

West Japan Railway's Issuance of New Shares and Secondary Offering of Shares—JCR Values it as a Recovery of Financial Structure

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on West Japan Railway Company (security code: 9021)'s announcement on "Notice Regarding Issuance of New Shares and Secondary Offering of Shares."

West Japan Railway Company (the "Company") announced on September 1, 2021 the issuance of new shares and the secondary offering of shares. The Company plans to issue new shares through public offering, secondary offering, and third-party allotment, and has announced the maximum approximate total amount of 278.6 billion yen as proceeds from these transactions. The Company recorded a net loss of 233.2 billion yen for the fiscal year ended March 2021 (FY2020), and the equity ratio at the end of FY2020 was 24.5%, a deterioration of 9.6 percentage points from the end of FY2019. The forecasts for FY2021 were revised downward at the time of the announcement of the first quarter results for FY2021, and the Company announced that it would post a net loss of 116.5 billion yen to 81.5 billion yen for FY2021. The transactions are positioned as a response to the deteriorating business performance and resulting capital impairment caused by the COVID-19 pandemic, as well as a response to future investments in safety and growth. While the business environment remains highly uncertain and the impact of the COVID-19 pandemic on the Company's performance needs to be closely monitored, JCR values that the recapitalization through these transactions can restore the Company's deteriorating financial structure to a certain extent.

Akio Kamimura, Naoki Kato

<Reference>

Issuer: West Japan Railway Company

Long-term Issuer Rating: AA+p Outlook: Stable

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