchase of treasury stock						(9,999)
Retirement of treasury shares						—
Change in treasury shares arising from change in equity in entities accounted for using equity method						0
Capital increase of consolidated subsidiaries						17
Net changes of items other than shareholders' equity	(4,268)	83	(2,479)	(6,663)	4,817	(1,846)
Total	(4,268)	83	(2,479)	(6,663)	4,817	43,244
Balance at end of current period	(430)	29	6,114	5,714	105,080	1,223,106

(4) Consolidated Statements of Cash Flows

Years ended March 31

	Millions of yen	
	2019	2020
Cash flows from operating activities		
Profit before income taxes	157,173	140,662
Depreciation and amortization	163,188	170,448
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	22,107	11,606
Loss on disposal of property, plant and equipment	8,056	11,934
Increase (decrease) in net defined benefit liability	(19,720)	(20,190)
Increase (decrease) in allowance for doubtful accounts	940	728
Increase (decrease) in provision for bonuses	(1,813)	(190)
Increase (decrease) in allowance for the large-scale renovation of Shinkansen infrastructure	4,166	4,166
Increase (decrease) in other provision	6,438	(8,706)
Interest and dividend income	(1,161)	(1,203)
Interest expenses	20,030	19,465
Equity in earnings of affiliates	(1,812)	(1,787)
Proceeds from contribution for construction	(23,724)	(12,191)
Decrease (increase) in notes and accounts receivable-trade	(6,888)	15,527
Decrease (increase) in inventories	(2,709)	(9,184)
Increase (decrease) in notes and accounts payable-trade	41,268	(16,487)
Increase (decrease) in accrued consumption taxes	(5,276)	2,739
Other	(1,585)	(2,239)
Subtotal	358,679	305,097
Interest and dividends income received	1,159	1,201
Interest paid	(19,753)	(19,217)
Income taxes paid	(50,357)	(46,928)
Net cash provided by operating activities	289,728	240,152
Cash flows from investing activities		
Payments for time deposits with a maturity of more than three months	(231)	(230)
Proceeds for time deposits with a maturity of more than three months	231	230
Purchases of property, plant and equipment	(257,264)	(265,152)
Proceeds from sales of property, plant and equipment	453	1,564
Contributions received for constructions	29,932	21,742
Increase in investments in securities	(15,289)	(25,507)
Proceeds from sales of investment securities	55	1,923
Net decrease (increase) in loans receivable	501	(34)
Other	(5,808)	(3,193)
Net cash used in investing activities	(247,420)	(268,657)

(continued on page 24)

	Millions of yen	
	2019	2020
Cash flows from financing activities		
Change in short-term loans	4,248	3,791
Net change in commercial paper	—	60,000
Proceeds from long-term loans	29,700	20,000
Repayment of long-term debt	(41,326)	(39,205)
Proceeds from issuance of bonds	70,000	10,000
Redemption of bonds	(25,000)	(35,000)
Repayment of long-term payables for acquisition of railway properties	(1,583)	(1,645)
Purchase of treasury stock	(9,999)	(9,999)
Cash dividends paid	(32,329)	(34,999)
Dividends paid to non-controlling interests	(114)	(333)
Other	(770)	(1,774)
Net cash used in financing activities	(7,174)	(29,167)
Change in cash and cash equivalents, net	35,132	(57,671)
Cash and cash equivalents at the beginning of the period	101,448	136,581
Increase in cash and cash equivalents from newly consolidated subsidiary	—	1,110
Decline in cash and cash equivalents accompanying removal from scope of consolidation	—	(1,736)
Cash and cash equivalents at the end of the period	136,581	78,283

(5) Note on Assumptions for Going Concern

Not applicable

(6) Note to Consolidated Financial Statements

(Segment Information)

1. Overview of Reportable Segments

The JR-West Group's reportable segments allow it to acquire financial data separated into the various components of the corporate group. The scope of the segments is reviewed on a regular basis in order to allow the Board of Directors to determine the allocation of management resources, and evaluate earnings performance.

The JR-West Group's principal business segments are "Transportation," "Retail" and "Real Estate." Classification by category of the businesses that compose JR-West and its Group companies allows for management of business operations by JR-West or the respective Group company.

Accordingly, the JR-West Group comprises segments by business, and has the three reportable segments of "Transportation," "Retail" and "Real Estate." The "Transportation" segment comprises the railway business, passenger vehicle transportation operations, and ferry business. The "Retail" segment comprises department store operations, retail goods and food service operations, and wholesale operations for various types of goods. The "Real Estate" segment comprises real estate sales and leasing operations, and shopping center management operations.

2. Method of Calculating Amounts of Operating Revenues, Earnings (or Losses), Assets and Other Items for Reportable Segments

The method of accounting for reported business segments is based on the accounting principles and procedures employed in preparing the consolidated financial statements. Transactions between reportable segments constitute transactions between consolidated companies, and are based on such factors as market prices.

3. Operating Revenues and Earnings (or Loss) by Reportable Segment

Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

	Millions of yen						
	Transportation	Retail	Real estate	Other businesses (Note1)	Total	Eliminations and intergroup (Note 2)	Consolidated (Note 3)
Operating revenues:							
Operating revenues from third parties	953,913	245,525	148,500	181,368	1,529,308	—	1,529,308
Intergroup operating revenues and transfers	15,935	9,182	18,778	289,466	333,362	(333,362)	—
Total operating revenues	969,849	254,708	167,278	470,834	1,862,670	(333,362)	1,529,308
Segment income	136,287	6,142	35,694	21,275	199,399	(2,453)	196,946
Segment assets	2,095,046	118,210	675,783	474,531	3,363,572	(125,975)	3,237,596
Other items							
Depreciation and amortization	134,361	5,287	20,903	2,634	163,188	—	163,188
Investment in affiliates accounted for by equity method	27,288	—	—	12,949	40,237	—	40,237
Increase in property, plant and equipment and intangible assets	212,916	16,297	45,426	23,164	297,805	—	297,805

Notes: 1. The “Other Businesses” category is a business segment not including in reportable segments. It includes such operations as hotels, travel services, and construction business.

2. Adjustments are as follows:

- (1) The segment income adjustment of minus ¥2,453 million is elimination of intersegment transactions.
- (2) The segment assets adjustment of minus ¥125,975 million reflects ¥256,452 million in companywide assets not attributed to any segment, less ¥382,427 million in elimination of intersegment credits and debts.

3. Segment earnings (or loss) are adjusted to the operating income figure on the Consolidated Statements of Income.

Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

	Millions of yen						
	Transportation	Retail	Real estate	Other businesses (Note1)	Total	Eliminations and intergroup (Note 2)	Consolidated (Note 3)
Operating revenues:							
Operating revenues from third parties	933,416	226,051	165,100	183,632	1,508,201	—	1,508,201
Intergroup operating revenues and transfers	16,394	10,290	20,340	297,686	344,712	(344,712)	—
Total operating revenues	949,811	236,341	185,440	481,319	1,852,913	(344,712)	1,508,201
Segment income	105,313	3,855	34,909	19,718	163,797	(3,169)	160,628
Segment assets	2,140,857	111,857	717,241	522,881	3,492,839	(217,582)	3,275,257
Other items							
Depreciation and amortization	138,536	5,762	22,822	3,327	170,448	—	170,448
Investment in affiliates accounted for by equity method	28,397	—	—	13,786	42,184	—	42,184
Increase in property, plant and equipment and intangible assets	188,979	14,214	63,751	11,761	278,707	—	278,707

Notes: 1. The "Other Businesses" category is a business segment not including in reportable segments. It includes such operations as hotels, travel services, and construction business.

2. Adjustments are as follows:

- (1) The segment income adjustment of minus ¥3,169 million is elimination of intersegment transactions.
- (2) The segment assets adjustment of minus ¥217,582 million reflects ¥193,689 million in companywide assets not attributed to any segment, less ¥411,271 million in elimination of intersegment credits and debts.

3. Segment earnings (or loss) are adjusted to the operating income figure on the Consolidated Statements of Income.

(Per Share Information)

	Years ended March 31	
	2019	2020
Net assets (Yen)	5,612.63	5,847.27
Profit attributable to owners of parent per share (Yen)	533.31	466.88

- Notes: 1. "Profit attributable to owners of parent per share, adjusted for latent shares" is not stated because there are no latent shares.
2. The basis for calculating "Profit attributable to owners of parent per share" is as follows.

	Years ended March 31	
	2019	2020
Profit attributable to owners of parent per share		
Profit attributable to owners of parent (Millions of yen)	102,750	89,380
Profit attributable to owners of parent applicable to common shares (Millions of yen)	102,750	89,380
Average number of shares outstanding for each period (Thousands of shares)	192,664	191,441

(Material Subsequent Events)**Borrowing of substantial amount of funds**

In accordance with a resolution at a meeting of the Board of Directors held on March 16, 2020, the Company borrowed funds as follows.

- (1) Purpose: Operating funds
- (2) Lenders: Multiple financial institutions
- (3) Amount of loans: 38,000 million yen
- (4) Interest rate: Fixed interest rate
- (5) Effective date of loans: April 2020
- (6) Loan period: Up to 23 years
- (7) Details of assets pledged as collateral or of guarantee: None
- (8) Other important special agreements, etc.: None

(Additional Information)

1. Occurrence of damage due to typhoon No. 19 (October 2019)

The retirement cost for Shinkansen rolling stock damaged by flooding due to typhoon No. 19 was recorded as "loss on disposal of property, plant and equipment" in the extraordinary losses section of the consolidated income statement.

Reference Materials

1. NON-CONSOLIDATED BALANCE SHEETS

	March 31, 2019	March 31, 2020	Change
	Billions of yen	Billions of yen	Billions of yen
ASSETS			
Current assets:			
Total current assets	294.9	241.8	(53.0)
Non-current assets:			
Fixed assets for railway operations	1,900.6	1,914.4	13.7
Construction in progress	59.2	75.4	16.2
Investments and other assets	527.5	562.2	34.7
Total fixed assets	2,487.4	2,552.1	64.7
Total assets	2,782.3	2,793.9	11.6

	March 31, 2019	March 31, 2020	Change
	Billions of yen	Billions of yen	Billions of yen
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of long-term debt	73.6	72.3	(1.2)
Accounts payable	602.8	653.7	50.9
Total current liabilities	676.4	726.1	49.6
Non-current liabilities:			
Bonds and long-term debt	987.9	945.3	(42.6)
Accrued retirement benefits	272.6	250.3	(22.3)
Other long-term liabilities	45.4	48.2	2.8
Total fixed liabilities	1,306.1	1,243.9	(62.1)
Total liabilities	1,982.5	1,970.0	(12.5)
Total shareholders' equity:			
Common stock	100.0	100.0	—
Capital surplus	55.0	55.0	—
Retained earnings	642.0	670.6	28.5
Treasury stock, at cost	(0.0)	(0.0)	(0.0)
Total shareholders' equity	797.0	825.6	28.5
Valuation and translation adjustments	2.7	(1.6)	(4.3)
Total net assets	799.7	823.9	24.1
Total liabilities and net assets	2,782.3	2,793.9	11.6

2. NON-CONSOLIDATED STATEMENTS OF INCOME

	Years ended March 31		Change from the same period of the previous period		Forecasts for year ending March 31, 2021	
	2019	2020			Change	
	Billions of yen	Billions of yen	Billions of yen	%	Billions of yen	
Operating revenues:						
Transportation	873.4	856.8	(16.6)	(1.9)	—	—
Transportation incidentals	17.6	17.1	(0.4)	(2.5)	—	—
Other operations	29.3	30.0	0.7	2.4	—	—
Miscellaneous	60.4	57.7	(2.6)	(4.4)	—	—
	980.9	961.9	(19.0)	(1.9)	—	—
Operating expenses:						
Personnel costs	215.8	214.6	(1.1)	(0.5)	—	—
Non personnel costs:						
Energy costs	45.2	45.4	0.2	0.5	—	—
Maintenance costs	164.0	166.4	2.3	1.4	—	—
Miscellaneous costs	207.3	212.4	5.1	2.5	—	—
	416.6	424.3	7.7	1.9	—	—
Rental payments, etc	27.2	28.4	1.1	4.3	—	—
Taxes	36.0	36.4	0.3	1.1	—	—
Depreciation	134.3	138.2	3.8	2.9	—	—
	830.1	842.1	11.9	1.4	—	—
Operating income	150.7	119.7	(30.9)	(20.6)	—	—
Non-operating revenues and expenses, net:						
Non-operating revenues	7.5	7.5	0	—	—	—
Non-operating expenses	21.7	20.3	(1.4)	—	—	—
	(14.2)	(12.7)	1.4	(10.2)	—	—
Recurring profit	136.4	106.9	(29.5)	(21.6)	—	—
Extraordinary profit and loss, net:						
Extraordinary profit	27.6	20.9	(6.6)	—	—	—
Extraordinary loss	48.2	22.1	(26.1)	—	—	—
	(20.6)	(1.1)	19.5	—	—	—
Income before income taxes	115.8	105.8	(10.0)	(8.7)	—	—
Income taxes	35.2	32.2	(3.0)	(8.6)	—	—
Net income	80.6	73.5	(7.0)	(8.7)	—	—

Passenger-Kilometers and Transportation Revenues

	Millions of Passenger-Kilometers				Billions of yen			
	Passenger-Kilometers				Transportation Revenues			
	Years ended March 31		Change		Years ended March 31		Change	
	2019	2020	Amount	%	2019	2020	Amount	%
Shinkansen								
Commuter Passes	880	892	12	1.4	11.2	11.4	0.1	1.8
Non-Commuter Passes	20,457	19,717	(740)	(3.6)	445.8	429.8	(16.0)	(3.6)
Total	21,338	20,610	(728)	(3.4)	457.0	441.2	(15.8)	(3.5)
Conventional Lines								
Commuter Passes	22,751	22,794	42	0.2	141.3	142.0	0.6	0.4
Non-Commuter Passes	15,289	15,183	(105)	(0.7)	274.9	273.6	(1.3)	(0.5)
Total	38,040	37,977	(63)	(0.2)	416.3	415.6	(0.7)	(0.2)
Kansai Urban Area								
Commuter Passes	18,766	18,827	61	0.3	116.6	117.2	0.5	0.5
Non-Commuter Passes	11,031	10,866	(165)	(1.5)	191.4	190.2	(1.2)	(0.6)
Total	29,797	29,693	(103)	(0.3)	308.1	307.5	(0.6)	(0.2)
Other Lines								
Commuter Passes	3,985	3,967	(18)	(0.5)	24.6	24.7	0.0	0.1
Non-Commuter Passes	4,257	4,316	59	1.4	83.5	83.4	(0.1)	(0.1)
Total	8,243	8,284	40	0.5	108.2	108.1	(0.0)	(0.1)
Total								
Commuter Passes	23,632	23,687	55	0.2	152.5	153.4	0.8	0.5
Non-Commuter Passes	35,746	34,900	(846)	(2.4)	720.8	703.4	(17.4)	(2.4)
Total	59,379	58,588	(791)	(1.3)	873.4	856.8	(16.6)	(1.9)

3. NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Year ended March 31, 2019

	Millions of yen								
	Shareholders' equity								
	Common stock	Capital surplus			Legal retained earnings	Retained earnings			Total
		Legal capital surplus	Other capital surplus	Total		Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward	
Balance at beginning of current period	100,000	55,000	0	55,000	11,327	24,644	410,000	157,803	603,775
Change in the fiscal year:									
Dividends from surplus								(32,340)	(32,340)
Net income								80,613	80,613
Provision of reserve for advanced depreciation of noncurrent assets						319		(319)	—
Reversal of reserve for advanced depreciation of noncurrent assets						(1,007)		1,007	—
Provision of general reserve							40,000	(40,000)	—
Purchase of treasury stock									
Retirement of treasury shares			(0)	(0)				(9,997)	(9,997)
Net changes of items other than shareholders' equity									
Total	—	—	(0)	(0)	—	(687)	40,000	(1,037)	38,275
Balance at end of current period	100,000	55,000	—	55,000	11,327	23,956	450,000	156,765	642,050

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	Millions of yen			
	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury stock	Total	Valuation difference on available-for-sale securities	
Balance at beginning of current period	(3)	758,771	2,931	761,703
Change in the fiscal year:				
Dividends from surplus		(32,340)		(32,340)
Net income		80,613		80,613
Provision of reserve for advanced depreciation of noncurrent assets		—		—
Reversal of reserve for advanced depreciation of noncurrent assets		—		—
Provision of general reserve		—		—
Purchase of treasury stock	(9,999)	(9,999)		(9,999)
Retirement of treasury shares	9,997	—		—
Net changes of items other than shareholders' equity			(197)	(197)
Total	(1)	38,273	(197)	38,075
Balance at end of current period	(5)	797,044	2,734	799,779

Year ended March 31, 2020

	Millions of yen								
	Shareholders' equity								
	Common stock	Capital surplus			Legal retained earnings	Retained earnings			Total
		Legal capital surplus	Other capital surplus	Total		Other retained earnings			
						Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward	
Balance at beginning of current period	100,000	55,000	—	55,000	11,327	23,956	450,000	156,765	642,050
Change in the fiscal year:									
Dividends from surplus								(35,018)	(35,018)
Net income								73,596	73,596
Provision of reserve for advanced depreciation of noncurrent assets						1,028		(1,028)	—
Reversal of reserve for advanced depreciation of noncurrent assets						(1,284)		1,284	—
Provision of general reserve							30,000	(30,000)	—
Purchase of treasury stock									
Retirement of treasury shares			—	—				(9,999)	(9,999)
Net changes of items other than shareholders' equity									
Total	—	—	—	—	—	(256)	30,000	(1,165)	28,578
Balance at end of current period	100,000	55,000	—	55,000	11,327	23,700	480,000	155,600	670,628

(continued on page 36)

	Millions of yen			
	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury stock	Total	Valuation difference on available-for-sale securities	
Balance at beginning of current period	(5)	797,044	2,734	799,779
Change in the fiscal year:				
Dividends from surplus		(35,018)		(35,018)
Net income		73,596		73,596
Provision of reserve for advanced depreciation of noncurrent assets		—		—
Reversal of reserve for advanced depreciation of noncurrent assets		—		—
Provision of general reserve		—		—
Purchase of treasury stock	(9,999)	(9,999)		(9,999)
Retirement of treasury shares	9,999	—		—
Net changes of items other than shareholders' equity			(4,390)	(4,390)
Total	(0)	28,577	(4,390)	24,187
Balance at end of current period	(5)	825,622	(1,656)	823,966

4. CAPITAL EXPENDITURES

Consolidated Basis

	Years ended March 31		Change from the same period of the previous period		Plan for fiscal year ending March 31, 2021
	2019	2020	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	265.7	272.4	6.6	2.5	—
Capital expenditures, excluding contributions received for constructions	245.3	254.5	9.2	3.8	—
Contributions received for constructions	20.4	17.8	(2.6)	(12.8)	—

Non-Consolidated Basis

	Years ended March 31		Change from the same period of the previous period		Plan for fiscal year ending March 31, 2021
	2019	2020	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	211.3	194.0	(17.3)	(8.2)	—
Capital expenditures, excluding contributions received for constructions	190.9	176.2	(14.7)	(7.7)	—
[Safety-related capital expenditures]	[125.2]	[116.1]	[(9.1)]	(7.3)	—
Contributions received for constructions	20.4	17.8	(2.6)	(12.8)	—

Major Capital Expenditures

Capital investments included earthquake countermeasures, new rolling stock (Sanyo Shinkansen N700A trains)

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

- This report contains forward-looking statements that are based on JR-West's current expectations, assumptions, estimates and projections about its business, industry, and capital markets around the world.
- These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "anticipate", "plan" or similar words. These statements discuss future expectations, identify strategies, contain projections of results of operations or of JR-West's financial condition, or state other forward-looking information.
- Known or unknown risks, uncertainties and other factors could cause the actual results to differ materially from those contained in any forward-looking statements. JR-West cannot promise that the expectations expressed in these forward-looking statements will turn out to be correct. JR-West's actual results could be materially different from and worse than expectations.
- Important risks and factors that could cause actual results to be materially different from expectations include, but are not limited to:
 - expenses, liability, loss of revenue or adverse publicity associated with property or casualty losses;
 - economic downturn, deflation and population decreases;
 - adverse changes in laws, regulations and government policies in Japan;
 - service improvements, price reductions and other strategies undertaken by competitors such as passenger railway and airlines companies;
 - infectious disease outbreak and epidemic;
 - earthquake and other natural disaster risks; and
 - failure of computer telecommunications systems disrupting railway or other operations
- All forward-looking statements in this release are made as of April 2020 based on information available to JR-West as of April 2020 and JR-West does not undertake to update or revise any of its forward-looking statements or reflect future events or circumstances.
- Compensation for damages caused by The Accident on the Fukuchiyama Line that occurred on April 25, 2005, is NOT considered in this report.