

**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  
Division

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

Planned start of dividend payments: December 4, 2023

Quarterly supplemental explanatory material prepared: Yes

Quarterly results briefing held: Yes

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

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

Six months ended September 30

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

	Operating revenues		Operating income		Recurring profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2023	769,902	24.8	106,292	214.0	98,458	255.4	67,143	4.1
2022	616,705	41.2	33,854	—	27,705	—	64,517	—

(Note) Comprehensive Income: Six months ended September 30, 2023: ¥72,652 million, 9.0%;

Six months ended September 30, 2022: ¥66,679 million, —%

	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share after dilution
	Yen	Yen
2023	275.52	—
2022	264.71	—

**(2) Financial position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2023	3,628,960	1,198,422	29.9
March 31, 2023	3,735,507	1,144,309	27.7

(Reference) Total shareholders' equity: September 30, 2023: ¥1,086,062 million, March 31, 2023: ¥1,034,477 million

## 2. Dividends

Year ended / ending March 31

	Dividends per share				
	June 30	September 30	December 31	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2023	—	50.00	—	75.00	125.00
2024	—	57.50			
2024 (Forecast)			—	57.50	115.00

(Note) Revision of dividends forecast for this period: Yes

Regarding the revisions to our dividend forecasts, please refer to “Notice Regarding Dividends from Surplus (Interim Dividends) and Revision of Dividend Forecasts for the Fiscal Year Ending March 31, 2024,” published on October 31, 2023.

## 3. Forecasts for Fiscal Year ending March 31, 2024(from April 1, 2023 to March 31, 2024)

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	1,585,000	13.6	140,000	66.7	125,500	70.5

	Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Millions of yen	%	Yen
Fiscal year	80,000	(9.6)	328.27

(Note) Revision of earnings forecast for this period: Yes

Regarding the revisions to our full-year results forecasts, please refer to “Notice Regarding Revision of Full-Year Results Forecasts for the Fiscal Year Ending March 31, 2024,” published on October 31, 2023.

## Notes

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

	Six months ended September 30, 2023	Year ended March 31, 2023
1) Number of shares issued and outstanding (including treasury stock):	244,001,600	244,001,600
2) Number of treasury stock	291,787	315,970
		Six months ended September 30, 2022
3) Average number of shares outstanding for each period (cumulative term):	243,695,544	243,730,256

\* Financial results are not subject to auditing.

## Notes

1. The forward-looking statements in this document, including forecasts, etc., are based on information available to the Company at the time of this document's release and on certain assumptions considered reasonable. Actual results, etc., might differ significantly due various factors. Regarding the forecast of financial results, please refer to "Qualitative Information on Consolidated Forecasts" on page 6.
2. Supplementary materials for the financial statements are posted on our homepage. The Company plans to hold a presentation for analysts on November 1, 2023. The Company plans to post the presentation materials on its homepage after the presentation.

(Reference)

**Non-Consolidated Forecasts for the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)**

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

	Operating revenues		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	919,500	16.2	92,000	136.1	78,500	185.5

	Net income		Net income per share basic
	Millions of yen	%	Yen
Fiscal year	52,000	(12.5)	213.27

(Note) Revision of earnings forecast for this period: Yes

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

In the subject period (April 1, 2023 to September 30, 2023) ridership and consumer spending increased as the impact from the COVID-19 pandemic faded and demand from foreign tourists strengthened.

As a result, operating revenues expanded 24.8% year on year to ¥769.9 billion, operating income climbed 214.0% to ¥106.2 billion, recurring profit grew 255.4% to ¥98.4 billion, and profit attributable to owners of parent (excluding corporation taxes, etc.) amounted to ¥67.1 billion (up 4.1%), a reflection of special taxation treatment in the previous fiscal year in accordance with the business adaptation plan.

Based on the JR-West Group Long-Term Vision 2032 and the Medium-Term Management Plan 2025, JR-West will continue to create social and economic value through aggressive expansion in the life design sector and efforts to invigorate operations and return to pre-pandemic levels as soon as possible in the mobility services field while prioritizing improvements to safety in the railway business.

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

#### Consolidated Results for the Six Months Ended September 30, 2023 (April – September 2023)

Operating revenues:	¥769.9 billion
Operating income:	¥106.2 billion
Recurring profit:	¥98.4 billion
Profit attributable to owners of parent:	¥67.1 billion

The results by business segment are as follows.

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

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

#### a. Mobility Segment

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

In the mobility segment, operating revenues increased 23.7% year on year to ¥465.6 billion and operating income grew 477.5% to ¥70.5 billion, due to an increase in usage as railway demand recovered and strong demand from foreign tourists.

## **b. Retail Segment**

In the retail segment, operating revenues increased 27.4% year on year to ¥96.2 billion and operating income rose ¥6.2 billion year on year to ¥6.7 billion, owing in part to increased patronage of convenience stores, souvenir stores and guests at VIA INN brand hotels that belong to the retail segment.

## **c. Real Estate Segment**

In the real estate segment, operating revenues grew 12.1% to ¥102.1 billion and operating income expanded 33.2% to ¥21.2 billion, thanks to stronger demand for accommodations in the hotels business and solid operations in the shopping center business, due to a rebound in consumer spending, while sales of homes increased in the real estate sales and leasing business.

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

In the travel and regional solutions segment, operating revenues increased 52.0% to ¥95.0 billion and operating income rose 108.6% to ¥6.5 billion, reflecting a boost to travel demand from the government's nationwide travel discount campaign and strong demand from foreign tourists.

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

JR-West's total assets at the end of the second quarter of the subject fiscal year (September 30, 2023) amounted to ¥3,628.9 billion, a decrease of ¥106.5 billion from the end of the previous fiscal year (March 31, 2023). This was due mainly to a decrease in cash and cash equivalents.

Total liabilities amounted to ¥2,430.5 billion, a decrease of ¥160.6 billion from the end of the previous fiscal year. This was due mainly to a decrease in bonds.

Total net assets amounted to ¥1,198.4 billion, an increase of ¥54.1 billion from the end of the previous fiscal year. This was due mainly to an increase in retained earnings.

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

JR-West decided to raise its consolidated earnings forecasts for operating revenues, operating income, recurring profit and profit attributable to owners of parent for the fiscal year ending March 31, 2024, which were originally disclosed on August 1, 2023, in order to reflect lower resource prices and the robust recovery in consumer spending and customer usage as the pandemic fades.

Looking ahead, JR-West will steadily implement necessary measures while giving utmost priority to safety in the second half of the current fiscal year, despite uncertainties in the business environment surrounding the Group, such as rising commodity prices and geopolitical risks. Moreover, JR-West will reinforce its business foundation and sustain growth with the intention of achieving its targets set forth in the JR-West Group Railway Safety Think-and-Act Plan 2027, the JR-West Group Long-Term Vision 2032 and the Medium-Term Management Plan 2025.

Full-year forecasts for FY2024.3

Operating revenues:	¥1,585.0 billion (up 13.6% YoY)
Operating income:	¥140.0 billion (up 66.7% YoY)
Recurring profit:	¥125.5 billion (up 70.5% YoY)
Profit attributable to owners of parent:	¥80.0 billion (down 9.6% YoY)

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

## 2. CONSOLIDATED FINANCIAL STATEMENTS

### (1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2023	September 30, 2023
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	290,138	202,735
Notes and accounts receivable-trade	43,886	40,591
Railway fares receivable	41,472	45,574
Accounts receivable	115,535	67,545
Securities	36	1
Inventories	153,234	179,609
Other current assets	73,844	77,024
Less allowance for doubtful accounts	(1,616)	(666)
Total current assets	716,532	612,417
<b>Non-current assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures	1,230,595	1,223,990
Machinery and transport equipment	399,001	388,661
Land	782,965	794,483
Construction in progress	117,193	126,560
Other property, plant and equipment	51,447	51,030
Total property, plant and equipment	2,581,205	2,584,726
<b>Intangible assets</b>	49,254	45,941
<b>Investments and other assets:</b>		
Investments in securities	101,980	119,102
Net defined benefit asset	3,173	3,184
Deferred tax assets	232,895	211,310
Other investments and assets	53,558	55,553
Less allowance for doubtful accounts	(3,761)	(3,707)
Total investments and other assets	387,846	385,442
Total non-current assets	3,018,306	3,016,111
<b>Deferred assets:</b>		
<b>Share issuance cost</b>	668	432
<b>Total deferred assets</b>	668	432
<b>Total assets</b>	<b>3,735,507</b>	<b>3,628,960</b>



	Millions of yen	
	March 31, 2023	September 30, 2023
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable-trade	66,020	45,266
Short-term loans payable	17,483	18,008
Current portion of bonds	100,000	60,000
Current portion of long-term debt	39,553	54,544
Current portion of long-term payables for acquisition of railway properties	1,245	1,285
Accounts payable	122,108	80,572
Accrued consumption tax	23,451	15,537
Accrued income tax	13,600	10,913
Prepaid railway fares received	37,244	41,857
Advances received	44,052	61,545
Allowance for bonuses	29,540	28,912
Allowance for loss on disaster	396	346
Allowance for point program	706	318
Other current liabilities	163,060	171,431
Total current liabilities	658,464	590,539
<b>Non-current liabilities:</b>		
Bonds	859,992	809,993
Long-term debt	557,482	527,467
Long-term payables for acquisition of railway properties	97,436	96,783
Deferred tax liabilities	1,474	1,469
Allowance for large scale renovation of Shinkansen infrastructure	29,166	31,250
Allowance for environmental safety measures	3,414	3,179
Allowance for loss on liquidation of railway belts	15,794	15,439
Net defined benefit liability	223,318	205,847
Other long-term liabilities	144,653	148,567
Total non-current liabilities	1,932,733	1,839,998
<b>Total liabilities</b>	2,591,198	2,430,537

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	Millions of yen	
	March 31, 2023	September 30, 2023
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Common stock	226,136	226,136
Capital surplus	183,904	183,934
Retained earnings	626,108	674,869
Treasury stock, at cost	(1,378)	(1,261)
Total shareholders' equity	1,034,772	1,083,679
<b>Valuation and translation adjustments:</b>		
Net unrealized holding gain on securities	1,061	4,172
Deferred gains or losses on hedges	(9)	44
Remeasurements of defined benefit plans	(1,347)	(1,833)
Total Valuation and translation adjustments	(295)	2,383
<b>Non-controlling interests</b>	109,832	112,360
<b>Total net assets</b>	1,144,309	1,198,422
<b>Total liabilities and net assets</b>	3,735,507	3,628,960

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

### Consolidated Statements of Income

Six months ended September 30

	Millions of yen	
	2022	2023
<b>Operating revenues</b>	616,705	769,902
<b>Operating expenses:</b>		
Transportation, other services and cost of sales	499,203	565,071
Selling, general and administrative expenses	83,648	98,538
Total operating expenses	582,851	663,610
<b>Operating income</b>	33,854	106,292
<b>Non-operating revenues:</b>		
Interest income	20	28
Dividend income	619	442
Transfer from administrative fee of contracted construction	89	66
Equity in earnings of affiliates	1,102	1,038
Other	3,563	1,552
Total non-operating revenues	5,396	3,129
<b>Non-operating expenses:</b>		
Interest expense	10,468	10,178
Other	1,076	785
Total non-operating expenses	11,545	10,963
<b>Recurring profit</b>	27,705	98,458
<b>Extraordinary profits:</b>		
Gain on contribution for construction	4,321	4,015
Compensation income for expropriation	—	142
Other	6,442	1,334
Total extraordinary profits	10,764	5,493
<b>Extraordinary losses:</b>		
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	4,214	3,852
Loss on reduction for expropriation	—	142
Other	1,346	1,799
Total extraordinary losses	5,560	5,793
<b>Profit before income taxes</b>	32,910	98,158
<b>Income taxes- Current</b>	5,321	8,110
<b>Income taxes- Deferred</b>	(38,309)	20,336
<b>Total income taxes</b>	(32,988)	28,446
<b>Profit</b>	65,898	69,712
<b>Profit attributable to non-controlling interests</b>	1,381	2,568
<b>Profit attributable to owners of parent</b>	64,517	67,143

## Consolidated Statements of Comprehensive Income

Six months ended September 30

	Millions of yen	
	2022	2023
Profit	65,898	69,712
Other comprehensive income:		
Valuation difference on available-for-sale securities	1,278	3,333
Deferred gains or losses on hedges	4	68
Remeasurements of defined benefit plans, net of tax	(425)	(462)
Share of other comprehensive income of associates accounted for using equity method	(77)	0
Total of other comprehensive income	781	2,940
Comprehensive income	66,679	72,652
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	65,337	69,821
Comprehensive income attributable to non-controlling interests	1,342	2,831

### (3) Consolidated Statements of Cash Flows

Six months ended September 30

	Millions of yen	
	2022	2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	32,910	98,158
Depreciation and amortization	77,906	79,818
Loss on deduction of contributions received for construction from acquisition costs of property, plant and equipment	4,214	3,852
Loss on disposal of property, plant and equipment	1,299	1,396
Loss (gain) on sales of non-current assets	(6,013)	(92)
Increase (decrease) in net defined benefit liability	(20,513)	(18,080)
Increase (decrease) in allowance for doubtful accounts	109	(1,003)
Increase (decrease) in provision for bonuses	(1,038)	(633)
Increase (decrease) in allowance for the large-scale renovation of Shinkansen infrastructure	2,083	2,083
Increase (decrease) in other provision	(1,951)	(1,141)
Interest and dividend income	(640)	(471)
Interest expenses	10,468	10,178
Equity in earnings of affiliates	(1,102)	(1,038)
Proceeds from contribution for construction	(4,321)	(4,015)
Decrease (increase) in notes and accounts receivable-trade	40,066	48,552
Decrease (increase) in inventories	(24,033)	(25,466)
Increase (decrease) in notes and accounts payable-trade	(31,430)	(33,337)
Decrease (increase) in consumption taxes receivable/payable	5,945	(7,913)
Other	15,469	(2,300)
Subtotal	99,424	148,543
Interest and dividends income received	635	461
Interest paid	(10,392)	(10,132)
Income taxes paid	(6,796)	(10,924)
<b>Net cash provided by operating activities</b>	<b>82,870</b>	<b>127,947</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(82,073)	(98,998)
Proceeds from sales of property, plant and equipment	6,013	287
Contributions received for constructions	20,925	18,891
Increase in investments in securities	(2,083)	(12,519)
Proceeds from sales of investment securities	—	1,319
Net decrease (increase) in loans receivable	(821)	1,190
Other	(1,310)	(1,439)
<b>Net cash used in investing activities</b>	<b>(59,350)</b>	<b>(91,268)</b>

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	Millions of yen	
	2022	2023
<b>Cash flows from financing activities</b>		
Change in short-term loans	1,553	2,316
Repayment of long-term debt	(30,026)	(15,023)
Redemption of bonds	—	(90,000)
Repayment of long-term payables for acquisition of railway properties	(574)	(612)
Purchase of treasury stock	(962)	(0)
Cash dividends paid	(12,196)	(18,265)
Dividends paid to non-controlling interests	(235)	(300)
Other	(1,307)	(2,480)
<b>Net cash used in financing activities</b>	<b>(43,748)</b>	<b>(124,366)</b>
<b>Change in cash and cash equivalents, net</b>	<b>(20,227)</b>	<b>(87,686)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>319,596</b>	<b>289,893</b>
<b>Increase in cash and cash equivalents from newly consolidated subsidiary</b>	<b>—</b>	<b>282</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>299,368</b>	<b>202,488</b>

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

Not applicable

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

Not applicable

#### (6) Notes to the Quarterly Consolidated Financial Statements

(Material Subsequent Events)

(Stock Split and Partial Amendments to Articles of Incorporation Regarding Stock Splits)

At the Board of Directors meeting held on October 31, 2023, JR-West approved a resolution to conduct a stock split and partially amend the Articles of Incorporation with regards to stock splits.

##### a. Purpose of stock split

The purpose of the stock split is to broaden the investor base by making it easier for investors to invest in JR West by lowering the price per investment unit for its shares.

##### b. Summary of stock split

###### 1. Method of stock split

JR West shall conduct a stock split at a ratio of two shares for every one share of common stock held by shareholders recorded on the final shareholder registry as of March 31, 2024 (Sunday).

## 2. Number of shares to be increased by stock split

Total shares issued prior to the stock split	244,001,600 shares
Increase in shares due to the stock split	244,001,600 shares
Total shares issued after the stock split	488,003,200 shares
Total issuable shares after the stock split	1,600,000,000 shares

## 3. Schedule

Date of public notice of record date	March 15, 2024 (Friday)
Record date	March 31, 2024 (Sunday)
Effective date	April 1, 2024 (Monday)

## 4. Per-share information and impact

Per-share information assuming the stock split was conducted at the beginning of the previous consolidated fiscal year is as follows.

	First and second quarter of previous fiscal year (April 1, 2022 to September 30, 2022)	First and second quarter of this fiscal year (April 1, 2023 to September 30, 2023)
Profit attributable to owners of parent per share	132.35 yen	137.76 yen
Profit attributable to owners of parent per share after dilution	—	—

## c. Partial Amendments to the Articles of Incorporation Regarding Stock Splits

### 1. Reason for the amendments

In accordance with this stock split, pursuant to provisions in Article 184, Paragraph 2 of the Companies Act, the total number of issuable shares in Article 6 of the Company's Articles of Incorporation will be amended effective April 1, 2024.

### 2. Amendments

The proposed amendments are as follows. (Underlined text indicates changes.)

Current Articles of Incorporation	Amendments
(Total number of issuable shares) Article 6 The total number of shares that can be issued is <u>0.8</u> billion shares.	(Total number of issuable shares) Article 6 The total number of shares that can be issued is <u>1.6</u> billion shares.

### 3. Schedule

Effective date April 1, 2024

## **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 October 2023 based on information available to JR-West as of October 2023 and JR-West does not undertake to update or revise any of its forward-looking statements or reflect future events or circumstances.
- Compensation for damages caused by the accident on the Fukuchiyama Line that occurred on April 25, 2005, is NOT considered in this report.