

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

## Japan Freight Railway Company (security code: -)

<Affirmation>

Long-term Issuer Rating: AA  
Outlook: Stable  
Bonds: AA

### Rationale

- (1) Japan Freight Railway Company (the “Company”) is a special company that unitarily manages and operates the rail freight business, which was formerly handled by then Japanese National Railways. It is the only freight railway company in Japan that transports freight by using railway tracks of JR passenger transport companies (“JR companies”), etc. The Company operates and manages integrated logistics facilities within freight station premises, and also engages in a real estate leasing business involving office buildings and commercial facilities, with freight rail transportation as its core business. The ratings reflect JCR’s view, high probability of receiving government’s support for the foreseeable future as an organization under the special law, and also the individual factors including solid business base, high substantive risk resilience.
- (2) The reductions in track usage fees paid to JR passenger companies, together with the interest-free loans provided by the Japan Railway Construction, Transport and Technology Agency (“JRJT”), a shareholder of the Company, are measures based on government policy aimed at supporting the Company’s management and are considered to constitute indirect financial support. In the Comprehensive Physical Distribution Policy Outline approved by the Cabinet in March 2026, the government sets out a policy to strongly promote modal shifts by fully mobilizing all transport modes in response to the shortage of truck drivers. Within this framework, the Company plays a central role, giving it significant policy relevance. Taking such policy aspects into consideration, JCR sees that the government will be involved in the management of the Company and will provide financial support as necessary through entities such as the JRJT.
- (3) While the Company records stable profits from real estate leasing and the operation of integrated logistics facilities, its freight rail transport business is consistently loss-making, resulting in unstable earnings. Ordinary profit for the fiscal year ended March 2025 (FY2024) returned to the black for the first time in three fiscal years. Improvements in transport volumes due to the shift toward rail transportation against the backdrop of the 2024 issue, along with the effects of the basic fare revision implemented in April 2024, contributed to higher revenue. In FY2025, profits in the real estate business have been expanding, and the Company’s full-year earnings forecast anticipates an increase in profits. Although higher operating costs due to inflation are expected to pressure profits in the near term, the Company has once again implemented a basic fare revision effective from April 2026, which is expected to help absorb part of the cost increases. JCR will closely monitor whether the Company can improve the financial performance of its railway business by capturing transport demand through modal shifts, while also enhancing earnings stability and raising profit levels by strengthening its real estate business through the development of logistics facilities, the acquisition of residential and office properties, and the promotion of a revolving real estate business.
- (4) In terms of capital expenditure, in addition to maintenance and upgrade investment, the Company is also promoting growth/strategic investment, and its long-term debt balance is increasing. In addition, financial structure has not improved because equity capital did not expand as a result of sluggish revenue in recently years. That said, it has a large amount of unrealized gains on the real estate held; therefore, JCR views that there are no concerns over the substantive financial soundness. Looking ahead, the Company plans a high level of capital expenditure toward expansion of the transportation volume and strengthening the real estate business. JCR will pay attention to whether the Company will be able to strengthen the financial position through enhancing the cash flow generation capacity by the recovery effects of the growth/strategic investments.

Akira Minamisawa, Seito Achiha

## Rating

Issuer: Japan Freight Railway Company

<Affirmation>

Long-term Issuer Rating: AA      Outlook: Stable

| Issue                     | Amount<br>(bn) | Issue Date    | Due Date      | Coupon | Rating |
|---------------------------|----------------|---------------|---------------|--------|--------|
| Bonds no. 1 (green bonds) | JPY 10         | Mar. 17, 2022 | Mar. 17, 2032 | 0.374% | AA     |
| Bonds no. 2 (green bonds) | JPY 10         | Mar. 17, 2022 | Mar. 17, 2042 | 0.849% | AA     |
| Bonds no. 3 (green bonds) | JPY 5          | June 15, 2023 | June 15, 2033 | 0.761% | AA     |
| Bonds no. 4 (green bonds) | JPY 5          | June 15, 2023 | June 15, 2043 | 1.370% | AA     |
| Bonds no. 5 (green bonds) | JPY 7          | June 13, 2024 | June 13, 2034 | 1.228% | AA     |
| Bonds no. 6               | JPY 7          | June 13, 2024 | June 13, 2044 | 1.947% | AA     |
| Bonds no. 7               | JPY 5          | June 11, 2025 | June 11, 2035 | 1.854% | AA     |
| Bonds no. 8 (green bonds) | JPY 5          | June 11, 2025 | June 9, 2045  | 2.757% | AA     |

(all bonds with general security)

Rating Assignment Date: April 15, 2026

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as "FILP Agencies, etc." (May 29, 2020) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

The rating stakeholder participated in the rating process of the aforementioned credit ratings.

### Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan  
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)



INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

## Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

|                          |                               |
|--------------------------|-------------------------------|
| Issuer:                  | Japan Freight Railway Company |
| Rating Publication Date: | April 20, 2026                |

1

The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

2

The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

3

The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

**A) Business Bases**

The likelihood of a given debt payment is highly conditional to its issuer's business bases - how they can be maintained/ expanded into the future and thereby secure earnings and cash flows in adequacy and in a sustainable way.

**B) Financial Grounds and Asset Quality**

The likelihood of debt payment is highly dependent on the degree of the issuer's indebtedness and loss absorption capacity in terms of equity capital. Also notable is that a financial institution might see a significant loss of financial grounds as a result of changes in value of the assets under its possession.

**C) Liquidity Positions**

The likelihood of debt payment is highly dependent on the adequacy of the issuer's cash and other sources of repayment (liquidity positions).

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The likelihood of debt payment is affected one way or the other by the issuer's related parties such as parent company, subsidiary, guarantor, and the government of the issuer's business domicile, etc. - by their own conditions and/ or position of support/ assistance for the issuer.

E) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuer's discretion, and/ or its rank relative to other debts of the same issuer in the order of seniority in principal/ interest payment which is determined by design as financial product or by laws, etc.

4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.

- A) Audited financial statements presented by the rating stakeholders
- B) Explanations of business performance, management plans, etc. presented by the rating stakeholders

## 9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the audit by an independent auditor, the warranty made by the issuer, the publication by the issuer, some independent media or, otherwise, JCR analyst's scrutiny, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.
- If the credit rating is an Indication, please see the report for Indication.

## 10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR receives payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR did not receive in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.

## 11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

### A) Business Bases

The credit rating is subject to alteration if there is improvement or deterioration of the issuer's business bases, since its revenue, etc. may improve or deteriorate by the change in its business management policies, clients' preferences, competitive situation, or a technological innovation. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the business bases is large.

### B) Financial Grounds and Asset Quality

The credit rating is subject to alteration if the issuer increases/ decreases its debt/ capital or vice versa and thereby makes its individual debt payment liability less or more bearable and its loss absorption capacity into the future decreased or increased. Also, the changes in the quality of asset under the issuer's holding may affect the credit rating, since such changes could raise or lower the likelihood of future loss of the issuer's financial grounds. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the financial grounds and/ or asset quality is large.

### C) Liquidity Positions

The credit rating is subject to alteration if there is a change in the issuer's financial management policy or in the relations with fund procurement sources and the change thereby makes its liquidity positions improve or deteriorate. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the issuer's parent company or subsidiary, guarantor or other provider of credit enhancement, or the government of the issuer's business domicile, or other related parties' own conditions and/ or position of support/ assistance for the issuer, and the change thereby makes its business bases, financial grounds and/ or liquidity positions improve or deteriorate, and/ or making the effectiveness of guarantee and other credit enhancement improve or deteriorate. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

E) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts caused by the improvement/ deterioration of the issuer's financial condition. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large. Also, in case of the financial products for which non-payment of interest/ principal is contractually permissible, the credit rating is subject to alteration if and when the likelihood of such non-payment is projected to increase or decrease. The resultant alteration of the credit rating could be by a notch but often as much as a few notches.

F) Rise and Fall in General Economy and Markets

The credit rating is subject to alteration if there is a rise/ fall in the general economy and/ or the markets inducing the issuer's revenues/ expenses to increase/ decrease and vice versa, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

G) Various Events

The credit rating is subject to alteration on occurrence of various events, such as change in the issuer's major shareholders, M&A and other organizational change, accident, violation of the law, litigation, legal/ regulatory change, natural disaster, etc., which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's business bases, financial grounds, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

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Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- Historical records of the credit rating herewith presented are posted in the end of this paper.
- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

<https://www.jcr.co.jp/en/service/company/regu/nrsro/>

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Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

A) Business Bases

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's business bases and powers of earning or cash flow generation, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's business bases on some drastic change in the operational environments, etc.

B) Financial Grounds and Asset Quality

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's financial grounds and asset quality. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but

possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's financial grounds and/ or asset quality on some drastic change in its business bases.

C) Liquidity Risks

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in its financial management policy or relations with fund procurement sources, etc.

D) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the order of seniority in repayment of interests and principal. JCR assumes the resultant change of the credit rating is most likely by a notch. The change could be as much as a few notches if the issuer's financial structure differs so much and thereby the balance between debts shifted so greatly. Rating change is also possible in case of the financial products for which non-payment of interest/ principal is contractually permissible, if and when the assumptions made at the time of its determination turns out to be inaccurate. The change of the credit rating is assumed to be by a notch but often as much as a few notches.

E) Rise and Fall in General Economy and Markets

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the prospects of general economy and markets. JCR expects the change should be most likely by a notch but could be as much as a few notches, should the economy or the markets change so greatly.

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Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

- The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

**Japan Credit Rating Agency, Ltd.**

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan  
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

## The Historical Performance of the Credit Rating

| Issuer Name                   | Issue Name        | Publication Date | Rating | Outlook/Direction |
|-------------------------------|-------------------|------------------|--------|-------------------|
| Japan Freight Railway Company | Issuer(Long-term) | December 3, 2021 | AA     | Stable            |
| Japan Freight Railway Company | Issuer(Long-term) | March 6, 2023    | AA     | Stable            |
| Japan Freight Railway Company | Issuer(Long-term) | April 10, 2024   | AA     | Stable            |
| Japan Freight Railway Company | Issuer(Long-term) | April 16, 2025   | AA     | Stable            |
| Japan Freight Railway Company | Bonds no.1        | March 11, 2022   | AA     |                   |
| Japan Freight Railway Company | Bonds no.1        | March 6, 2023    | AA     |                   |
| Japan Freight Railway Company | Bonds no.1        | April 10, 2024   | AA     |                   |
| Japan Freight Railway Company | Bonds no.1        | April 16, 2025   | AA     |                   |
| Japan Freight Railway Company | Bonds no.2        | March 11, 2022   | AA     |                   |
| Japan Freight Railway Company | Bonds no.2        | March 6, 2023    | AA     |                   |
| Japan Freight Railway Company | Bonds no.2        | April 10, 2024   | AA     |                   |
| Japan Freight Railway Company | Bonds no.2        | April 16, 2025   | AA     |                   |
| Japan Freight Railway Company | Bonds no.3        | June 9, 2023     | AA     |                   |
| Japan Freight Railway Company | Bonds no.3        | April 10, 2024   | AA     |                   |
| Japan Freight Railway Company | Bonds no.3        | April 16, 2025   | AA     |                   |
| Japan Freight Railway Company | Bonds no.4        | June 9, 2023     | AA     |                   |
| Japan Freight Railway Company | Bonds no.4        | April 10, 2024   | AA     |                   |
| Japan Freight Railway Company | Bonds no.4        | April 16, 2025   | AA     |                   |
| Japan Freight Railway Company | Bonds no.5        | June 7, 2024     | AA     |                   |
| Japan Freight Railway Company | Bonds no.5        | April 16, 2025   | AA     |                   |
| Japan Freight Railway Company | Bonds no.6        | June 7, 2024     | AA     |                   |
| Japan Freight Railway Company | Bonds no.6        | April 16, 2025   | AA     |                   |
| Japan Freight Railway Company | Bonds no.7        | June 5, 2025     | AA     |                   |
| Japan Freight Railway Company | Bonds no.8        | June 5, 2025     | AA     |                   |

## Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Takeshi Rikawa, have responsibility to this Rating Action and to the best of my knowledge:

- A) No part of the credit rating was influenced by any other business activities.
- B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
- C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

里川 武

Takeshi Rikawa

General Manager of Public Sector Rating Department

**Japan Credit Rating Agency, Ltd.**

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan  
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026