

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

Stock listings: Tokyo Stock Exchange

Code number: 9021

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

President: Kazuaki Hasegawa

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, 2021

Filing of annual security report: June 24, 2021

Start of dividend payments: June 24, 2021

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	%
2021	898,172	(40.4)	(245,544)	—	(257,367)	—	(233,214)	—
2020	1,508,201	(1.4)	160,628	(18.4)	148,353	(19.1)	89,380	(13.0)

(Note) Comprehensive Income: Year ended March 31, 2021: ¥(240,453) million, —%;
Year ended March 31, 2020: ¥87,050 million, (17.0%)

	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	%	%	%
2021	(1,219.71)	—	—	—	(27.3)
2020	466.88	—	8.1	4.6	10.7

(Reference) Gain on investment by equity method: Year ended March 31, 2021: ¥1,909 million;
Year ended March 31, 2020: ¥1,787 million

(2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2021	3,479,452	956,033	24.5	4,460.73
2020	3,275,257	1,223,106	34.1	5,847.27

(Reference) Total shareholders' equity: March 31, 2021: ¥852,913 million, March 31, 2020: ¥1,118,026 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
2021	(103,295)	(211,692)	446,749	210,045
2020	240,152	(268,657)	(29,167)	78,283

2. Dividends

Year ended / ending March 31

	Dividends per share					Total amount of dividends (for the entire fiscal year) Millions of yen	Payout ratio (Consolidated) %	Dividends-to-net assets ratio (Consolidated) %
	June 30	Sept. 30	Dec. 31	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen			
2020	—	95.00	—	87.50	182.50	34,918	39.1	3.2
2021	—	50.00	—	50.00	100.00	19,133	—	1.9
2022 (Forecast)	—	50.00	—	50.00	100.00		637.4	

3. Forecasts for Fiscal Year ending March 31, 2022

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	1,257,500	40.0%	12,000	—	(5,000)	—

	Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Millions of yen	%	Yen
Fiscal year	3,000	—	15.69

4. Notes

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

	Years ended March 31	
	2021	2020
1) Number of shares issued and outstanding (including treasury stock):	191,334,500	191,334,500
2) Number of treasury stock	129,629	129,792
3) Average number of shares outstanding for each period (cumulative term):	191,204,777	191,441,334

(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	%
2021	507,909	(47.2)	(233,828)	—	(250,779)	—	(217,324)	—
2020	961,905	(1.9)	119,738	(20.6)	106,953	(21.6)	73,596	(8.7)

	Net income per share	Net income per share after dilution
	Yen	Yen
2021	(1,135.84)	—
2020	384.17	—

(2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2021	3,025,958	580,205	19.2	3,032.42
2020	2,793,991	823,966	29.5	4,306.43

(Reference) Total shareholders' equity: March 31, 2021: ¥580,205 million, March 31, 2020: ¥823,966 million

2. Forecasts for Fiscal Year ending March 31, 2022

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	736,500	45.0	3,000	—	(14,000)	—

	Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Millions of yen	%	Yen
Fiscal year	2,500	—	13.07

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

Notes

1. The forward-looking statements in this document, including forecasts, etc., are based on information available to the Company at the time of this document's release and on certain assumptions considered reasonable. Actual results, etc., might differ significantly due various factors. Regarding the forecast of financial results, please refer to "Outlook for the Next Fiscal Year" on page 9.

2. Supplementary materials for the financial statements are posted on our homepage. The Company plans to hold a presentation for analysts on May 6, 2021. The Company plans to promptly post the presentation materials on its homepage after the presentation.

1. BUSINESS PERFORMANCE

1. Analysis of Business Performance

(1) Overview of Results for the Subject Period

In the subject period (April 1, 2020 to March 31, 2021), social and economic activities in Japan and around the world were significantly affected by the spread of the novel coronavirus infection. Following the declaration of a state of emergency in April 2020, circumstances were extremely challenging for the JR-West Group's operations, including a decline in tourism; a trend toward people refraining from going out, including constraints on business trips; and reduced consumption.

In addition, other factors included the further spread of the novel coronavirus infection. As a result, throughout the subject fiscal year, there was no expectation of a recovery in usage.

In these circumstances, JR-West is following its four basic policies — Fulfilling our mission as a social infrastructure company, Protecting the safety of customers and employees, Sustaining the employment, and Sustaining the supply chain.

In the subject period, as mentioned above, usage declined due to the spread of the novel coronavirus infection, and as a result operating revenues declined significantly, centered on transportation operations. Operating revenues were down 40.4% from the previous fiscal year, to ¥898.1 billion. Operating loss was ¥245.5 billion, and recurring loss was ¥257.3 billion. After income taxes, loss attributable to owners of parent was ¥233.2 billion.

In these extremely challenging circumstances, we are working to continue to enhance and effectively utilize our risk management system, including the steady implementation of measures to secure railway safety and of novel coronavirus infection countermeasures for customers and employees. In addition, we are working to reduce cash out by thoroughly reducing expenses and controlling capital expenditure.

In addition, the entire Group will continue to advance initiatives to enable customers to use our services safely and with peace of mind. We will work to promote usage and foster new demand through the provision of value with consideration for new customer needs.

(2) Results by Business Segment

a. Transportation Operations

With consideration for the train accident on the Fukuchiyama Line on April 25, 2005, JR-West Group 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.

In addition, in March, with the objectives of continuing to reflect on and teach the lessons of

the Fukuchiyama Line accident, and of achieving railway safety into the future, we formulated “Achieving Railway Safety into the Future.”

Even in the difficult circumstances caused by the influence of the spread of the novel coronavirus infection, in regard to railway safety, which is our highest priority, we will steadily advance the “JR- West Group Railway Safety Think-and-Act Plan 2022” and aim for an even higher level of safety.

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, and use of these gates has commenced on certain platforms at the Okayama, Hiroshima, and Kobe stations and on all platforms at the Tsuruhashi and Takatsuki stations. Furthermore, to address intensifying natural disasters, we continued to implement countermeasures. These included heavy rain countermeasures, such as the reinforcement of slopes and the use of radar to track the amount of rainfall for use in regulating train operation when it is raining. They also included earthquake countermeasures, such as the installation of derailment prevention guards on the Sanyo Shinkansen and the implementation of earthquake resistance reinforcement measures for buildings, elevated tracks, etc.

With the highest priority on customer safety, we implemented a range of measures to prevent the spread of the novel coronavirus infection so that customers can use services with greater peace of mind.

(Main specific measures related to the prevention of the spread of the novel coronavirus infection)

- Requested cooperation in regard to the wearing of masks and the use of staggered commuting, etc.
- Implemented anti-viral and anti-bacterial processing for conventional line rolling stock and for elevators and ticket vending machines at stations
- Provided disinfectant for use by customers at Shinkansen stations and major conventional line stations
- Provided guidance regarding ventilation on trains and opened windows
- Implemented disinfection and careful cleaning of stations and rolling stock
- Provided notices on our website, etc., of congestion status by time period (trains on major railway belts and segments as well as major stations)
- Promoted the use of the seat map function on the Internet train reservation service and green ticket vending machines
- Launched limited-time, ticketless limited express tickets for joint use with commuter passes (June to September, 2020)
- Carried out thorough employee infection prevention measures and health management

In addition to implementing these countermeasures, with consideration for usage, the

declaration of a state of emergency, etc., we suspended operation of certain regular trains, and for extra trains we suspended operations and revised the number of trains. Furthermore, we implemented temporary leaves for employees. Also, to facilitate flexible responses in line with changes in usage, with the March schedule revision, we implemented such measures as changing regular trains to extra trains.

Moving forward, while paying careful attention to safety and security, and focusing on the policies of the national government, etc., social conditions, customer usage, etc., we will continue to implement step-by-step measures to achieve a recovery in demand, in line with the circumstances in each area. In addition, we will advance initiatives for individual travel; for various groups, such as the younger generation; and for travel purposes. In addition, in accordance with the key phrase NEW WAY of RAILWAY, we will identify changes in behavioral patterns and customer awareness and implement new initiatives to address various needs, such as business and vacation travel needs.

(Main specific measures to foster a recovery in demand)

- Start of operation of WEST EXPRESS Ginga (September 2020: to San-in region; December 2020: to Sanyo region)
- Sales of discount tickets: “Sanyo Shinkansen Chokuzen-wari 50”, Hokuriku Shinkansen “e-ticket Hayatoku 21/14”, etc.
- Release of MaaS apps: WESTER and setowa (September 2020)
- Implementation of "Dokodemo Doa de Doko Ikou" campaign (start of sales of "Dokodemo Doa Kippu," etc. (October 2020 to January 2021)
- Implementation of Setouchi Hiroshima Destination Campaign (October to December, 2020)
- Launch of “Super Haya-toku 21” early discount tickets in commemoration of the 10th anniversary of the start of direct operation between the Sanyo Shinkansen and Kyushu Shinkansen (January)
- Expansion of ICOCA area (North of Kansai Urban Area, Kinokuni Line, Hakubi Line, Kansai Main Line, Nanao Line) (March)
- Expanded IC commuter pass service (Launch of Shinkansen commuter pass, etc.) (March)
- Expanded e5489 ticketless service (conventional lines) (March)
- Staggered commuting point service system “ICOCA de Jisapo” (Start of service in April)

(Main specific measures for the creation of new value)

- Implemented verification testing of “JR West X Life / Workation Subscription” service (September to November 2020)
- Implemented “GLAMPING business” verification testing in the Setouchi area (September 2020 to January 2021)
- Implemented verification testing of cargo transportation (January-, Hakubi Line; February-, Sanyo Shinkansen)

Despite the implementation of these initiatives, usage declined significantly for both tourism and business travel because people refrained from going outside and going places, etc., due to the spread of the novel coronavirus infection. As a result, in the Transportation Operations segment, operating revenues were down 48.9% from the previous fiscal year, to ¥476.8 billion, and operating loss was ¥252.1 billion.

b. Retail Business

In the retail business, in accordance with the guidelines formulated by various industry groups (hereinafter, “the guidelines”), we are working to take infection countermeasures and enable customers to use services with peace of mind.

In March, as a new commercial facility, we opened Eki Marche Shin-Osaka Sotoe outside the ticket gates at Shin-Osaka Station.

In addition, as one part of measures to promote digitalization, in July 2020 we started to introduce O:der, a mobile order platform, at commercial facilities and restaurants in the JR West Group.

Furthermore, in March, at Takatsuki Station and Amagasaki Station, we started operation of Telecube private work booths.

Looking at the accommodation-oriented hotels included in the Retail Business segment, JR-West opened VIA INN Hiroshima Shinkansenguchi in June 2020, and renovated VIA INN Shimonoseki. In addition, we opened VIA INN Osaka Kyobashi in December 2020.

Nonetheless, due to the spread of the novel coronavirus infection, significant declines in revenues were recorded in sales of goods and food services, department stores, etc. As a result of this and other factors, segment operating revenues were down 37.1% from the previous fiscal year, to ¥142.2 billion, and operating loss was ¥15.0 billion.

c. Real Estate Business

In the real estate business, as in the retail business, with consideration for the guidelines, we are working to take infection countermeasures and enable customers to use services with peace of mind.

In shopping centers, in June 2020 we implemented post-renovation openings at certain sections of “Kanazawa Hyakubangai,” and in September 2020 we completed the renovation of “Sun Station Terrace Okayama.” In addition, at LUCUA Osaka, in September 2020 we opened LUCUA OUTDOOR from ALBi, which includes 10 outdoor goods specialty stores.

Furthermore, in November 2020 we opened “Work Space Abeno Matsuzaki-cho,” a shared office facility, on a trial basis.

Nonetheless, in the Real Estate Segment, due to lower real estate sales, etc., and to the influence of the novel coronavirus infection on shopping centers, segment operating revenues

were down 11.7% from the previous fiscal year, to ¥145.7 billion, and operating income was down 16.2%, to ¥29.2 billion.

d. Construction Business

In the construction business, in addition to railway related construction, we worked to secure orders for all types of construction work, such as condominiums and public facilities.

In the Construction Business segment, operating revenues were up 11.6% from the previous fiscal year, to ¥52.4 billion, and operating income was down 2.5%, to ¥6.8 billion.

e. Other Businesses

In the hotel and travel agency businesses, with consideration for the guidelines, we are working to take infection countermeasures and enable customers to use services with peace of mind. In October 2020, we opened "Umekoji Potel KYOTO," under a new hotel brand.

Conditions remain challenging. However, going forward we will utilize government measures, etc., and work to foster a recovery in usage.

Due to the spread of the novel coronavirus infection, significant declines in revenues were recorded in the hotel business, travel agency business, etc. As a result, operating revenues for the Other Businesses segment declined 40.8% from the previous fiscal year, to ¥80.9 billion, and operating loss was ¥11.8 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 ¥3,479.4 billion, an increase of ¥204.1 billion from the end of the previous fiscal year (March 31, 2019). This was due mainly to an increase in cash.

Total liabilities amounted to ¥2,523.4 billion, an increase of ¥471.2 billion from the end of the previous fiscal year. This was due mainly to increases in bonds and debt.

Total net assets amounted to ¥956.0 billion, a decrease of ¥267.0 billion from the end of the previous fiscal year. This was due mainly to a decrease in retained earnings.

(2) Cash Flows

Looking at cash flows from operating activities, due to a decrease in profit before income taxes and other factors, net cash used in operating activities was ¥103.2 billion (compared with net cash provided by operating activities of ¥240.1 billion in the previous fiscal year).

In cash flows from investing activities, due to a decrease in purchases of property, plant and equipment and other factors, net cash used in investing activities decreased ¥56.9 billion year on year, to ¥211.6 billion.

Looking at cash flows from financing activities, due to the raising of long-term debt, such as through bonds and borrowing, net cash provided by financing activities was ¥446.7 billion

(compared with net cash used in financing activities of ¥29.1 billion in the previous fiscal year).

As a result, cash and cash equivalents at the end of the period was up ¥131.7 billion year on year, to ¥210.0 billion.

(Reference) Cash Flow Indicators

Years ended March 31

	2017	2018	2019	2020	2021
Equity ratio (%)	31.3	33.2	33.3	34.1	24.5
Equity ratio, based on market value (%)	46.6	46.8	49.5	43.2	33.7
Interest-bearing debt to cash flow ratio (Times)	4.4	3.7	3.6	4.2	—
Interest coverage ratio (Times)	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.
5. The interest-bearing debt to cash flow ratio and interest coverage ratio for FY2021.3 are not presented because operating cash flow was negative and an operating loss was recorded.

2. FUTURE OUTLOOK

(1) Outlook for the Next Fiscal Year

For FY2022.3, based on certain assumptions, revenues are expected to increase due to a reduction in the influence of the novel coronavirus infection. However, the timing of the end of the infection remains uncertain, and the management environment continues to be extremely challenging. Accordingly, the Company will do its utmost to secure profits. To that end, the Company will address changes in society by implementing business and organizational structure reforms and implementing measures to thoroughly increase productivity, as described in the "Revision of the JR-West Group Medium-Term Management Plan 2022," which was announced in October 2020. In addition, until circumstances improve, the Company will revise timetables in line with demand and thoroughly implement urgent measures, such as temporary leave.

With consideration for the above, at this point the results forecasts for FY2022.3 are as follows.

Operating revenues:	¥1,257.5 billion (up 40.0% YoY)
Operating income:	¥12.0 billion (YoY —)
Recurring loss (negative)	¥(5.0) billion (YoY —)
Profit attributable to owners of parent:	¥3.0 billion (YoY —)

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

(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.

Under the “Revision of the JR-West Group Medium-Term Management Plan 2022,” which was announced in October 2020, the Company has a basic policy of stable dividends over the long-term, and will aim for a dividend payout ratio of approximately 35% in FY2023.3.

Based on this policy, for the fiscal year ended March 2021, the Company plans to pay a full-year dividend of ¥100 per share. An interim dividend of ¥50 per share has already been paid, and accordingly the Company plans a year-end dividend of ¥50 per share.

In addition, in regard to the dividends for the next fiscal year, the Company plans to pay a full-year dividend of ¥100 per share.

(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 social and economic trends. As a result, the Group faces a significant decline in usage, with a decline in tourism; a trend toward people refraining from going out, including constraints on business trips; and reduced consumption. Moreover, the forecast for recovery is unclear. The Group faces unprecedented challenging conditions.

In addition, the coronavirus situation has been accompanied by the acceleration of changes in customer needs, such as the expansion of digital space through the use of ICT tools; the diversification of lifestyles, including working styles; and changes in values. The future that had been expected has arrived all at once, and it is becoming difficult to anticipate future changes.

b. Basic Management Policies

We have an unchanging determination to ensure that we will never again cause an accident such as that on the Fukuchiyama Line. We have reflected deeply on the accident and its consequences and take the lessons learned from the accident extremely seriously. As such, we will continue to position our three pillars of management — measures to have ourselves accepted as acting with sincerity by the victims of the train accident, measures to enhance safety, and furthering of reform — as top management priorities.

We are in a society in which it is difficult to predict change, and accordingly, as a corporate group that supports the daily lives of customers, we continue working together with local communities to realize Our Vision: “contributing to the creation of a safe, comfortable society filled with meetings among people and smiles.”

- The railway business is our core business, and railway safety is the foundation of our management. We will steadfastly maintain the JR-West Group Railway Safety Think-and-Act Plan 2022 and work to establish “frameworks for securing safety on a Companywide basis” and a “corporate culture in which safety is the highest priority.” In addition, we will advance safety measures through combinations of tangible and intangible elements. In these ways, we will work to further enhance safety.
- “Smiles” that arise from meetings and connections among people, and from connections among communities, have a value that does not change even if society changes. Innovation also results from meetings and connections. That is why the JR West Group will continue to grow as a railway company that coexists with local communities, connecting regions and supporting lifestyles. Accordingly, we will work to create new means of mobility and propose lifestyles, and to build communities that people want to visit and live in.
- On the other hand, considering disasters, which are occurring repeatedly, and the decline in usage due to changes in customer behavior patterns and in society, it will be necessary to reform the high-cost business structure of railway operations.
- In regional transportation, on some railway belts we cannot demonstrate the characteristics of railways as large-scale transportation infrastructure, and railways cannot always meet the needs of the people living in these communities. Accordingly, we will work together with local communities to identify new forms of transportation and transportation systems that are appropriate for various usage circumstances.
- In addition, to enhance our ability to address change in a manner that is appropriate for a future that is difficult to predict, we will work to develop a culture that generates innovation, to diversify our human resources, to reform the Group management structure, and to advance the Group digital strategy.

c. Medium to Long Term Management Strategies

Based on the Medium-Term Management Plan 2022, members of the Group have worked toward the realization of “Our Vision-The Ideal Forms.” However, due to a significant decline in results, we are implementing large-scale fund-raising initiatives and focusing on cost reductions and capital expenditure reductions.

In October 2020, we formulated policies and revised management indices for the period up to FY2023.3. This was implemented with consideration for changes in the management environment, and reflected our forecasts up to FY2028.3, which is the period of the next medium-term management plan. These steps were taken to indicate our course toward the restoration of our financial foundation, the implementation of reforms that address changes in society, and safety and growth.

In making these revisions, we have split the process of management reconstruction due to the effects of the novel coronavirus and business structure reform into three phases. These are the reform/reconstruction period (Phase 1) (-FY2023.3), the reform/reconstruction period (Phase 2) (FY2024.3 to FY2028.3), and the evolution/growth period (FY2029.3-). Priorities have been established for each phase. In all periods, we will work to enhance safety and coexist with local

communities. In the reform/reconstruction period, we will strive to strengthen management by implementing structural reform and restoring our financial foundation. In particular, in the reform/reconstruction period (Phase 1), to increase our ability to address change, we will focus on corporate reform and work to link those initiatives to subsequent development in the evolution/growth period.

The revised plan includes the direction of management throughout the entire reform/reconstruction period as well as related initiatives/management indexes in the reform/reconstruction period (phase 1). The detailed plan for the reform/reconstruction period (Phase 2) will be reformulated for the next medium-term management plan, with consideration for future changes in society.

The medium to long term strategy, which will reflect the above, will be rebuilt along the following four axes in order to achieve the maximum results with limited resources.

1. Enhancing safety, with the Fukuchiyama Line accident as the starting point: All periods
2. Enhancing Coexistence with Local Communities and taking on the challenge of creating new value: All periods
3. Strengthening management: Reform/reconstruction period (Phase 1), reform/reconstruction period (Phase 2)
4. Reforming the Company to enhance our ability to address change: Reform/reconstruction period (Phase 1)

1. Enhancing safety, with the Fukuchiyama Line accident as the starting point

(1) Establishing “frameworks for securing safety on a Companywide basis” and “a corporate culture in which safety is the highest priority”

- Highlighting and reviewing the lessons learned from the safety initiatives implemented after the Fukuchiyama Line accident, continuing to teach those lessons within our organization, and advancing measures linked to the think-and-act initiatives of each individual
- Formulating rules and frameworks, and securing safety by following those rules and frameworks. Securing safety through a more-active approach to think-and-act initiatives by individuals and organizational units.

(2) Enhancing safety measures for crossings and platforms

- Further advancing safety measures for crossings and platforms, which are customer touchpoints

(3) Railway labor accident countermeasures

- To prevent labor accidents, implementing countermeasures that take into account past incidents, advancing the use of on-board inspections to reduce the implementation of work that leads to labor accidents

(4) Natural disaster countermeasures (disaster prevention / damage reduction)

- In preparation for the intensification of natural disasters, advancing countermeasures, etc., that take into account floods, etc., at important facilities

(5) Measures to prevent the spread of the novel coronavirus infection

- To help prevent the spread of the infection among customers, disinfecting stations and train interiors and advancing anti-viral/anti-bacterial measures, etc.
- Providing real-time, detailed information to contribute to the avoidance of congestion

2. Taking on the challenges of enhancing coexistence with local communities and creating new value

(1) Enhancing Coexistence with Local Communities

Through the enhancement of the railway networks in each area that the JR-West Group has built to date, centered on the Shinkansen, and the integration of those networks with lifestyle services that have close ties to local communities, we will further enhance business development in a favorable cycle linked to the building of communities that people want to visit and live in. We will link these initiatives to contributions to the development of regional core cities and to measures addressing decentralized society.

To that end, we will utilize digital technologies and strive to create and provide mobility/lifestyle services that are more convenient and appealing.

- To enhance the wide-area railway network, increasing the convenience of the Sanyo Shinkansen and quickly implementing the full opening of the Hokuriku Shinkansen to Shin-Osaka.
- Leveraging the opportunities presented by the Osaka/Kansai Expo to establish the Kansai metropolitan area brand (enhancing the convenience of the railway network, advancing major station development for city development in key railway belts)
- Enhancing the appeal of the other West Japan area by having the railway and non-railway businesses work together with local communities, such as with the Setouchi Palette Project
- Providing convenient, appealing mobility/lifestyle services that meet the needs of individual customers through seamless collaboration among ICOCA, MaaS, and Internet reservation services; membership/point standardization; and data utilization
- Implementing sustainable city-building initiatives by diversifying business schemes and participating in collaborative ventures and redevelopment projects, developing commercial facilities with close ties to lifestyles that help to create regional communities

(2) Identifying and achieving the optimal regional transportation system

In all railway belts, we will continue working to optimize train schedules in line with usage. In addition, in railway belts for which we believe that we cannot demonstrate the special characteristics of railways, we will work actively together with local communities to identify and

rapidly realize new transportation systems that are sustainable and better meet community needs, while leveraging capabilities in innovation.

(3) Taking on the challenge of new value creation

We will make full use of existing resources and provide new value that leads to the proposal of diverse lifestyles and working styles that address social changes.

- “Life Subscription” for people with multiple residences; opening up markets for teleworking/workation bases through services (shared offices, etc.) that flexibly utilize existing real estate/hotel facilities; creating services that address new mobility needs
- Taking on the challenge of business development initiatives utilizing external roll-outs of solution technologies acquired through data analysis and new uses for existing business assets

3. Strengthening management

(1) Securing financial soundness through rapid recovery of our financial foundation

We will work to continue to fulfill our mission as a corporate group that supports social infrastructure, even in the event of a disaster, such as a new infectious disease or a natural disaster. We will also enhance our ability to respond to change and link that to further development. To those ends, we will strive to quickly restore our financial foundation.

Our priority ranking for the uses of cash is as follows: (1) safety capex, (2) debt reduction, growth investment, and shareholder return. With the highest priority on safety capex in the railway business, which is our core business, we will place importance on rapid debt reduction and implement more-effective growth investment and long-term, stable shareholder return.

(2) Structural reform

We will continue to provide value while addressing a future that is difficult to predict. In addition, we will advance reforms toward a business structure that can generate stable profits even if usage does not return to previous levels due to changes in behavior.

- Increasing productivity (maintenance system changes centered on the established of CBM*, revising station sales systems, etc.)
 - * Condition Based Maintenance: Preventive maintenance that achieves both quality and efficiency through continuous monitoring of the condition of facilities
- In railway transportation, optimizing train schedules in line with equalization of peak-usage time slots and periods
- In non-railway businesses, (1) flexibly addressing market changes by rapidly revising our business portfolio, (2) strengthening alliances, and (3) achieving high efficiency by revising operating processes.
- Revising head office/branch functions through organizational structural reform and working style reforms, enhancing productivity of administrative divisions

4. Implementing Corporate reforms to enhance our ability to address change

(1) Corporate culture reform, human resources, organization

To record continued growth in a society in which change is difficult to forecast, it is important to boldly take on challenges, meet with a variety of people and partners, go through a process of trial and error, and foster innovation. To that end, in existing businesses, we will take steps to improve operations and leverage strengths. In new business areas, we will secure new opportunities/develop business fields in ways that address changes in the environment. This will be achieved by our human resources. We will focus on establishing environments that fully draw out the potential of people and facilitate their growth. We will work to build a foundation on which organizations and people can both respond to change and achieve growth.

- Reforming to a corporate culture that encourages people to take on the challenges of things that are uncertain
- Supporting the establishment and further growth of an organizational culture that actively utilizes diverse human resources, fosters mutual acceptance, and enhances capabilities
- Building organizations and frameworks that have both execution capabilities and the ability to address change, which will facilitate the strengthening of Group management

(2) Advancing the JR-West Group's digital strategy

We will advance the use of the abundant, wide-ranging data held by the JR-West Group through digital technologies, and we will link this to real experiences in stations, stores, and communities. In this way, we will continue to create and provide new value, contribute to the activation of the West Japan area, and thereby advance corporate reform.

【Digital strategy pillars: 3 things to be rebuilt】

- (1) Rebuilding the customer experience (focusing on how services meet customer needs)
- (2) Rebuilding railway systems (realizing the Technology Vision)
- (3) Rebuilding the employee experience (working style reforms)

d. Issues to be addressed

In revising the Medium-Term Management Plan 2022, we needed to address changes in market structure resulting from changes in customer behavior. To that end, important management issues include reforming the high-cost business structure of railways, creating new value, and increasing the entire Group's ability to address change for a future that is difficult to predict.

Continuing on from FY2021.3, a recovery in usage remains unlikely, and our financial foundation has been significantly damaged. Accordingly, moving forward we also anticipate a variety of effects on the initiatives of the Medium-Term Management Plan 2022. In addition, we believe that, even after the end of the coronavirus crisis, customer preferences, commuting usage, business travel usage, etc., will not return to previous conditions, either qualitatively or quantitatively. Nonetheless, we regard the changes taking place in society as an opportunity to

implement reforms, reconfirm the meaning of the JR West Group's existence and unchanging values, and continue to enhance safety. We will also work to overcome these difficult times in order to sustain employment and our supply chain as well as leverage the opportunities presented by the upcoming Osaka/Kansai EXPO. Through such efforts, we will continue to grow hand in hand with local communities and contribute to building a sustainable society.

Accordingly, in regard to the natural environment, which is one of the Group's SDG focus fields, targeting the realization of a decarbonized society, in April we formulated "JR West Group Zero Carbon 2050," a long-term environmental goal. We will aim for "net zero" CO2 emissions on a Groupwide basis by 2050, and to that end we will strive to reduce CO2 emissions by 46% in FY2031.3 (vs. FY2014.3). In addition, we declared our support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and implement information disclosure based on those recommendations. Centered on the railway business, we will work toward the achievement of the SDGs to support customer lifestyles and contribute to the development of local communities and the economy. At this point, it is difficult to forecast the future, and accordingly we will revise the Medium-Term Management Plan 2022 as needed, while monitoring the circumstances regarding the resolution of the novel coronavirus situation.

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.

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2020	March31, 2021
ASSETS		
Current assets:		
Cash	78,530	210,291
Notes and accounts receivable-trade	28,198	37,347
Railway fares receivable	34,699	25,107
Accounts receivable	71,671	61,543
Securities	127	24
Inventories	117,088	118,899
Other current assets	77,298	81,103
Less allowance for doubtful accounts	(634)	(638)
Total current assets	406,981	533,678
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	1,215,032	1,219,124
Machinery and transport equipment	385,669	384,067
Land	780,886	783,246
Construction in progress	86,437	118,904
Other property, plant and equipment	64,062	62,713
Total property, plant and equipment	2,532,088	2,568,055
Intangible assets	34,229	34,054
Investments and other assets:		
Investments in securities	116,690	103,105
Net defined benefit asset	1,919	2,595
Deferred tax assets	136,954	191,769
Other investments and assets	51,085	51,192
Less allowance for doubtful accounts	(4,692)	(5,000)
Total investments and other assets	301,956	343,662
Total non-current assets	2,868,275	2,945,773
Total assets	3,275,257	3,479,452

	Millions of yen	
	March 31, 2020	March 31, 2021
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes and accounts payable-trade	70,037	60,255
Short-term loans payable	24,711	19,474
Commercial paper	60,000	—
Current portion of bonds	35,000	25,000
Current portion of long-term debt	36,422	36,952
Current portion of long-term payables for acquisition of railway properties	1,567	1,309
Accounts payable	133,582	149,889
Accrued consumption tax	9,367	6,225
Accrued income tax	20,953	18,142
Inter-line fares received	6,700	6,388
Deposits received	98,282	120,403
Prepaid railway fares received	31,999	30,202
Advances received	40,532	52,603
Allowance for bonuses	37,410	23,473
Allowance for loss on disaster	5,131	2,230
Allowance for point program	2,431	2,077
Other current liabilities	44,398	35,997
Total current liabilities	658,530	590,627
Non-current liabilities:		
Bonds	509,986	814,988
Long-term debt	334,846	581,408
Long-term payables for acquisition of railway properties	101,158	99,848
Deferred tax liabilities	655	1,846
Allowance for large scale renovation of Shinkansen infrastructure	16,666	20,833
Allowance for environmental safety measures	8,912	6,898
Allowance for loss on liquidation of railway belts	8,887	8,809
Allowance for unredeemed gift certificates	2,343	2,797
Net defined benefit liability	269,328	254,830
Other long-term liabilities	140,834	140,528
Total non-current liabilities	1,393,620	1,932,790
Total liabilities	2,052,150	2,523,418

(continued on page 19)

	Millions of yen	
	March 31, 2020	March 31, 2021
NET ASSETS		
Total shareholders' equity:		
Common stock	100,000	100,000
Capital surplus	56,567	57,454
Retained earnings	956,227	696,703
Treasury stock, at cost	(483)	(482)
Total shareholders' equity	1,112,311	853,676
Valuation and translation adjustments:		
Net unrealized holding gain on securities	(430)	(780)
Deferred gains or losses on hedges	29	0
Remeasurements of defined benefit plans	6,114	17
Total Valuation and translation adjustments	5,714	(762)
Non-controlling interests	105,080	103,119
Total net assets	1,223,106	956,033
Total liabilities and net assets	3,275,257	3,479,452

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

Consolidated Statements of Income

Years ended March 31

	Millions of yen	
	2020	2021
Operating revenues	1,508,201	898,172
Operating expenses:		
Transportation, other services and cost of sales	1,130,143	975,595
Selling, general and administrative expenses	217,430	168,121
Total operating expenses	1,347,573	1,143,717
Operating income (loss)	160,628	(245,544)
Non-operating revenues:		
Interest income	38	27
Dividend income	1,164	908
Dividends income of insurance	1,880	1,593
Transfer from administrative fee of contracted construction	1,770	1,710
Equity in earnings of affiliates	1,787	1,909
Subsidies for employment adjustment	—	3,316
Other	2,222	3,595
Total non-operating revenues	8,864	13,062
Non-operating expenses:		
Interest expense	19,465	20,455
Other	1,674	4,430
Total non-operating expenses	21,139	24,885
Recurring profit (loss)	148,353	(257,367)
Extraordinary profits:		
Gain on sales of noncurrent assets	961	10,407
Gain on contribution for construction	12,191	11,841
Compensation income for expropriation	2,658	1,586
Subsidies for employment adjustment	—	4,991
Other	7,286	3,109
Total extraordinary profits	23,097	31,936
Extraordinary losses:		
Loss on sales of noncurrent assets	148	109
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	11,606	10,666
Loss on reduction for expropriation	2,642	398
Loss related to novel coronavirus	—	11,879
Loss on valuation of investment securities	1,804	15,721
Other	14,586	10,532
Total extraordinary losses	30,788	49,309
Profit (loss) before income taxes	140,662	(274,740)
Income taxes- Current	40,703	9,990
Income taxes- Deferred	6,130	(50,812)
Total income taxes	46,833	(40,822)
Profit (loss)	93,828	(233,918)
Profit (loss) attributable to non-controlling interests	4,447	(703)
Profit (loss) attributable to owners of parent	89,380	(233,214)

Consolidated Statements of Comprehensive Income

Years ended March 31

	Millions of yen	
	2020	2021
Profit (loss)	93,828	(233,918)
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,572)	(362)
Deferred gains or losses on hedges	105	(37)
Remeasurements of defined benefit plans, net of tax	(2,519)	(6,174)
Share of other comprehensive income of associates accounted for using equity method	208	38
Total of other comprehensive income	(6,778)	(6,535)
Comprehensive income	87,050	(240,453)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	82,716	(239,691)
Comprehensive income attributable to non-controlling interests	4,333	(762)

Business Segment Information

Years ended March 31

		Billions of yen		
		2020	2021	Change from the same period of the previous period
Transportation	Operating revenues	933.4	476.8	(456.5)
	Operating income (loss)	105.3	(252.1)	(357.4)
Retail	Operating revenues	226.0	142.2	(83.8)
	Operating income (loss)	3.8	(15.0)	(18.9)
Real Estate	Operating revenues	165.1	145.7	(19.3)
	Operating income (loss)	34.9	29.2	(5.6)
Other Businesses	Operating revenues	183.6	133.3	(50.3)
	Operating income (loss)	19.7	(5.1)	(24.8)

Notes: 1. Revenues by each segment are from third parties.

2. In the above table, the "Construction Business" segment is included in "Other Businesses."

(3) Consolidated Statements of Changes in Net Assets

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 (loss) attributable to owners of parent			89,380		89,380
Change of scope of consolidation		379	(186)		192
Increase by merger			518		518
Purchase of treasury stock				(9,999)	(9,999)
Disposal of treasury shares			—	—	—
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
Purchase of shares of consolidated subsidiaries		—			—
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

(continued on page 23)

	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 (loss) attributable to owners of parent						89,380
Change of scope of consolidation						192
Increase by merger						518
Purchase of treasury stock						(9,999)
Disposal of treasury shares						—
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
Purchase of shares of consolidated subsidiaries						—
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

Year ended March 31, 2021

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at beginning of current period	100,000	56,567	956,227	(483)	1,112,311
Change in the fiscal year:					
Dividends from surplus			(26,308)		(26,308)
Profit (loss) attributable to owners of parent			(233,214)		(233,214)
Change of scope of consolidation		—	—		—
Increase by merger			—		—
Purchase of treasury stock				—	—
Disposal of treasury shares			(0)	1	0
Retirement of treasury shares			—	—	—
Change in treasury shares arising from change in equity in entities accounted for using equity method				—	—
Capital increase of consolidated subsidiaries		—			—
Purchase of shares of consolidated subsidiaries		886			886
Net changes of items other than shareholders' equity					
Total	—	886	(259,523)	1	(258,635)
Balance at end of current period	100,000	57,454	696,703	(482)	853,676

(continued on page 25)

	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	(430)	29	6,114	5,714	105,080	1,223,106
Change in the fiscal year:						
Dividends from surplus						(26,308)
Profit (loss) attributable to owners of parent						(233,214)
Change of scope of consolidation						—
Increase by merger						—
Purchase of treasury stock						—
Disposal of treasury shares						0
Retirement of treasury shares						—
Change in treasury shares arising from change in equity in entities accounted for using equity method						—
Capital increase of consolidated subsidiaries						—
Purchase of shares of consolidated subsidiaries						886
Net changes of items other than shareholders' equity	(350)	(29)	(6,096)	(6,476)	(1,961)	(8,437)
Total	(350)	(29)	(6,096)	(6,476)	(1,961)	(267,073)
Balance at end of current period	(780)	0	17	(762)	103,119	956,033

(4) Consolidated Statements of Cash Flows

Years ended March 31

	Millions of yen	
	2020	2021
Cash flows from operating activities		
Profit (loss) before income taxes	140,662	(274,740)
Depreciation and amortization	170,448	173,468
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	11,606	10,666
Loss on disposal of property, plant and equipment	11,934	5,982
Loss (gain) on valuation of investment securities	1,804	15,721
Increase (decrease) in net defined benefit liability	(20,190)	(23,911)
Increase (decrease) in allowance for doubtful accounts	728	311
Increase (decrease) in provision for bonuses	(190)	(13,937)
Increase (decrease) in allowance for the large-scale renovation of Shinkansen infrastructure	4,166	4,166
Increase (decrease) in other provision	(8,706)	(5,307)
Interest and dividend income	(1,203)	(936)
Interest expenses	19,465	20,455
Equity in earnings of affiliates	(1,787)	(1,909)
Proceeds from contribution for construction	(12,191)	(11,841)
Decrease (increase) in notes and accounts receivable-trade	15,527	10,681
Decrease (increase) in inventories	(9,184)	3,874
Increase (decrease) in notes and accounts payable-trade	(16,487)	30,642
Decrease/increase in consumption taxes receivable/payable	2,739	(11,197)
Other	(4,044)	(2,118)
Subtotal	305,097	(69,930)
Interest and dividends income received	1,201	939
Interest paid	(19,217)	(20,191)
Income taxes paid	(46,928)	(14,113)
Net cash provided by operating activities	240,152	(103,295)
Cash flows from investing activities		
Purchases of property, plant and equipment	(265,152)	(242,047)
Proceeds from sales of property, plant and equipment	1,564	12,850
Contributions received for constructions	21,742	22,793
Increase in investments in securities	(25,507)	(3,020)
Proceeds from sales of investment securities	1,923	812
Net decrease (increase) in loans receivable	(34)	(927)
Other	(3,193)	(2,153)
Net cash used in investing activities	(268,657)	(211,692)

(continued on page 27)

	Millions of yen	
	2020	2021
Cash flows from financing activities		
Change in short-term loans	3,791	(5,448)
Net change in commercial paper	60,000	(60,000)
Proceeds from long-term loans	20,000	283,600
Repayment of long-term debt	(39,205)	(36,507)
Proceeds from issuance of bonds	10,000	330,000
Redemption of bonds	(35,000)	(35,000)
Repayment of long-term payables for acquisition of railway properties	(1,645)	(1,567)
Purchase of treasury stock	(9,999)	—
Proceeds from sales of treasury shares	—	0
Cash dividends paid	(34,999)	(24,870)
Dividends paid to non-controlling interests	(333)	(311)
Other	(1,774)	(3,144)
Net cash used in financing activities	(29,167)	446,749
Change in cash and cash equivalents, net	(57,671)	131,761
Cash and cash equivalents at the beginning of the period	136,581	78,283
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	78,283	210,045

(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," "Real Estate," and "Construction." 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 four reportable segments of "Transportation," "Retail," "Real Estate," and "Construction." The "Transportation" segment comprises the railway business, passenger vehicle transportation operations, and ferry business. The "Retail" segment comprises department store operations, sales of goods and food services, and wholesale operations for various types of goods. The "Real Estate" segment comprises real estate sales and leasing operations, and shopping center management operations. The "Construction" segment handles building, railroad track construction, etc. From the subject fiscal year, the "Construction Business," which had been included in the "Other Businesses" segment, is included as a reportable segment because it has met the quantitative standard.

The segment information for the previous fiscal year has been prepared based on the reportable segment classification for the subject fiscal year.

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

	Millions of yen							
	Transportation	Retail	Real estate	Construction	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	46,970	136,662	1,508,201	—	1,508,201
Intergroup operating revenues and transfers	16,394	10,290	20,340	87,845	218,207	353,077	(353,077)	—
Total operating revenues	949,811	236,341	185,440	134,815	354,869	1,861,279	(353,077)	1,508,201
Segment income	105,313	3,855	34,909	6,979	13,149	164,208	(3,580)	160,628
Segment assets	2,140,857	111,857	717,241	116,036	428,094	3,514,089	(238,832)	3,275,257
Other items								
Depreciation and amortization	138,574	5,768	22,881	500	8,539	176,263	(5,814)	170,448
Investment in affiliates accounted for by equity method	28,397	—	—	7,594	6,191	42,184	—	42,184
Increase in property, plant and equipment and intangible assets	188,979	14,214	63,751	1,215	10,546	278,707	—	278,707

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

2. Adjustments are as follows:

(1) The segment income adjustment of minus ¥3,580 million is elimination of intersegment transactions.

(2) The segment assets adjustment of minus ¥238,832 million reflects ¥193,689 million in companywide assets not attributed to any segment, less ¥432,521 million in elimination of intersegment credits and debts.

(3) The depreciation and amortization adjustment of minus ¥5,814 million is elimination of intersegment transactions.

3. Segment income is adjusted to the operating income figure on the Consolidated Statements of Income.

Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

	Millions of yen							
	Transportation	Retail	Real estate	Construction	Other businesses (Note1)	Total	Eliminations and intergroup (Note 2)	Consolidated (Note 3)
Operating revenues:								
Operating revenues from third parties	476,891	142,228	145,732	52,400	80,919	898,172	—	898,172
Intergroup operating revenues and transfers	12,718	8,263	19,960	79,349	190,138	310,430	(310,430)	—
Total operating revenues	489,609	150,492	165,692	131,750	271,057	1,208,603	(310,430)	898,172
Segment income (loss)	(252,168)	(15,082)	29,258	6,803	(11,818)	(243,007)	(2,537)	(245,544)
Segment assets	2,162,450	110,161	734,809	116,572	383,817	3,507,810	(28,358)	3,479,452
Other items								
Depreciation and amortization	141,524	5,487	24,191	490	8,455	180,148	(6,679)	173,468
Investment in affiliates accounted for by equity method	30,425	—	—	7,988	6,674	45,089	—	45,089
Increase in property, plant and equipment and intangible assets	178,640	6,079	46,283	1,116	11,040	243,160	—	243,160

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

2. Adjustments are as follows:

(1) The segment income/loss (minus) adjustment of minus ¥2,537 million is elimination of intersegment transactions.

(2) The segment assets adjustment of minus ¥28,358 million reflects ¥382,618 million in companywide assets not attributed to any segment, less ¥410,976 million in elimination of intersegment credits and debts.

(3) The depreciation and amortization adjustment of minus ¥6,679 million is elimination of intersegment transactions.

3. Segment earnings/losses (minus) are adjusted to the operating loss figure on the Consolidated Statements of Income.

(Per Share Information)

	Years ended March 31	
	2020	2021
Net assets (Yen)	5,847.27	4,460.73
Profit (loss) attributable to owners of parent per share (Yen)	466.88	(1,219.71)

Notes: 1. In regard to diluted net income per share for the subject fiscal year, there was a net loss per share, and there were no dilutive shares. Accordingly, diluted net income per share for the subject fiscal year is not presented. In regard to diluted net income per share for the previous fiscal year, there were no dilutive shares. Accordingly, diluted net income per share for the previous fiscal year is not presented.

2. The basis for calculating net income per share or net loss per share is as follows.

	Years ended March 31	
	2020	2021
Profit (loss) attributable to owners of parent (Millions of yen)	89,380	(233,214)
Profit (loss) attributable to owners of parent applicable to common shares (Millions of yen)	89,380	(233,214)
Average number of shares outstanding for each period (Thousands of shares)	191,441	191,204

(Material Subsequent Events)

Bond issuance

The Company issued straight bonds under the following terms.

(Unit: ¥100 million)

	72nd series bonds	73rd series bonds	74th series bonds	75th series bonds	76th series bonds	77th series bonds	78th series bonds
Total amount of issue	50,000	30,000	10,000	15,000	15,000	20,000	20,000
Issue price	100% of the principal amount						
Interest rate	0.001%	0.050%	0.230%	0.582%	0.829%	0.961%	1.133%
Maturity date	April 22, 2024	April 22, 2026	April 22, 2031	April 22, 2041	April 21, 2051	April 22, 2061	April 22, 2071
Issue date	April 22, 2021						
Collateral	Unsecured						
Use of proceeds	Bond redemption, repayment of long-term debt, capital expenditure						

(Additional Information)

1. Loss due to the novel coronavirus infection

The cost of countermeasures to the novel coronavirus infection, and the fixed costs, etc., accruing during the temporary shutdown of Group commercial facilities, etc., have been recorded as “loss related to novel coronavirus” under extraordinary losses in the consolidated statements of income.

2. Accounting estimates related to the influence of the novel coronavirus infection

In regard to accounting estimates, such as assessments of the recoverability of deferred tax assets for the subject period, etc., we are assuming that usage conditions in the railway business, which is our core business, will gradually recover in FY2022.3. In addition, we are assuming that the results of Group companies will also gradually recover. However, there are many uncertain elements in regard to actual consumption trends, etc., and it is possible that there will be an influence on results in the next fiscal year and subsequent fiscal years.

Reference Materials

1. NON-CONSOLIDATED BALANCE SHEETS

	March 31, 2020	March 31, 2021	Change
	Billions of yen	Billions of yen	Billions of yen
ASSETS			
Current assets:			
Total current assets	241.8	383.9	142.0
Non-current assets:			
Fixed assets for railway operations	1,914.4	1,927.2	12.7
Construction in progress	75.4	94.4	19.0
Investments and other assets	562.2	620.3	58.0
Total fixed assets	2,552.1	2,642.0	89.8
Total assets	2,793.9	3,025.9	231.9

	March 31, 2020	March 31, 2021	Change
	Billions of yen	Billions of yen	Billions of yen
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of long-term debt	72.3	62.8	(9.5)
Accounts payable	653.7	612.0	(41.6)
Total current liabilities	726.1	674.9	(51.2)
Non-current liabilities:			
Bonds and long-term debt	945.3	1,496.1	550.7
Accrued retirement benefits	250.3	225.1	(25.1)
Other long-term liabilities	48.2	49.5	1.2
Total fixed liabilities	1,243.9	1,770.8	526.9
Total liabilities	1,970.0	2,445.7	475.7
Total shareholders' equity:			
Common stock	100.0	100.0	—
Capital surplus	55.0	55.0	—
Retained earnings	670.6	426.9	(243.6)
Treasury stock, at cost	(0.0)	(0.0)	0.0
Total shareholders' equity	825.6	581.9	(243.6)
Valuation and translation adjustments	(1.6)	(1.7)	(0.1)
Total net assets	823.9	580.2	(243.7)
Total liabilities and net assets	2,793.9	3,025.9	231.9

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, 2022	
	2020	2021			Change	
	Billions of yen	Billions of yen	Billions of yen	%	Billions of yen	
Operating revenues:						
Transportation	856.8	419.4	(437.4)	(51.0)	643.0 [644.0]	223.5 [224.5]
Transportation incidentals	17.1	12.7	(4.4)	(25.8)	14.5	1.7
Other operations	30.0	27.1	(2.8)	(9.6)	27.2 [28.0]	0 [0.8]
Miscellaneous	57.7	48.5	(9.2)	(16.0)	51.8	3.2
	961.9	507.9	(453.9)	(47.2)	736.5 [738.3]	228.5 [230.3]
Operating expenses:						
Personnel costs	214.6	183.8	(30.8)	(14.4)	180.5	(3.3)
Non personnel costs:						
Energy costs	45.4	39.5	(5.9)	(13.0)	39.5	(0)
Maintenance costs	166.4	151.9	(14.4)	(8.7)	143.5	(8.4)
Miscellaneous costs	212.4	163.9	(48.5)	(22.8)	178.0 [179.8]	14.0 [15.8]
	424.3	355.4	(68.8)	(16.2)	361.0	5.5
Rental payments, etc	28.4	27.6	(0.7)	(2.7)	27.0	(0.6)
Taxes	36.4	33.6	(2.7)	(7.5)	36.0	2.3
Depreciation	138.2	141.0	2.7	2.0	129.0	(12.0)
	842.1	741.7	(100.4)	(11.9)	733.5 [735.3]	(8.2) [(6.4)]
Operating profit (loss)	119.7	(233.8)	(353.5)	—	3.0	236.8
Non-operating revenues and expenses, net:						
Non-operating revenues	7.5	8.4	0.8	—	—	—
Non-operating expenses	20.3	25.3	5.0	—	—	—
	(12.7)	(16.9)	(4.1)	32.6	(17.0)	(0.0)
Recurring profit (loss)	106.9	(250.7)	(357.7)	—	(14.0)	236.7
Extraordinary profit and loss, net:						
Extraordinary profit	20.9	25.0	4.1	—	—	—
Extraordinary loss	22.1	49.0	26.9	—	—	—
	(1.1)	(23.9)	(22.8)	—	17.5	41.4
Profit (loss) before income taxes	105.8	(274.7)	(380.5)	—	3.5	278.2
Income taxes	32.2	(57.4)	(89.6)	—	1.0	58.4
Net profit (loss)	73.5	(217.3)	(290.9)	—	2.5	219.8

(Note) Figures in parentheses in the full-year results forecasts do not include the effect of the application of "Accounting Standard for Revenue Recognition," etc.

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	
	2020	2021	Amount	%	2020	2021	Amount	%
Shinkansen								
Commuter Passes	892	783	(109)	(12.2)	11.4	10.1	(1.2)	(10.6)
Non-Commuter Passes	19,717	6,934	(12,783)	(64.8)	429.8	155.3	(274.4)	(63.9)
Total	20,610	7,717	(12,892)	(62.6)	441.2	165.5	(275.6)	(62.5)
Conventional Lines								
Commuter Passes	22,794	18,867	(3,927)	(17.2)	142.0	117.3	(24.6)	(17.4)
Non-Commuter Passes	15,183	7,525	(7,657)	(50.4)	273.6	136.5	(137.0)	(50.1)
Total	37,977	26,392	(11,585)	(30.5)	415.6	253.9	(161.7)	(38.9)
Kansai Urban Area								
Commuter Passes	18,827	15,389	(3,438)	(18.3)	117.2	96.2	(21.0)	(18.0)
Non-Commuter Passes	10,866	5,545	(5,320)	(49.0)	190.2	98.2	(91.9)	(48.3)
Total	29,693	20,934	(8,759)	(29.5)	307.5	194.4	(113.0)	(36.8)
Other Lines								
Commuter Passes	3,967	3,477	(489)	(12.3)	24.7	21.1	(3.5)	(14.6)
Non-Commuter Passes	4,316	1,979	(2,336)	(54.1)	83.4	38.3	(45.0)	(54.1)
Total	8,284	5,457	(2,826)	(34.1)	108.1	59.4	(48.6)	(45.0)
Total								
Commuter Passes	23,687	19,650	(4,036)	(17.0)	153.4	127.5	(25.8)	(16.9)
Non-Commuter Passes	34,900	14,459	(20,440)	(58.6)	703.4	291.9	(411.5)	(58.5)
Total	58,588	34,110	(24,477)	(41.8)	856.8	419.4	(437.4)	(51.0)

3. NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Year ended March 31, 2020

	Millions of yen							
	Shareholders' equity							
	Common stock	Capital surplus	Retained earnings					Total
		Legal capital surplus	Legal retained earnings	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	11,327	23,956	450,000	156,765	642,050	
Change in the fiscal year:								
Dividends from surplus						(35,018)	(35,018)	
Net income (loss)						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								
Disposal of treasury shares						—	—	
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	11,327	23,700	480,000	155,600	670,628	

(continued on page37)

	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 (loss)		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)
Disposal of treasury shares	—	—		—
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

Year ended March 31, 2021

	Millions of yen						
	Shareholders' equity						
	Common stock	Capital surplus	Retained earnings				Total
		Legal capital surplus	Legal retained earnings	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	11,327	23,700	480,000	155,600	670,628
Change in the fiscal year:							
Dividends from surplus						(26,308)	(26,308)
Net income (loss)						(217,324)	(217,324)
Provision of reserve for advanced depreciation of noncurrent assets				2,529		(2,529)	—
Reversal of reserve for advanced depreciation of noncurrent assets				(967)		967	—
Provision of general reserve					—	—	—
Purchase of treasury stock							
Disposal of treasury shares						(0)	(0)
Retirement of treasury shares						—	—
Net changes of items other than shareholders' equity							
Total	—	—	—	1,561	—	(245,195)	(243,633)
Balance at end of current period	100,000	55,000	11,327	25,262	480,000	(89,594)	426,994

(continued on page 39)

	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)	825,622	(1,656)	823,966
Change in the fiscal year:				
Dividends from surplus		(26,308)		(26,308)
Net income (loss)		(217,324)		(217,324)
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	—	—		—
Disposal of treasury shares	1	0		0
Retirement of treasury shares	—	—		—
Net changes of items other than shareholders' equity			(128)	(128)
Total	1	(243,632)	(128)	(243,761)
Balance at end of current period	(4)	581,990	(1,784)	580,205

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, 2022
	2020	2021	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	272.4	237.3	(35.0)	(12.9)	—
Capital expenditures, excluding contributions received for constructions	254.5	216.6	(37.9)	(14.9)	245.0
Contributions received for constructions	17.8	20.6	2.8	16.0	—

Non-Consolidated Basis

	Years ended March 31		Change from the same period of the previous period		Plan for fiscal year ending March 31, 2022
	2020	2021	Billions of yen	%	
	Billions of yen	Billions of yen			
Capital expenditures	194.0	188.1	(5.8)	(3.0)	—
Capital expenditures, excluding contributions received for constructions	176.2	167.4	(8.7)	(5.0)	170.0
[Safety-related capital expenditures]	[116.1]	[105.1]	[(10.9)]	(9.4)	(85.0)
Contributions received for constructions	17.8	20.6	2.8	16.0	—

Major Capital Expenditures (non-consolidated)

Earthquake countermeasures and other safety/disaster-prevention measures, new rolling stock (N700S, 521 series, 225 series, 227 series), etc.

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 2021 based on information available to JR-West as of April 2021 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.