April 28, 2022

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: Yuichi Kozawa, General Manager, Corporate Communications Department

Date for the General Meeting of Shareholders: June 23, 2022

Filing of annual security report: June 24, 2022 Start of dividend payments: June 24, 2022

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	%
2022	1,031,103	12.1	(119,091)	—	(121,047)	—	(113,198)	—
2021	920,046	—	(245,507)	—	(257,330)	—	(233,166)	—

(Note) Comprehensive Income: Year ended March 31, 2022: ¥(112,226) million, (—%)
Year ended March 31, 2021: ¥(240,416) million, (—%)

	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	%	%	%
2022	(516.06)	—	—	—	(11.5)
2021	(1,219.46)	—	—	—	(26.7)

(Reference) Gain on investment by equity method: Year ended March 31, 2022: ¥1,022 million;
Year ended March 31, 2021: ¥1,909 million

(Note) The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the subject fiscal year. The figures for the fiscal year ended March 31, 2021, are the figures after the retroactive application of this standard. As a result, for the fiscal year ended March 31, 2021, percent changes from the previous fiscal year are not included.

(2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2022	3,702,421	1,074,211	26.2	3,973.15
2021	3,477,382	956,256	24.5	4,461.46

(Reference) Total shareholders' equity: March 31, 2022: ¥968,939 million, March 31, 2021: ¥853,053 million

(Note) The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the subject fiscal year. The figures for the fiscal year ended March 31, 2021, are the figures after the retroactive application of this standard.

(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
2022	(86,468)	(188,711)	384,685	319,596
2021	(103,295)	(211,692)	446,749	210,045

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	Millions of yen	%	%
2021	—	50.00	—	50.00	100.00	19,133	—	1.9
2022	—	50.00	—	50.00	100.00	24,400	—	2.4
2023 (Forecast)	—	50.00	—	50.00	100.00	—	41.7	—

3. Forecasts for Fiscal Year ending March 31, 2023

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	1,309,000	27.0	30,000	—	13,500	—

	Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Millions of yen	%	Yen
Fiscal year	58,500	—	239.88

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: Yes
   2) Changes other than 1) above: Yes
   3) Changes in Accounting Estimates: Yes
   4) Restatements: None
   (Note) For details, please refer to Changes in Accounting Policies, Changes in Accounting Estimates, Restatements on page 30 of the accompanying materials

3. Number of Shares Outstanding (Common stock)

	Years ended March 31	
	2022	**2021**
1) Number of shares issued and outstanding (including treasury stock):	244,001,600	191,334,500
2) Number of treasury stock	129,719	129,629
3) Average number of shares outstanding for each period (cumulative term):	219,350,795	191,204,777

(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	%
2022	577,627	14.0	(127,017)	—	(138,290)	—	(121,605)	—
2021	506,840	—	(233,828)	—	(250,779)	—	(217,324)	—

	Net income per share	Net income per share after dilution
	Yen	Yen
2022	(554.06)	—
2021	(1,135.84)	—

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) from the beginning of the subject fiscal year. The figures for the fiscal year ended March 31, 2021, are the figures after the retroactive application of this standard. As a result, for the fiscal year ended March 31, 2021, percent changes from the previous fiscal year are not included.

(2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2022	3,190,533	688,478	21.6	2,821.62
2021	3,025,958	580,205	19.2	3,032,42

(Reference) Total shareholders' equity: March 31, 2022: ¥688,478 million, March 31, 2021: ¥580,205 million

(Note) The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the subject fiscal year. The figures for the fiscal year ended March 31, 2021, are the figures after the retroactive application of this standard.

2. Forecasts for Fiscal Year ending March 31, 2023

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	769,000	33.1	4,500	—	(10,000)	—

	Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Millions of yen	%	Yen
Fiscal year	48,000	—	196.72

* 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 11.

2. Supplementary materials for the financial statements are posted on our homepage. The Company plans to hold a presentation for analysts on May 2, 2022. 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, 2021 to March 31, 2022), due to the ongoing influence of the novel coronavirus pandemic, including the declaration and extension of the state of emergency and the rapid spread of a new variant, circumstances remained 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 these challenging circumstances, the Group continued working to enhance and operate its risk management system, including the steady implementation of measures to secure railway safety and novel coronavirus infection prevention measures for customers and employees. In addition, the Group implemented thorough cost reductions and measures to foster demand in line with the circumstances of the pandemic.

As a result, operating revenues rose 12.1% from the previous fiscal year, to ¥1,031.1 billion. Nonetheless, the Group recorded an operating loss of ¥119.0 billion and a recurring loss of ¥121.0 billion. After taxes, loss attributable to owners of parent was ¥113.1 billion. As in the previous fiscal year, our results reflected the challenging circumstances. However, there were signs of improvement. In the third quarter, we recorded a profit for the first time in eight quarters.

In regard to finance, in September 2021 we implemented a capital increase by way of public offering in order to strengthen our financial foundation. This will support the realization of the growth strategies outlined up to this point and will enhance our ability to respond to a changing management environment, thereby enhancing corporate value. Going forward, we will strive realize growth by capturing post-pandemic leisure demand as well as demand arising from large-scale development projects, etc.

The entire Group will continue to advance initiatives to enable customers to use our services safely and with peace of mind. In addition, 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 allow such a serious accident to occur, 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 are promoting initiatives to enhance safety from tangible and intangible perspectives and working to advance the establishment of frameworks for safety management.

We will advance initiatives to promote “perspectives that are essential for the achievement of safety,” which were formulated 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. 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” in its final fiscal year and aim for an even higher level of safety.

In the subject fiscal year, as a measure to enhance platform safety, we continued to advance 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 Hiroshima, Kyoto, and Shin-Imamiya 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 bridges, 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)
- Real-time congestion information provision (trains on major railway belts / segments in the Kyoto-Osaka-Kobe Area)
- Promoted the use of the seat map function on the Internet train reservation service and green ticket vending machines
- 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, priority measures for preventing the spread of the novel coronavirus, 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. Moreover, to facilitate flexible responses based on usage circumstances and in line with changes in usage, we implemented timetable revisions.

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 implement measures to achieve a recovery in demand, in line with the circumstances in each area, as well as new measures that reflect changes in behavioral patterns and customer awareness.

(Main specific measures to foster a recovery in demand)

- Started sales of Nishi-Navi Green Pass (limited to travel agencies) (July 2021)
- Started sales of JR West Dokodemo Kippu / JR West Kansai Dokodemo Kippu (October 2021)
- Started sales of Winter Vacation (Children ¥1,000!) Family Tickets (December 2021)

(Main specific measures for the creation of new value)

- Expanded cargo transportation service on the Hokuriku Shinkansen (May 2021)
- Grand opening of SETOUCHI GLAMPING (August 2021)
- Provided work spaces on the Sanyo Shinkansen (October 2021)
- Provided work spaces on the Hokuriku Shinkansen (Nobember 2021)
- In joint development with SoftBank, implemented verification testing of BRT with bus platooning style automated operations (October 2021)
- Commenced cargo transportation operations on the Sanyo Shinkansen and conventional lines (November 2021)
- Opened Aotabi, an information provision platform for generation Z consumers (January)
- Started verification testing of “green” ticket vending machines with AI-based automatic customer-handling functionality (February to March)

(Main specific measures with a focus on the period after the novel coronavirus)

- Advanced dialog with local communities regarding sustainable transportation services, revised timetables in line with usage

In the Transportation Operations Segment, usage increased due to a recovery in railway demand resulting from such factors as a certain level of stabilization in the pandemic circumstances. As a result, segment operating revenues increased 15.8%, to ¥544.1 billion. Nonetheless, operating loss was ¥144.3 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 October 2021, we implemented the phase I renovation of Eki Marche Osaka, an in-station commercial facility at Osaka Station. In addition, we opened Uniqlo franchise stores at Shin-Osaka Station (April 2021) and Ashiya Station (March 2022).

Looking at the VIA INN brand of accommodation-oriented hotels included in the retail segment, in response to new working-style needs, the Company collaborated with STATION WORK (May 2021) and started collaboration in verification testing of the “JR West X Life / Workation Subscription” service (June 2021).

In the retail segment, operating revenues were up 14.3% year on year, to ¥124.2 billion, accompanying a recovery in railway demand resulting from a certain level of stabilization in the pandemic circumstances, etc. Nonetheless, operating loss was ¥8.6 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 the shopping center business, in September 2021 we opened Shukugawa Green Place, a lifestyle-support-oriented shopping center. Furthermore, in March we opened MAROOT, a commercial facility, in southwest Toyama Station, and we implemented a complete renovation of the western-area food services zone at the underground shopping mall in front of Kyoto Station.

In real estate sales and leasing operations, we worked to expand the sales business and strengthen the leasing business. In addition, we implemented investment advisory and agency business registration (November 2021) and started to engage in asset management operations. Moreover, we successively opened Work Place COCOLO shared office locations (from July 2021), and we opened a coworking space, “DISCOVERY coworking,” at VIERRA Kokura (February).

In the real estate segment, shopping center sales recovered, and consequently lease revenues increased. Due to this and other factors, segment operating revenues were up 6.9% year on year, to ¥151.1 billion, and operating income was up 2.6%, to ¥30.0 billion.

d. 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 the hotel business, in March, we opened Hotel Vischio Toyama, an accommodation-oriented hotel. In travel agency operations, in the solutions business, which is outside of the scope of the travel department, we were entrusted with vaccination support activities by municipal governments.

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

In the other businesses segment, accompanying a certain level of stabilization in the pandemic circumstances, growth in orders in non-travel operations, etc., operating revenues were up 5.7% year on year, to ¥211.5 billion, and operating income was ¥2.9 billion.

2. Analysis of Financial Condition

(1) Assets, Liabilities and Net Assets

Total assets at the end of the subject fiscal year (March 31, 2022) amounted to ¥3,702.4 billion, an increase of ¥225.0 billion from the end of the previous fiscal year (March 31, 2021). This was due mainly to an increase in cash.

Total liabilities amounted to ¥2,628.2 billion, an increase of ¥107.0 billion from the end of the previous fiscal year. This was due mainly to an increase in bonds.

Total net assets amounted to ¥1,074.2 billion, an increase of ¥117.9 billion from the end of the previous fiscal year. This was due mainly to increases in common stock and capital surplus.

(2) Cash Flows

Looking at cash flows from operating activities, due to improvement in loss before income taxes and other factors, net cash used in operating activities decreased ¥16.8 billion year on year, to ¥86.4 billion.

In cash flows from investing activities, due to an increase in proceeds from sales of property, plant and equipment and other factors, net cash used in investing activities decreased ¥22.9 billion year on year, to ¥188.7 billion.

Looking at cash flows from financing activities, due to the raising of long-term debt, such as through bonds and borrowing; the implementation of a capital increase by way of public offering; and other factors, net cash provided by financing activities was ¥384.6 billion.

As a result, cash and cash equivalents at the end of the period was up ¥109.5 billion year on year, to ¥319.5 billion.

(Reference) Cash Flow Indicators

Years ended March 31

	2018	2019	2020	2021	2022
Equity ratio (%)	33.2	33.3	34.1	24.5	26.2
Equity ratio, based on market value (%)	46.8	49.5	43.2	33.7	33.5
Interest-bearing debt to cash flow ratio (Times)	3.7	3.6	4.2	—	—
Interest coverage ratio (Times)	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 FY2022.3 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 FY2023.3, based on certain assumptions, revenues are expected to increase due to a reduction in the influence of the novel coronavirus pandemic. However, the timing of the end of the pandemic is uncertain, and prices are rising. Due to these and other factors, the management environment continues to be extremely challenging. With a focus on new changes in behavior following the resolution of the coronavirus situation, the Company will steadily advance initiatives in the reform/reconstruction period (Phase 1), as described in the “Revision of the JR-West Group Medium-Term Management Plan 2022,” which was announced in October 2020. These initiatives include further enhancing safety, implementing organizational structure reforms to enhance our ability to address change, and thoroughly enhancing productivity.

With consideration for the above, at this point the results forecasts for FY2023.3 are as follows

Operating revenues:	¥1,309.0 billion (up 27.0% YoY)
Operating income:	¥30.0 billion (YoY －)
Recurring profit	¥13.5 billion (YoY －)
Profit attributable to owners of parent:	¥58.5billion (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 2022, 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, accompanying the spread of the novel coronavirus infection, such factors as the extension of the state of emergency and the spread of a new variant are significantly 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. In addition, instability in the international situation is increasing. The Group continues to face 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 allow an accident such as that on the Fukuchiyama Line to occur. 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 —sincere response to 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, we cannot demonstrate the characteristics of railways from the perspective of large-scale transportation, 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, we will work to develop a culture that generates innovation, to diversify our human resources, to build systems and structures for the strengthening of governance, 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.”

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.

Emerging from the novel coronavirus pandemic, we have split the process of management reconstruction and business structure reform into three phases. These are the reform/reconstruction period (Phase I) （-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 I), 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 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) , crime prevention measures

- In preparation for the intensification of natural disasters, advancing countermeasures, etc., that take into account floods, etc., at important facilities
- Enhancing crime deterrence capabilities on trains, improving response capabilities through efficient practice

(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) , building foundations with a focus on future growth
- 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.

A recovery in usage continues to remain unlikely. 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 leverage the opportunities presented by the upcoming Osaka/Kansai EXPO, 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 sustainability focus fields, we will target the realization of a decarbonized society. As highlighted in “JR West Group Zero Carbon 2050,” a long-term environmental goal, we will aim for “net zero” CO_2 emissions on a Groupwide basis by 2050, and to that end we will strive to reduce CO_2 emissions by 46% in FY2031.3 (vs. FY2014.3). In addition, we have declared our support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), and we will implement information disclosure based on those recommendations.

In addition, Umekita (Osaka) Station has been positioned as a station for taking on the challenge of giving shape to the JR-West Technology Vision, and on that basis the Company has implemented a variety of verification testing initiatives. The station has been positioned as the center of the JR WEST LABO innovation testing venue, and going forward the Company will accelerate open innovation. Through co-creation with a variety of partners at JR WEST LABO, the Company will advance new value creation and continue to provide society with advanced technologies that resolve management issues and social issues.

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, 2021	**March31, 2022**
ASSETS		
Current assets:		
Cash	210,291	319,843
Notes and accounts receivable-trade	37,347	42,579
Railway fares receivable	25,107	30,906
Accounts receivable	61,177	90,441
Securities	24	79
Inventories	118,899	145,884
Other current assets	79,400	88,902
Less allowance for doubtful accounts	(638)	(588)
Total current assets	531,609	718,048
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	1,219,124	1,234,911
Machinery and transport equipment	384,067	385,046
Land	783,246	782,009
Construction in progress	118,904	150,783
Other property, plant and equipment	62,713	57,029
Total property, plant and equipment	2,568,055	2,609,781
Intangible assets	34,054	31,268
Investments and other assets:		
Investments in securities	103,105	97,520
Net defined benefit asset	2,595	3,134
Deferred tax assets	190,769	197,964
Other investments and assets	51,192	48,499
Less allowance for doubtful accounts	(5,000)	(4,936)
Total investments and other assets	343,662	342,181
Total non-current assets	2,945,773	2,983,232
Deferred assets :		
Share issuance cost	—	1,140
Total deferred assets	—	1,140
Total assets	3,477,382	3,702,421

	Millions of yen	
	March 31, 2021	**March 31, 2022**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes and accounts payable-trade	60,255	57,134
Short-term loans payable	19,474	14,229
Current portion of bonds	25,000	25,000
Current portion of long-term debt	36,952	71,572
Current portion of long-term payables for acquisition of railway properties	1,309	1,167
Accounts payable	149,889	105,944
Accrued consumption tax	6,225	8,371
Accrued income tax	18,142	9,535
Inter-line fares received	6,388	3,588
Deposits received	121,055	122,083
Prepaid railway fares received	30,202	30,404
Advances received	53,624	62,336
Allowance for bonuses	23,473	23,480
Allowance for loss on disaster	2,230	1,205
Allowance for point program	714	654
Other current liabilities	36,176	39,188
Total current liabilities	591,116	575,898
Non-current liabilities:		
Bonds	814,988	949,990
Long-term debt	581,408	578,435
Long-term payables for acquisition of railway properties	99,848	98,681
Deferred tax liabilities	1,846	1,145
Allowance for large scale renovation of Shinkansen infrastructure	20,833	25,000
Allowance for environmental safety measures	6,898	5,880
Allowance for loss on liquidation of railway belts	8,809	16,627
Net defined benefit liability	254,830	238,077
Other long-term liabilities	140,544	138,471
Total non-current liabilities	1,930,009	2,052,311
Total liabilities	2,521,125	2,628,209

(continued on page 21)

	Millions of yen	
	March 31, 2021	**March 31, 2022**
NET ASSETS		
Total shareholders' equity:		
Common stock	100,000	226,136
Capital surplus	57,454	183,812
Retained earnings	696,843	561,874
Treasury stock, at cost	(482)	(482)
Total shareholders' equity	853,815	971,341
Valuation and translation adjustments:		
Net unrealized holding gain on securities	(780)	(1,270)
Deferred gains or losses on hedges	0	—
Remeasurements of defined benefit plans	17	(1,131)
Total Valuation and translation adjustments	(762)	(2,402)
Non-controlling interests	103,203	105,272
Total net assets	956,256	1,074,211
Total liabilities and net assets	3,477,382	3,702,421

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

Consolidated Statements of Income

Years ended March 31

	Millions of yen	
	2021	**2022**
Operating revenues	920,046	1,031,103
Operating expenses:		
Transportation, other services and cost of sales	998,025	987,857
Selling, general and administrative expenses	167,528	162,338
Total operating expenses	1,165,554	1,150,195
Operating loss	(245,507)	(119,091)
Non-operating revenues:		
Interest income	27	101
Dividend income	908	3,153
Dividends income of insurance	1,593	1,443
Transfer from administrative fee of contracted construction	1,710	1,762
Equity in earnings of affiliates	1,909	1,022
Subsidies for employment adjustment	3,316	10,371
Other	3,595	5,765
Total non-operating revenues	13,062	23,620
Non-operating expenses:		
Interest expense	20,455	21,450
Other	4,430	4,126
Total non-operating expenses	24,885	25,576
Recurring loss	(257,330)	(121,047)
Extraordinary profits:		
Gain on sales of noncurrent assets	10,407	33,674
Gain on contribution for construction	11,841	19,678
Compensation income for expropriation	1,586	1,208
Subsidies for employment adjustment	4,991	135
Other	3,109	4,120
Total extraordinary profits	31,936	58,818
Extraordinary losses:		
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	10,666	18,375
Loss on reduction for expropriation	398	1,208
Loss related to novel coronavirus	11,879	1,804
Loss on valuation of investment securities	15,721	4,293
Provision for loss on liquidation of railway belts	—	8,638
Other	10,642	9,023
Total extraordinary losses	49,309	43,343
Loss before income taxes	(274,702)	(105,573)
Income taxes- Current	9,990	11,378
Income taxes- Deferred	(50,812)	(6,186)
Total income taxes	(40,822)	5,191
Loss	(233,880)	(110,764)
Loss attributable to non-controlling interests	(714)	2,433
Loss attributable to owners of parent	(233,166)	(113,198)

Consolidated Statements of Comprehensive Income

Years ended March 31

	Millions of yen	
	2021	**2022**
Loss	(233,880)	(110,764)
Other comprehensive income		
Valuation difference on available-for-sale securities	(362)	(484)
Deferred gains or losses on hedges	(37)	—
Remeasurements of defined benefit plans, net of tax	(6,174)	(975)
Share of other comprehensive income of associates accounted for using equity method	38	(1)
Total of other comprehensive income	(6,535)	(1,462)
Comprehensive income	(240,416)	(112,226)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	(239,642)	(114,838)
Comprehensive income attributable to non-controlling interests	(773)	2,611

Business Segment Information

Years ended March 31

		Billions of yen		
		2021	**2022**	Change from the same period of the previous period
Transportation	Operating revenues	469.7	544.1	74.3
	Operating income (loss)	(251.5)	(144.3)	107.2
Retail	Operating revenues	108.7	124.2	15.5
	Operating income (loss)	(15.0)	(8.6)	6.4
Real Estate	Operating revenues	141.3	151.1	9.8
	Operating income (loss)	29.2	30.0	0.7
Other Businesses	Operating revenues	200.2	211.5	11.3
	Operating income (loss)	(5.7)	2.9	8.7

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

2. The revenue recognition standard has been retroactively applied to the results for FY2021.3.

(3) Consolidated Statements of Changes in Net Assets

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
Cumulative effects of changes in accounting policies			91		91
Restated balance	100,000	56,567	956,318	(483)	1,112,403
Change in the fiscal year:					
Issuance of new shares		—			—
Dividends from surplus			(26,308)		(26,308)
Profit (loss) attributable to owners of parent			(233,166)		(233,166)
Change of scope of consolidation			—		—
Increase by merger			—		—
Purchase of treasury stock				—	—
Disposal of treasury shares			(0)	1	0
Change in treasury shares arising from change in equity in entities accounted for using equity method				—	—
Purchase of shares of consolidated subsidiaries		886			886
Net changes of items other than shareholders' equity					
Total	—	886	(259,475)	1	(258,587)
Balance at end of current period	100,000	57,454	696,843	(482)	853,815

(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
Cumulative effects of changes in accounting policies					94	186
Restated balance	(430)	29	6,114	5,714	105,175	1,223,292
Change in the fiscal year:						
Issuance of new shares						—
Dividends from surplus						(26,308)
Profit (loss) attributable to owners of parent						(233,166)
Change of scope of consolidation						—
Increase by merger						—
Purchase of treasury stock						—
Disposal of treasury shares						0
Change in treasury shares arising from change in equity in entities accounted for using equity method						—
Purchase of shares of consolidated subsidiaries						886
Net changes of items other than shareholders' equity	(350)	(29)	(6,096)	(6,476)	(1,972)	(8,448)
Total	(350)	(29)	(6,096)	(6,476)	(1,972)	(267,035)
Balance at end of current period	(780)	0	17	(762)	103,203	956,256

Year ended March 31, 2022

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at beginning of current period	100,000	57,454	696,843	(482)	853,815
Cumulative effects of changes in accounting policies			–		–
Restated balance	100,000	57,454	696,843	(482)	853,815
Change in the fiscal year:					
Issuance of new shares	126,136	126,136			252,273
Dividends from surplus			(21,766)		(21,766)
Profit (loss) attributable to owners of parent			(113,198)		(113,198)
Change of scope of consolidation			(8)		(8)
Increase by merger			4		4
Purchase of treasury stock				(0)	(0)
Disposal of treasury shares			–	–	–
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0
Purchase of shares of consolidated subsidiaries		221			221
Net changes of items other than shareholders' equity					
Total	126,136	126,358	(134,969)	(0)	117,525
Balance at end of current period	226,136	183,812	561,874	(482)	971,341

(continued on page 27)

	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	(780)	0	17	(762)	103,203	956,256
Cumulative effects of changes in accounting policies					–	–
Restated balance	(780)	0	17	(762)	103,203	956,256
Change in the fiscal year:						
Issuance of new shares						252,273
Dividends from surplus						(21,766)
Profit (loss) attributable to owners of parent						(113,198)
Change of scope of consolidation						(8)
Increase by merger						4
Purchase of treasury stock						(0)
Disposal of treasury shares						–
Change in treasury shares arising from change in equity in entities accounted for using equity method						0
Purchase of shares of consolidated subsidiaries						221
Net changes of items other than shareholders' equity	(490)	(0)	(1,149)	(1,639)	2,069	429
Total	(490)	(0)	(1,149)	(1,639)	2,069	117,954
Balance at end of current period	(1,270)	—	(1,131)	(2,402)	105,272	1,074,211

(4) Consolidated Statements of Cash Flows

Years ended March 31

	Millions of yen	
	2021	**2022**
Cash flows from operating activities		
Loss before income taxes	(274,702)	(105,573)
Depreciation and amortization	173,468	160,868
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	10,666	18,375
Loss on disposal of property, plant and equipment	5,982	5,984
Loss (gain) on sales of non-current assets	(9,088)	(33,488)
Increase (decrease) in net defined benefit liability	(23,911)	(18,686)
Increase (decrease) in allowance for doubtful accounts	311	(113)
Increase (decrease) in provision for bonuses	(13,937)	4
Increase (decrease) in allowance for the large-scale renovation of Shinkansen infrastructure	4,166	4,166
Increase (decrease) in other provision	(5,486)	5,721
Interest and dividend income	(936)	(3,255)
Interest expenses	20,455	21,450
Equity in earnings of affiliates	(1,909)	(1,022)
Proceeds from contribution for construction	(11,841)	(19,678)
Decrease (increase) in notes and accounts receivable-trade	11,047	(39,478)
Decrease (increase) in inventories	3,874	(22,680)
Increase (decrease) in notes and accounts payable-trade	30,483	(41,733)
Decrease/increase in consumption taxes receivable/payable	(11,197)	10,194
Other	22,626	8,563
Subtotal	(69,930)	(50,382)
Interest and dividends income received	939	3,254
Interest paid	(20,191)	(21,215)
Income taxes paid	(14,113)	(18,124)
Net cash provided by operating activities	(103,295)	(86,468)
Cash flows from investing activities		
Purchases of property, plant and equipment	(242,047)	(240,480)
Proceeds from sales of property, plant and equipment	12,850	34,832
Contributions received for constructions	22,793	26,365
Increase in investments in securities	(3,020)	(1,829)
Proceeds from sales of investment securities	812	1,582
Net decrease (increase) in loans receivable	(927)	(3,144)
Other	(2,153)	(6,036)
Net cash used in investing activities	(211,692)	(188,711)

(continued on page 29)

	Millions of yen	
	2021	**2022**
Cash flows from financing activities		
Change in short-term loans	(5,448)	(5,104)
Net change in commercial paper	(60,000)	―
Proceeds from long-term loans	283,600	68,600
Repayment of long-term debt	(36,507)	(36,952)
Proceeds from issuance of bonds	330,000	160,000
Redemption of bonds	(35,000)	(25,000)
Repayment of long-term payables for acquisition of railway properties	(1,567)	(1,309)
Proceeds from issuance of common shares	―	250,857
Purchase of treasury stock	―	(0)
Proceeds from sales of treasury shares	0	―
Cash dividends paid	(24,870)	(23,214)
Dividends paid to non-controlling interests	(311)	(305)
Other	(3,144)	(2,885)
Net cash used in financing activities	446,749	384,685
Change in cash and cash equivalents, net	131,761	109,505
Cash and cash equivalents at the beginning of the period	78,283	210,045
Increase in cash and cash equivalents from newly consolidated subsidiary	―	45
Cash and cash equivalents at the end of the period	210,045	319,596

(5) Note on Assumptions for Going Concern

Not applicable

(6) Changes in Accounting Policies, Changes in Accounting Estimates, Restatements

(Application of “Accounting Standard for Revenue Recognition”)

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), hereinafter “Accounting Standard for Revenue Recognition,” has been applied from the beginning of the subject fiscal year (April 1, 2021), and recognizes revenue when control of promised goods and services are transferred to a customer in the expected entitled amount. As a result of this change, for the revenue related to in-house travel products, the main transaction, the Group has decided to recognize revenue as the equivalent amount to that received from the customer for transactions where the Group’s role in the provision of goods and services falls under the category of principal transactions. Previously the Group recognized revenue as the net amount received from the customer, excluding the amount paid to the supplier.

Furthermore, for the revenue from goods purchased for resale, the method for recognition of revenue has changed to that of the total amount excluding the net amount paid to the supplier, where the Group’s role in the provision of goods and services falls under the category of agent transactions. Previously, the Group recognized revenue as the equivalent amount to that received from a customer.

These changes to accounting policies have been applied retroactively in principle, and the quarterly and consolidated financial statements for the previous quarter and previous fiscal year have been adjusted retroactively. However, the Group adopted the following methods as prescribed in Paragraph 85 of the “Accounting Standard for Revenue Recognition.”

(1) The comparative information shall not be adjusted retroactively for contracts in which almost all the amounts of revenue have been recognized in accordance with the former standards that were applied prior to the beginning of the previous fiscal year.

(2) The comparative information concerning the amount of variable consideration included in contracts in which almost all the amounts of revenue have been recognized in accordance with the former standards that were applied prior to the beginning of the subject fiscal year shall be adjusted retroactively using the amount at the time when uncertainly regarding the amount of variable consideration has been resolved.

(3) The comparative information shall be adjusted retroactively for changes to contracts made prior to the beginning of the previous fiscal year and accounting will be carried out based on the terms of the contract after reflecting all contractual changes.

As a result, compared to before the retroactive adjustments were carried out, for the previous fiscal year (April 1, 2020 to March 31, 2021), operating revenues increased by ¥21,874 million; transportation, other services and cost of sales increased by ¥22,429 million; selling, general and administrative expenses decreased by ¥592 million; and operating loss, recurring loss, and loss before income taxes each improved by ¥37 million. Additionally, retained earnings for that year increased ¥91 million reflecting the cumulative impact on net assets at the beginning of the previous fiscal year.

Due to the application of “Accounting Standard for Revenue Recognition,” the “allowance for point program,” which was disclosed under “current liabilities” in the consolidated balance sheet from the previous fiscal year, has been included under “advances received” from the subject fiscal year.

(Application of Accounting Standard for Fair Value Measurement)

The “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), hereinafter “Accounting Standard for Fair Value Measurement,” has been applied since the subject fiscal year. In accordance with transitional treatment as prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement” and Paragraph 44-2 of the “Accounting Standards for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Group has decided to apply new accounting policies as prescribed in the “Accounting Standard for Fair Value Measurement” in future statements.

Therefore, there is no impact on the consolidated financial statements for the subject fiscal year.

(Changes in depreciation method for property, plant, and equipment, as well as changes to useful life)

From the subject fiscal year (April 1, 2021 to March 31, 2022) the Group adopted the straight-line method for calculating the depreciation of Shinkansen rolling stock among property, plant, and equipment. Previously, the Group used the declining balance method.

In October 2020, the Group announced a revision of the JR-West Group Medium-Term Management Plan 2022 in response to the changes in the market structure caused by changes in customer behavior in the wake of the spread of the novel coronavirus pandemic. From the subject fiscal year, the Group has decided to proceed with implementation of various initiatives.

Shinkansen are the key to these initiatives. In order to enhance the convenience of the Sanyo Shinkansen, the Group will optimize the train operating system to suit passenger use, establish a rolling stock deployment system by introducing the new N700S train, and create an environment where Shinkansen rolling stock can be used in long-term and stable manner.

As a result of examining the method for calculating depreciation in light of changes to business environment and revision of management policies, it was judged that changing to the straight-line method of calculating depreciation would more appropriately reflect the consumption pattern of the Shinkansen rolling stock, as it is not expected to suddenly decrease in value and will be used in a long-term and stable manner.

Furthermore, as a result of examining the actual use of Shinkansen rolling stock, which was triggered by the consideration of changes to the method for calculating depreciation, the useful life of rolling stock has been changed from the subject fiscal year based on a more realistic estimated period of economic viability.

Thus operating loss, recurring loss, and loss before income taxes for the subject fiscal year each improved by ¥12,708 million compared to the existing methods.

(Change in estimate of allowance for loss on liquidation of railway belts)

In preparation for expenditures for such matters as the removal of bridges and electrical facilities, the Company recorded allowance for loss on liquidation of railway belts for the Sanko Line (Gotsu-Miyoshi segment), on which railway operations were discontinued on April 1, 2018. However, due to changes in the environment resulting from intensification of natural disasters in recent years (heavy rains, etc.), the Company recognized that it would become necessary to substantially revise the work plans needed for the removal of structures within the river basin. The Company has carefully examined the situation.

As a result, during the subject year the Company carefully examined work expenses, and a more-detailed estimate became possible. Accordingly, the Company changed the estimate and, as provision for loss on liquidation of railway belts, recorded an extraordinary loss of ¥8,638 million for the increase in work expenses. This amount has been added to the balance of the allowance for loss on liquidation of railway belts.

Note that due to this change in the estimate, loss before income taxes for the subject fiscal year worsened by ¥8,638 million.

(7) Notes 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, 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.

From the subject fiscal year, the Company has not included the "Construction Business" as a reportable segment because it has not 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.

(Application of the Accounting Standard for Revenue Recognition)

As described in (Changes in accounting policies, changes in accounting estimates, restatements), the Company has applied the Accounting Standard for Revenue Recognition from the beginning of the subject fiscal year and changed the accounting treatment related to revenue recognition. Accordingly, the Company has also changed to the same measurement method for business segment profit and loss.

Accompanying this change, in comparison with the previous method, operating revenues from third parties in the previous fiscal year decreased by ¥7,154 million in the Transportation Operations segment, decreased by ¥33,507 million in the Retail segment, decreased by ¥4,345 million in the Real Estate segment, and increased by ¥66,861 million in the Other Businesses segment.

(Changes in depreciation method for property, plant and equipment, as well as changes to useful life)

As described in (Changes in accounting policies, changes in accounting estimates, restatements), from the beginning of the subject fiscal year the Company adopted the straight-line method for calculating depreciation of property, plant and equipment and changed the useful life.

Accompanying this change, compared to the previous methods, segment loss for the subject fiscal year improved by ¥12,708 million in the Transportation Operations segment.

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

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

	Millions of yen						
	Transporta-ton	Retail	Real estate	Other businesses (Note1)	Total	Eliminations and intergroup (Note 2)	Consolidated (Note 3)
Operating revenues:							
Operating revenues from third parties	469,736	108,721	141,386	200,202	920,046	—	920,046
Intergroup operating revenues and transfers	19,447	5,783	19,877	263,508	308,616	(308,616)	—
Total operating revenues	489,183	114,505	161,264	463,710	1,228,663	(308,616)	920,046
Segment income	(251,521)	(15,045)	29,258	(5,763)	(243,072)	(2,434)	(245,507)
Segment assets	2,162,450	109,795	734,809	479,923	3,486,977	(9,595)	3,477,382
Other items							
Depreciation and amortization	141,524	5,487	24,191	8,879	180,081	(6,613)	173,468
Investment in affiliates accounted for by equity method	30,425	—	—	14,663	45,089	—	45,089
Increase in property, plant and equipment and intangible assets	178,640	6,079	46,283	12,156	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, travel services and construction.

2. Adjustments are as follows:

(1) The segment income/loss (minus) adjustment of minus ¥2,434 million is elimination of intersegment transactions.

(2) The segment assets adjustment of minus ¥9,595 million reflects ¥382,618 million in companywide assets not attributed to any segment, less ¥392,213 million in elimination of intersegment credits and debts.

(3) The depreciation and amortization adjustment of minus ¥6,613 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, 2022 (April 1, 2021 to March 31, 2022)

	Millions of yen						
	Transporta-ton	Retail	Real estate	Other businesses (Note1)	Total	Eliminations and intergroup (Note 2)	Consolidated (Note 3)
Operating revenues:							
Operating revenues from third parties	544,126	124,253	151,188	211,535	1,031,103	—	1,031,103
Intergroup operating revenues and transfers	18,126	4,900	19,852	233,781	276,661	(276,661)	—
Total operating revenues	562,253	129,153	171,041	445,316	1,307,764	(276,661)	1,031,103
Segment income	(144,306)	(8,600)	30,028	2,977	(119,900)	809	(119,091)
Segment assets	2,174,262	103,128	776,482	538,499	3,592,372	110,048	3,702,421
Other items							
Depreciation and amortization	127,880	5,868	24,453	9,422	167,625	(6,756)	160,868
Investment in affiliates accounted for by equity method	30,872	—	—	15,296	46,168	—	46,168
Increase in property, plant and equipment and intangible assets	169,772	2,899	60,540	5,260	238,473	—	238,473

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

2. Adjustments are as follows:

(1) The segment income/loss (minus) adjustment of ¥809 million is elimination of intersegment transactions.

(2) The segment assets adjustment of ¥110,048 million reflects ¥495,646 million in companywide assets not attributed to any segment, less minus ¥385,597 million in elimination of intersegment credits and debts.

(3) The depreciation and amortization adjustment of minus ¥6,756 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	
	2021	**2022**
Net assets (Yen)	4,461.46	3,973.15
Loss attributable to owners of parent per share (Yen)	(1,219.46)	(516.06)

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

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

	Years ended March 31	
	2021	**2022**
Loss attributable to owners of parent (Millions of yen)	(233,166)	(113,198)
Loss attributable to owners of parent applicable to common shares (Millions of yen)	(233,166)	(113,198)
Average number of shares outstanding for each period (Thousands of shares)	191,204	219,350

(Material Subsequent Events)

Special measures raising the upper limit for deduction for losses carried forward

On April 1, 2022, from the Minister of Land, Infrastructure, Transport and Tourism, the Company received approval of its business adaptation plan (growth and development business adaptation plan) under the Act on Strengthening Industrial Competitiveness. As a result, for losses carried forward arising from the coronavirus pandemic, the Company can apply special tax measures to increase the upper limit for the deduction for losses carried forward from the current 50% to a maximum of 100%. This applies for a maximum of five fiscal years, within the amount of investment made in accordance with the business adaptation plan.

As a result of the application of these special measures, the Company can record deferred tax assets related to the subject losses carried forward. This is expected to have the effect of improving profit attributable to owners of parent in FY2023.3.

(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 FY2023.3. 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, 2021	**March 31, 2022**	Change
	Billions of yen	Billions of yen	Billions of yen
ASSETS			
Current assets:			
Total current assets	383.9	483.8	99.9
Non-current assets:			
Fixed assets for railway operations	1,927.2	1,912.8	(14.4)
Construction in progress	94.4	120.5	26.0
Investments and other assets	620.3	672.1	51.8
Total fixed assets	2,642.0	2,705.5	63.5
Deferred assets	—	1.1	1.1
Total assets	3,025.9	3,190.5	164.5

	March 31, 2021	**March 31, 2022**	Change
	Billions of yen	Billions of yen	Billions of yen
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of long-term debt	62.8	97.6	34.8
Accounts payable	612.0	514.6	(97.4)
Total current liabilities	674.9	612.3	(62.5)
Non-current liabilities:			
Bonds and long-term debt	1,496.1	1,627.0	130.9
Accrued retirement benefits	225.1	206.0	(19.1)
Other long-term liabilities	49.5	56.6	7.0
Total fixed liabilities	1,770.8	1,889.7	118.8
Total liabilities	2,445.7	2,502.0	56.3
Total shareholders' equity:			
Common stock	100.0	226.1	126.1
Capital surplus	55.0	181.1	126.1
Retained earnings	426.9	283.6	(143.3)
Treasury stock, at cost	(0.0)	(0.0)	(0.0)
Total shareholders' equity	581.9	690.8	108.9
Valuation and translation adjustments	(1.7)	(2.4)	(0.6)
Total net assets	580.2	688.4	108.2
Total liabilities and net assets	3,025.9	3,190.5	164.5

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, 2023	
	2021	**2022**				Change
	Billions of yen	Billions of yen	Billions of yen	%	Billions of yen	
Operating revenues:						
Transportation	419.0	487.6	68.6	16.4	673.0	185.3
Transportation incidentals	12.7	13.1	0.4	3.4	14.4	1.2
Other operations	26.5	26.2	(0.2)	(0.9)	27.0	0.7
Miscellaneous	48.5	50.4	1.9	4.0	54.6	4.1
	506.8	**577.6**	70.7	14.0	769.0	191.3
Operating expenses:						
Personnel costs	183.8	180.7	(3.1)	(1.7)	177.5	(3.2)
Non personnel costs:						
Energy costs	39.5	40.8	1.2	3.2	59.0	18.1
Maintenance costs	151.9	136.7	(15.2)	(10.1)	151.0	14.2
Miscellaneous costs	162.8	157.2	(5.6)	(3.5)	187.5	30.2
	354.4	334.7	(19.7)	(5.6)	397.5	62.7
Rental payments, etc	27.6	26.7	(0.8)	(3.1)	27.0	0.2
Taxes	33.6	35.1	1.4	4.3	37.0	1.8
Depreciation	141.0	127.2	(13.7)	(9.8)	125.5	(1.7)
	740.6	**704.6**	(36.0)	(4.9)	764.5	59.8
Operating profit (loss)	**(233.8)**	**(127.0)**	106.8	—	4.5	131.5
Non-operating revenues and expenses, net:						
Non-operating revenues	8.4	13.3	4.9	58.7	8.0	(5.3)
Non-operating expenses	25.3	24.6	(0.7)	(2.9)	22.5	(2.1)
	(16.9)	(11.2)	5.6	—	(14.5)	(3.2)
Recurring profit (loss)	**(250.7)**	**(138.2)**	112.4	—	(10.0)	128.2
Extraordinary profit and loss, net:						
Extraordinary profit	25.0	54.1	29.0	115.8	18.5	(35.6)
Extraordinary loss	49.0	43.1	(5.9)	(12.1)	1.5	(41.6)
	(23.9)	11.0	35.0	—	17.0	5.9
Profit (loss) before income taxes	(274.7)	(127.2)	147.5	—	7.0	134.2
Income taxes	(57.4)	(5.6)	51.7	—	(41.0)	(35.3)
Net profit (loss)	**(217.3)**	**(121.6)**	95.7	—	48.0	169.6

(Note) The revenue recognition standard has been retroactively applied to the results for FY2021.3.

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	
	2021	**2022**	Amount	%	2021	**2022**	Amount	%
Shinkansen								
Commuter Passes	783	824	40	5.2	10.1	10.6	[(0.7)] 0.4	[(6.5)] 4.3
Non-Commuter Passes	6,934	8,921	1,987	28.7	155.3	201.0	[(252.0)] 45.6	[(55.6)] 29.4
Total	7,717	9,745	2,027	26.3	165.5	211.6	[(252.8)] 46.0	[(54.4)] 27.8
Conventional Lines								
Commuter Passes	18,867	19,045	178	0.9	117.3	119.1	[(22.6)] 1.8	[(16.0)] 1.5
Non-Commuter Passes	7,525	8,511	986	13.1	136.1	156.9	[(130.8)] 20.7	[(45.5)] 15.2
Total	26,392	27,557	1,165	4.4	253.4	276.0	[(153.4)] 22.5	[(35.7)] 8.9
Kansai Urban Area								
Commuter Passes	15,389	15,612	223	1.5	96.2	97.8	[(19.1)] 1.6	[(16.4)] 1.7
Non-Commuter Passes	5,545	6,276	730	13.2	97.9	112.8	[(87.2)] 14.8	[(43.6)] 15.2
Total	20,934	21,888	954	4.6	194.1	210.7	[(106.4)] 16.5	[(33.6)] 8.5
Other Lines								
Commuter Passes	3,477	3,432	(44)	(1.3)	21.1	21.2	[(3.4)] 0.1	[(13.9)] 0.7
Non-Commuter Passes	1,979	2,235	255	12.9	38.2	44.0	[(43.5)] 5.8	[(49.7)] 15.3
Total	5,457	5,668	210	3.9	59.3	65.3	[(47.0)] 6.0	[(41.9)] 10.1
Total								
Commuter Passes	19,650	19,869	218	1.1	127.5	129.7	[(23.3)] 2.2	[(15.3)] 1.8
Non-Commuter Passes	14,459	17,433	2,973	20.6	291.5	357.9	[(382.9)] 66.3	[(51.7)] 22.8
Total	34,110	37,303	3,192	9.4	419.0	487.6	[(406.3)] 68.6	[(45.4)] 16.4

Notes: 1. Luggage revenues are not included.

2. Figures in parentheses for transportation revenues are comparisons with calendar year 2019 (prior to the application of the revenue recognition standard) and are provided for reference.

3. NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Year ended March 31, 2021

	Millions of yen						
	Shareholders' equity						
		Capital surplus	Retained earnings				
				Other retained earnings			
	Common stock	Legal capital surplus	Legal retained earnings	Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward	Total
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:							
Issuance of new shares	—	—					
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)
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 42)

	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:				
Issuance of new shares		—		—
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
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

Year ended March 31, 2022

	Millions of yen						
	Shareholders' equity						
	Common stock	Capital surplus	Retained earnings				
		Legal capital surplus	Legal retained earnings	Other retained earnings			Total
				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	25,262	480,000	(89,594)	426,994
Change in the fiscal year:							
Issuance of new shares	126,136	126,136					
Dividends from surplus						(21,766)	(21,766)
Net income (loss)						(121,605)	(121,605)
Provision of reserve for advanced depreciation of noncurrent assets				949		(949)	—
Reversal of reserve for advanced depreciation of noncurrent assets				(1,017)		1,017	—
Provision of general reserve					(240,000)	240,000	—
Purchase of treasury stock							
Disposal of treasury shares						—	—
Net changes of items other than shareholders' equity							
Total	126,136	126,136	—	(67)	(240,000)	96,695	(143,371)
Balance at end of current period	226,136	181,136	11,327	25,194	240,000	7,101	283,622

(continued on page 44)

	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	(4)	581,990	(1,784)	580,205
Change in the fiscal year:				
Issuance of new shares		252,273		252,273
Dividends from surplus		(21,766)		(21,766)
Net income (loss)		(121,605)		(121,605)
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	(0)	(0)		(0)
Disposal of treasury shares	—	—		—
Net changes of items other than shareholders' equity			(628)	(628)
Total	(0)	108,900	(628)	108,272
Balance at end of current period	(4)	690,891	(2,412)	688,478

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, 2023
	2021	**2022**			
	Billions of yen	Billions of yen	Billions of yen	%	
Capital expenditures	237.3	236.9	(0.3)	(0.2)	—
Capital expenditures, excluding contributions received for constructions	216.6	213.1	(3.4)	(1.6)	245.0
Contributions received for constructions	20.6	23.7	3.0	15.0	—

Non-Consolidated Basis

	Years ended March 31		Change from the same period of the previous period		Plan for fiscal year ending March 31, 2023
	2021	**2022**			
	Billions of yen	Billions of yen	Billions of yen	%	
Capital expenditures	188.1	173.1	(14.9)	(8.0)	—
Capital expenditures, excluding contributions received for constructions	167.4	149.4	(18.0)	(10.8)	164.0
[Safety-related capital expenditures]	[105.1]	[83.0]	[(22.1)]	[(21.1)]	[(73.0)]
Contributions received for constructions	20.6	23.7	3.0	15.0	—

Major Capital Expenditures (non-consolidated)

Earthquake countermeasures and other safety/disaster-prevention measures, new rolling stock (W7, 225 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 2022 based on information available to JR-West as of April 2022 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.