News Release

Japan Credit Rating Agency, Ltd.

25-D-1092
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Central Japan Railway Announces Approximately 4 Trillion Yen Increase in Total Construction Cost for Chuo Shinkansen–No Immediate Impact on Rating, but Construction Process Needs to be Monitored

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on total construction cost for the Shinagawa to Nagoya section of the Chuo Shinkansen of Central Japan Railway Company (security code: 9022).

(1) On October 29, Central Japan Railway Company (the Company) announced that the total construction cost for the Chuo Shinkansen between Shinagawa and Nagoya is expected to reach 11.0 trillion yen. This represents an increase of 3.96 trillion yen from the total construction cost announced in December 2023. This increase is broken down as follows: 2.3 trillion yen due to recent surges in prices (including 1.0 trillion in contingency funds for future cost increases), 1.2 trillion yen for addressing challenging construction work like that for mountain tunnels and viaducts, and 0.4 trillion for further enhancement of specifications in areas such as shield tunnel. The Company has also stated that it would adjust the construction pace if it can no longer ensure sound management and stable dividends.

(2) JCR believes this matter will not immediately impact the rating. JCR incorporates in this judgement the following factors: (i) The Company's efforts including those to enhance the convenience of the Tokaido Shinkansen led to the increased cash flow generation capacity; (ii) The future cash flow projections presented by the Company are considered based on its conservative assumptions; (iii) Certain amount of contingency funds are included in the increased total construction costs; and (iv) The Company has stated its policy of sound management as before. However, given the long-term nature of the construction and the presence of technically challenging projects, JCR will watch construction progress and trend in total construction costs.

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<Reference>
Issuer: Central Japan Railway Company
Long-term Issuer Rating: AAA Outlook: Stable

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