

**Consolidated Financial Statements**

**Central Nippon Expressway Company Limited  
and  
its Consolidated Subsidiaries**

*Years ended March 31, 2021 and 2020  
with Independent Auditor's Report*

Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Consolidated Financial Statements

*Years ended March 31, 2021 and 2020*

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# Independent Auditor's Report

The Board of Directors

Central Nippon Expressway Company Limited

## Opinion

We have audited the accompanying consolidated financial statements of Central Nippon Expressway Company Limited and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheets as at March 31, 2021 and 2020, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the years then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

## Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Accuracy of Recognized Amount of Toll Fee	
Description of Key Audit Matter	Auditor's Response
<p>As described in Note 22, Segment Information, the Company recognized revenue from toll fee of ¥576,224 million during the year ended March 31, 2021.</p> <p>Although the amounts arising from each individual transaction are very small compared with the total amount, there are an extremely large number of transactions that must be processed. In addition, since expressway entrances and exits may be operated by different expressway companies, settlements involving three separate companies (the Company, East Nippon Expressway Company Limited and West Nippon Expressway Company Limited) are required.</p> <p>In order to process such complex transactions, the Company uses a data processing system integrated with an accounting system to automatically calculate and totalize the toll fee amounts.</p> <p>Therefore, the entirety of this business process is highly reliant on the automated controls in the data processing system.</p> <p>Consequently, the impact on the consolidated financial statements could be significant if any system deficiencies or failures were to occur or transactions were not processed appropriately.</p> <p>In view of the complex nature of these transactions and the dependency on the data processing system, we determined that the accuracy of recognized amounts of toll fee is significant in the consolidated financial statements and is of particular importance in our audits.</p> <p>Accordingly, we determined this to be a key audit matter.</p>	<p>The audit procedures we performed to evaluate the accuracy of recognized amounts of toll fee include the following, among others:</p> <p>(Evaluation of Internal Controls)</p> <p>To assess the reliability of the data processing system for recognizing the toll fee, we identified the related accounting processes and, with the support of our internal IT experts, evaluated the design and operation of IT general controls for the related business processing system.</p> <p>In addition, we evaluated the design and operation of internal controls related to the data processing systems ( ① Toll Fee Calculation and ② Settlement Allocation among Three Companies) including the following, among others:</p> <p>① Toll Fee Calculation</p> <p>We extracted sample data in consideration of the audit risk, and we recalculated the toll fee amounts for these samples based on such factors as the distance of journeys for each road type, vehicle types, discount types, and compared them with the corresponding amounts automatically calculated by the system.</p> <p>② Settlement Allocation among Three Companies</p> <p>We extracted sample data in consideration of the audit risk, and we calculated amounts to be allocated to each company by multiplying the distance traveled for each route subject to allocation by the unit price, and compared them with the corresponding amounts automatically calculated by the system .</p>

	<p>(Substantive Procedures to Assess the Accuracy of Recognized Amounts of Toll Fee)</p> <ul style="list-style-type: none"><li>① We compared the transactions involving the toll fee collection through the Electronic Toll Collection (ETC) exceeding a certain threshold that we determined in consideration of the audit risk among all transactions, with the evidence of receipts.</li><li>② For samples of transactions exceeding a certain threshold that we determined in consideration of the audit risk, we compared the recorded amounts with the corresponding invoices, and the amounts paid out in executing the settlement among the three companies.</li><li>③ We performed confirmation procedures for the balance of accounts receivable related to toll fee exceeding a certain threshold that we determined in consideration of the audit risk.</li></ul>
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Appropriateness of Classification of Expenses Allocated to the Business Segments	
Description of Key Audit Matter	Auditor's Response
<p>As described in Note 22, Segment Information, the Company recognized a loss of ¥2,108 million in the expressway business segment, a loss of ¥4,061 million in the rest area business segment, and a profit of ¥258 million in the other related business segments during the year ended March 31, 2021.</p> <p>In its Expressway Business, given the public nature of expressways, the toll fees set by the Company do not include a standard profit margin to be made by the Company.</p> <p>The expressway assets constructed by the Company based on the operational license granted by the Minister of LIT and the Company-JEHDRA Agreements are transferred to JEHDRA along with the liabilities in respect of costs relating to construction.</p> <p>The Company leases expressway assets from JEHDRA, collects toll fees from expressway users and from such toll fees pays the lease fees payable to JEHDRA and the administrative expenses payable by the Company.</p> <p>Such lease fees, together with the Company's expenses in relation to the management of the relevant expressways, are intended to be approximately equivalent to the toll fees the Company expects to receive on such expressway assets.</p> <p>On the other hand, the Company is engaged in other related businesses mainly for the purpose of generating a profit, such as the rest area business, in which the Company operates and manages service areas and parking areas.</p>	<p>The audit procedures we performed to consider the appropriateness of classification of expenses allocated to the business segments include the following, among others:</p> <p>(Evaluation of Internal Controls)</p> <p>We evaluated the design and operation of internal controls related to the classification of expenses allocated to the business segments.</p> <p>(Substantive Procedures to Verify Appropriateness of Classification of Expenses Allocated to the Business Segments)</p> <p>① We made inquiries with the department in charge or others about the expense transfer transactions that exceeded a certain threshold that we determined in consideration of the audit risk, among the expense transfer transactions between different business segments. In addition, we vouched details of those transactions to supporting evidence.</p> <p>② We made inquiries with the department in charge or others about the transactions that exceeded a certain threshold that we determined in consideration of audit risk, among the expense transactions accrued during the year ended March 31, 2021. In addition, we vouched details of those transactions to supporting evidence.</p> <p>③ We performed a trend analysis against the prior fiscal year on the allocation ratios used to allocate common expenses to each business segment. In addition, we performed a monthly trend analysis for the year ended March 31, 2021.</p>

Because of the dual nature of the organization being both a public business and a profit-making enterprise, the Regulation on Accounting in the Expressway Industry requires separate disclosures for the expressway business and other related businesses such as the rest area business.

Considering the characteristics of the Company, we determined that appropriateness of classification of expenses allocated to the business segments is significant to understand the consolidated financial statements and is of particular importance in our audit.

Accordingly, we determined this to be a key audit matter.

④ We performed a trend analysis against prior fiscal year with regard to the amounts applicable to each expense category. In addition, we performed a monthly trend analysis for the year ended March 31, 2021.

## **Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1(a) to the consolidated financial statements.

Ernst & Young ShinNihon LLC

Nagoya, Japan

June 24, 2021

/s/ Tomohisa Yura

Tomohisa Yura

Designated Engagement Partner  
Certified Public Accountant

/s/ Hirotaka Mizutani

Hirotaka Mizutani

Designated Engagement Partner  
Certified Public Accountant

/s/ Naritetsu Miyako

Naritetsu Miyako

Designated Engagement Partner  
Certified Public Accountant

Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Consolidated Balance Sheets

March 31, 2021 and 2020

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1(a))</i>
	2021	2020	2021
<b>Assets</b>			
<b>Current assets:</b>			
Cash and deposits ( <i>Notes 11, 19 and 20</i> )	¥ 205,961	¥ 135,909	\$ 1,860,365
Accounts receivable due from expressway business operations ( <i>Notes 20 and 23</i> )	192,821	85,131	1,741,676
Other accounts receivable ( <i>Note 20</i> )	29,492	32,125	266,390
Marketable securities ( <i>Notes 5 and 20</i> )	–	200	–
Inventories ( <i>Note 6</i> )	1,330,981	1,005,352	12,022,229
Other current assets	71,062	65,845	641,875
Allowance for doubtful accounts	(8)	(13)	(72)
Total current assets	1,830,309	1,324,549	16,532,463
<b>Property and equipment (<i>Notes 7, 9, 17 and 22</i>):</b>			
Buildings	73,170	71,068	660,916
Structures	67,809	64,845	612,492
Machinery and equipment	118,374	112,266	1,069,226
Vehicles	46,398	41,130	419,095
Tools, furniture and fixtures	18,076	17,550	163,273
Land	120,320	120,442	1,086,803
Leased assets	8,623	5,883	77,888
Construction in progress	4,900	4,552	44,260
Less accumulated depreciation	(179,039)	(166,184)	(1,617,188)
Total property and equipment	278,631	271,552	2,516,765
<b>Investments and other assets:</b>			
Investments in unconsolidated subsidiaries and affiliates ( <i>Notes 8, 20 and 22</i> )	7,278	5,951	65,739
Investments in securities ( <i>Notes 5, 11 and 20</i> )	402	389	3,631
Intangible fixed assets ( <i>Notes 7 and 22</i> )	20,864	18,621	188,456
Deferred income taxes ( <i>Note 12</i> )	3,729	6,000	33,683
Asset for retirement benefits ( <i>Note 13</i> )	870	545	7,858
Others ( <i>Notes 7 and 11</i> )	5,000	5,010	45,163
Allowance for doubtful accounts	(75)	(84)	(677)
Total investments and other assets	38,068	36,432	343,853
<b>Deferred assets:</b>			
Bond issuance expenses for road construction	1,638	1,240	14,795
Other bond issuance expenses	9	–	82
Total deferred assets	1,647	1,240	14,877
<b>Total assets (<i>Notes 11 and 22</i>)</b>	<b>¥ 2,148,655</b>	<b>¥ 1,633,773</b>	<b>\$ 19,407,958</b>

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1(a))</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable due to expressway business operations (Notes 20 and 23)	¥ 158,474	¥ 166,177	\$ 1,431,433
Short-term debt, including current portion of long-term debt (Notes 10, 11, 19, 20 and 23)	188,849	92,615	1,705,799
Current portion of lease obligations (Note 10)	1,538	852	13,892
Other accounts payable (Note 20)	53,312	42,451	481,546
Income and other taxes payable (Notes 12 and 20)	834	2,942	7,533
Accrued employees' bonuses	4,120	3,880	37,214
Other current liabilities	29,311	33,571	264,756
Total current liabilities (Note 22)	<u>436,438</u>	<u>342,488</u>	<u>3,942,173</u>
<b>Long-term liabilities:</b>			
Long-term debt (Notes 10, 11, 19, 20 and 23)	1,358,397	931,275	12,269,867
Lease obligations (Note 10)	5,294	3,730	47,819
Deferred income taxes (Note 12)	44	—	397
Liabilities for retirement benefits (Note 13)	60,707	63,680	548,343
Accrued retirement benefits for directors, audit and supervisory board members and corporate officers	212	236	1,915
Allowance for ETC mileage program	7,390	8,026	66,751
Others	28,786	28,844	260,013
Total long-term liabilities (Note 22)	<u>1,460,830</u>	<u>1,035,791</u>	<u>13,195,105</u>
Contingent liabilities (Notes 14 and 23)			
<b>Net assets:</b>			
<b>Shareholder's equity (Note 15):</b>			
Common stock	65,000	65,000	587,120
Authorized : 520,000,000 shares			
Issued : 130,000,000 shares at March 31, 2021 and 2020			
Capital surplus	73,012	73,012	659,489
Retained earnings	123,423	129,812	1,114,832
Total shareholder's equity	<u>261,435</u>	<u>267,824</u>	<u>2,361,441</u>
<b>Accumulated other comprehensive income (loss):</b>			
Net unrealized holding gain on securities (Note 5)	81	30	732
Translation adjustments	11	4	98
Retirement benefits liability adjustments (Note 13)	(10,140)	(12,364)	(91,591)
Total accumulated other comprehensive loss	<u>(10,048)</u>	<u>(12,330)</u>	<u>(90,761)</u>
Total net assets (Note 18)	<u>251,387</u>	<u>255,494</u>	<u>2,270,680</u>
<b>Total liabilities and net assets</b>	<u>¥ 2,148,655</u>	<u>¥ 1,633,773</u>	<u>\$ 19,407,958</u>

See notes to consolidated financial statements.

Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Consolidated Statements of Operations

Years ended March 31, 2021 and 2020

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1(a))</i>
	2021	2020	2021
<b>Operating revenues (Notes 22 and 23)</b>	<b>¥ 875,514</b>	¥ 1,031,408	<b>\$ 7,908,175</b>
<b>Operating expenses:</b>			
Road assets leasing expenses (Note 23)	380,258	491,524	3,434,721
Cost of sales and administrative expenses for expressway business operations (Note 16)	427,982	445,494	3,865,794
Selling, general and administrative expenses (Note 16)	73,179	80,045	660,998
Total operating expenses	<b>881,419</b>	1,017,063	<b>7,961,513</b>
<b>Operating (loss) income (Note 22)</b>	<b>(5,905)</b>	14,345	<b>(53,338)</b>
<b>Other income (expenses):</b>			
Interest income	31	5	280
Land and property rental fees	199	197	1,797
Amortization of negative goodwill (Note 22)	342	342	3,089
Equity in earnings of affiliates	713	582	6,440
Gain on donation of fixed assets	–	569	–
Interest expenses	(46)	(43)	(415)
Amortization of bond issuance expenses	(14)	–	(126)
Gain on sales of fixed assets	360	92	3,252
Gain on sales of investments in securities (Note 5)	10	20	90
Loss on sales of fixed assets	(22)	(30)	(199)
Loss on disposal of fixed assets	(409)	(308)	(3,694)
Loss on impairment of fixed assets (Notes 7 and 22)	(617)	(171)	(5,573)
Others	844	322	7,624
(Loss) profit before income taxes	<b>(4,514)</b>	15,922	<b>(40,773)</b>
<b>Income taxes (Note 12):</b>			
Current	1,298	4,966	11,724
Deferred	577	(272)	5,212
	<b>1,875</b>	4,694	<b>16,936</b>
(Loss) profit	<b>(6,389)</b>	11,228	<b>(57,709)</b>
(Loss) profit attributable to:			
Non-controlling interests	–	60	–
Owner of parent (Note 18)	<b>¥ (6,389)</b>	¥ 11,168	<b>\$ (57,709)</b>

Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Consolidated Statements of Comprehensive Income

Years ended March 31, 2021 and 2020

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1(a))</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
(Loss) profit	<b>¥ (6,389)</b>	¥ 11,228	<b>\$ (57,709)</b>
Other comprehensive income (loss) <i>(Note 24)</i> :			
Net unrealized holding gain on securities	10	27	90
Translation adjustments	7	4	63
Retirement benefits liability adjustments	2,144	(382)	19,366
Share of other comprehensive income of affiliates accounted for by the equity method	121	421	1,093
Total other comprehensive income	<b>2,282</b>	70	<b>20,612</b>
Comprehensive (loss) income	<b>¥ (4,107)</b>	¥ 11,298	<b>\$ (37,097)</b>
Total comprehensive (loss) income attributable to:			
Owner of parent	¥ (4,107)	¥ 11,238	\$ (37,097)
Non-controlling interests	-	60	-

Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2021 and 2020

	<i>Millions of yen</i>				
	Number of shares in issue	Common stock	Capital surplus	Retained earnings	Total shareholder's equity
Balance at April 1, 2019	130,000,000	¥ 65,000	¥ 72,680	¥ 118,644	¥ 256,324
Profit attributable to owner of parent for the year	-	-	-	11,168	11,168
Change in ownership interests due to transactions with non- controlling interests	-	-	332	-	332
Other changes	-	-	-	-	-
Balance at April 1, 2020	<b>130,000,000</b>	<b>65,000</b>	<b>73,012</b>	<b>129,812</b>	<b>267,824</b>
Loss attributable to owner of parent for the year	-	-	-	<b>(6,389)</b>	<b>(6,389)</b>
Other changes	-	-	-	-	-
Balance at March 31, 2021	<b>130,000,000</b>	<b>¥ 65,000</b>	<b>¥ 73,012</b>	<b>¥ 123,423</b>	<b>¥ 261,435</b>

	<i>Millions of yen</i>					
	Accumulated other comprehensive income (loss)					
	Net unrealized holding gain on securities	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income (loss)	Non- controlling interests	Total net assets
Balance at April 1, 2019	¥ 18	¥ -	¥ (12,418)	¥ (12,400)	¥ 816	¥ 244,740
Profit attributable to owner of parent for the year	-	-	-	-	-	11,168
Change in ownership interests due to transactions with non- controlling interests	-	-	-	-	-	332
Other changes	12	4	54	70	(816)	(746)
Balance at April 1, 2020	<b>30</b>	<b>4</b>	<b>(12,364)</b>	<b>(12,330)</b>	<b>-</b>	<b>255,494</b>
Loss attributable to owner of parent for the year	-	-	-	-	-	<b>(6,389)</b>
Other changes	<b>51</b>	<b>7</b>	<b>2,224</b>	<b>2,282</b>	<b>-</b>	<b>2,282</b>
Balance at March 31, 2021	<b>¥ 81</b>	<b>¥ 11</b>	<b>¥ (10,140)</b>	<b>¥ (10,048)</b>	<b>¥ -</b>	<b>¥ 251,387</b>

See notes to consolidated financial statements.

Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets (continued)

Years ended March 31, 2021 and 2020

*Thousands of U.S. dollars (Note 1(a))*

	Common stock	Capital surplus	Retained earnings	Total shareholder's equity
Balance at April 1, 2020	\$ 587,120	\$ 659,489	\$ 1,172,541	\$ 2,419,150
Loss attributable to owner of parent for the year	-	-	(57,709)	(57,709)
Other changes	-	-	-	-
Balance at March 31, 2021	<u>\$ 587,120</u>	<u>\$ 659,489</u>	<u>\$ 1,114,832</u>	<u>\$ 2,361,441</u>

*Thousands of U.S. dollars (Note 1(a))*

	Accumulated other comprehensive income (loss)					Total net assets
	Net unrealized holding gain on securities	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income (loss)	Non- controlling interests	
Balance at April 1, 2020	\$ 271	\$ 35	\$ (111,679)	\$ (111,373)	\$ -	\$ 2,307,777
Loss attributable to owner of parent for the year	-	-	-	-	-	(57,709)
Other changes	461	63	20,088	20,612	-	20,612
Balance at March 31, 2021	<u>\$ 732</u>	<u>\$ 98</u>	<u>\$ (91,591)</u>	<u>\$ (90,761)</u>	<u>\$ -</u>	<u>\$ 2,270,680</u>



Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Consolidated Statements of Cash Flows

Years ended March 31, 2021 and 2020

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1(a))</i>
	<u>2021</u>	<u>2020</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>			
(Loss) profit before income taxes	¥ (4,514)	¥ 15,922	\$ (40,773)
Depreciation and amortization (Note 22)	25,949	22,795	234,387
Loss on impairment of fixed assets (Note 7)	617	171	5,573
Gain on sales of investments in securities (Note 5)	(10)	(20)	(90)
Equity in earnings of affiliates	(713)	(582)	(6,440)
Increase in accrued employees' bonuses	240	25	2,168
Decrease in allowance for ETC mileage program	(636)	(93)	(5,745)
Decrease in allowance for doubtful accounts	(14)	(120)	(126)
Increase in asset and liabilities for retirement benefits	581	1,057	5,248
Interest and dividend income	(45)	(18)	(406)
Interest expense	638	492	5,763
Gain on sales of fixed assets	(338)	(62)	(3,053)
Loss on disposal of fixed assets	1,028	785	9,286
(Increase) decrease in accounts receivable due from expressway business operations	(108,717)	606	(981,998)
Increase in inventories	(325,323)	(215,375)	(2,938,515)
Increase (decrease) in accounts payable due to expressway business operations	3,814	(15,539)	34,450
Decrease in other accounts payable	(3,563)	(58,124)	(32,183)
Others	(676)	1,527	(6,108)
<b>Subtotal</b>	<u>(411,682)</u>	<u>(246,553)</u>	<u>(3,718,562)</u>
Interest and dividends received	99	75	894
Interest paid	(569)	(577)	(5,140)
Income taxes paid	(4,246)	(6,938)	(38,352)
<b>Net cash used in operating activities</b>	<u>(416,398)</u>	<u>(253,993)</u>	<u>(3,761,160)</u>
<b>Cash flows from investing activities:</b>			
Increase in time deposits	(300)	(0)	(2,710)
Decrease in time deposits	303	60	2,737
Proceeds from sales and redemption of marketable securities	200	–	1,807
Payments for purchase of investments in securities	(569)	–	(5,140)
Proceeds from sales and redemption of investments in securities	12	31	108
Payments for purchase of fixed assets	(34,352)	(32,590)	(310,288)
Proceeds from sale of fixed assets	353	196	3,189
Others	(195)	(359)	(1,762)
<b>Net cash used in investing activities</b>	<u>(34,548)</u>	<u>(32,662)</u>	<u>(312,059)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from long-term loans	134,198	32,148	1,212,158
Repayments of long-term loans (Note 19)	(33,491)	(2,265)	(302,511)
Proceeds from issuance of bonds for road construction	510,817	568,617	4,614,010
Redemption of bonds for road construction (Note 19)	(277,413)	(280,240)	(2,505,763)
Proceeds from issuance of other bonds	290,898	–	2,627,568
Redemption of other bonds	(102,690)	–	(927,558)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(139)	–
Others	(1,342)	(1,186)	(12,123)
<b>Net cash provided by financing activities</b>	<u>520,977</u>	<u>316,935</u>	<u>4,705,781</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>24</u>	<u>4</u>	<u>217</u>
<b>Net increase in cash and cash equivalents</b>	<u>70,055</u>	<u>30,284</u>	<u>632,779</u>
<b>Cash and cash equivalents at beginning of the year</b>	<u>135,784</u>	<u>105,500</u>	<u>1,226,484</u>
<b>Cash and cash equivalents at end of the year (Note 19)</b>	<u>¥ 205,839</u>	<u>¥ 135,784</u>	<u>\$ 1,859,263</u>

*See notes to consolidated financial statements.*

# Central Nippon Expressway Company Limited and its Consolidated Subsidiaries

## Notes to Consolidated Financial Statements

March 31, 2021 and 2020

### 1. Summary of Significant Accounting Policies

#### (a) Basis of presentation

The accompanying consolidated financial statements of Central Nippon Expressway Company Limited (the “Company”) and its consolidated subsidiaries (collectively, the “Group”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

The consolidated financial statements of the Group are prepared in accordance with the “Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Ordinance No. 28, 1976).

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, certain notes included herein are not required under accounting principles generally accepted in Japan but are presented as other explanatory information.

Certain reclassifications of previously reported amounts have been made to conform the consolidated financial statements for the year ended March 31, 2020 to the 2021 presentation. Such reclassifications had no effect on consolidated profit or net assets.

The translation of Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader and has been made at ¥110.71 = U.S. \$1.00, the approximate rate of exchange in effect on March 31, 2021. This translation should not be construed as a representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollar amounts at the above or any other rate.

#### (b) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and its 23 and 27 significant consolidated subsidiaries for the years ended March 31, 2021 and 2020, respectively. The Company has applied the equity method to its investments in 9 significant affiliates for the purpose of the consolidated financial statements for the years ended March 31, 2021 and 2020.

Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**(b) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates (continued)**

For affiliated companies whose year-end is different than that of the Company, the affiliated companies' financial statements have been included in consolidation on the basis of their corresponding full years or provisional financial statements are prepared as of and for the year ended March 31, which is the same as that of the Company.

The principles of consolidation are to include significant subsidiaries over which substantial control is exerted either through majority ownership of voting stock and/or by other means. In addition, significant affiliates, over which the consolidated Group exercises substantial control in various ways, are accounted for by the equity method.

All significant intercompany transactions and accounts have been eliminated in consolidation.

Other subsidiaries and affiliates are not significant in terms of their total assets, profit or loss, and retained earnings. Accordingly, these other subsidiaries and affiliates have not been consolidated nor are they accounted for by the equity method. Investments in such subsidiaries and affiliates are stated at cost unless there has been a permanent decline in the value of such investments. In such case, the Company is required to write down the investments.

Goodwill is amortized using the straight-line method over the respective determinable useful lives or a period of 5 years if the useful lives are indeterminable. Goodwill is charged to income in the year of acquisition if immaterial.

Negative goodwill is credited to income when incurred. Negative goodwill recognized on or before March 31, 2010 is being amortized using the straight-line method over a period of 20 years.

**(c) Foreign currency translation**

All monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are credited or charged to income.

Assets and liabilities of the overseas subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date of the subsidiaries, and revenues and expenses are translated at the average rates of exchange for the fiscal year. Differences arising from the translation are reflected in "Translation adjustments" as a component of Accumulated other comprehensive income (loss).

Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**(d) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

**(e) Investments in securities**

Securities, other than those of unconsolidated subsidiaries and affiliates, are classified into three categories: trading securities, held-to-maturity debt securities and other securities.

Trading securities, consisting of debt and marketable equity securities are stated at fair value. Gain or loss, both realized and unrealized, is credited or charged to income. Held-to-maturity debt securities are stated at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of Accumulated other comprehensive income (loss). Cost of securities sold is determined by the moving average method. Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

Under the Companies Act of Japan (the “Act”), unrealized holding gain on other securities, net of the related taxes, is not available for distribution as dividends.

**(f) Inventories**

Work in process for road construction is determined by the individual cost method.

Acquisition costs of work in process for road construction includes costs for road construction, costs for acquiring land, related incidental costs, labor costs for road construction and removal costs and other related costs.

Interest expense incurred for work in process for road construction up to the date of completion is capitalized as a part of the work in process for road construction.

Merchandise, finished goods and work in process are principally stated at lower of cost, determined by the individual cost method, or net selling value.

Raw materials and supplies are principally stated at lower of cost, determined by the first-in first-out method, or net selling value.

Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**(g) Allowance for doubtful accounts**

Allowance for doubtful accounts is provided based on the actual historical percentage of bad debts and an estimate of uncollectible amounts determined by an assessment of individual receivables.

**(h) Property and equipment (except for leased assets)**

Depreciation of property and equipment of the Company and its consolidated subsidiaries is calculated principally by the straight-line method based on the estimated useful lives and the residual value determined by the Company. Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to income as incurred. The estimated useful lives of the assets are as follows:

Buildings:	3 to 50 years
Structures:	3 to 60 years
Machinery and equipment:	4 to 17 years

The Company succeeded certain property and equipment from the Japan Highway Public Corporation (“JHPC”) when the Company was established on October 1, 2005. The estimated useful lives of property and equipment transferred to the Company from the JHPC are determined based on the respective estimated useful lives of used assets.

**(i) Intangible fixed assets (except for leased assets)**

Amortization of intangible fixed assets is calculated by the straight-line method over the estimated useful lives of the respective assets.

Expenditures related to computer software development for internal use are charged to income as incurred, unless these contribute to the generation of future income or cost savings. Such expenditures are capitalized as assets and amortized by the straight-line method over their estimated useful life of 5 years.

**(j) Leased assets**

Leased assets under finance lease transactions which transfer ownership to the lessee are capitalized and depreciated or amortized by the method applied to assets owned by the Company.

Leased assets under finance lease transactions which do not transfer ownership to the lessee are capitalized and depreciated or amortized over the respective lease terms to a nil residual value by the straight-line method.

Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**(k) Bond issuance expenses for road construction**

Bond issuance expenses for road construction are capitalized and amortized by the straight-line method over the term of the bonds.

**(l) Other bond issuance expenses**

Other bond issuance expenses are capitalized and amortized by the straight-line method over the term of the bonds.

**(m) Derivatives and hedging activities**

The Company has entered into currency swap contracts and interest-rate swap contracts to hedge its exposure to exchange rate fluctuation risk and interest rate fluctuation risk corresponding to corporate bonds denominated in foreign currencies based on internal regulations.

Gains or losses on derivatives positions designated as hedges are deferred until the gains or losses on the respective underlying hedged items are recognized.

Currency swap contracts that meet certain conditions are accounted for by the allocation method, which requires that the recognized foreign currency transaction be translated at the corresponding currency swap contract rate. Interest-rate swap contracts that meet certain conditions are accounted for by the special treatment. Under the treatment, the net amount to be paid or received under the contracts is added to or deducted from the interest on the hedged items, by treating them as a single item.

The Company measures hedge effectiveness by comparing the cumulative changes in cash flows or fair value of the hedging instrument and the hedged item, except for the currency swaps accounted for by the allocation method and the interest-rate swaps accounted for by the special treatment, for which the measurement of hedge effectiveness is omitted.

**(n) Income taxes**

Deferred tax assets and liabilities have been recognized in the consolidated financial statements with respect to the differences between the financial reporting and tax bases of the assets and liabilities, and were measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

**(o) Accrued employees' bonuses**

Accrued employees' bonuses are provided at the estimated amount of bonuses to be paid to the employees in the following year which has been allocated to the current fiscal year.

Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**(p) Retirement benefits**

The liabilities for retirement benefits is provided based on the amount of the projected benefit obligation reduced by the pension plan assets at fair value at the end of the year.

The retirement benefit obligation is attributed to each period based on the benefit formula method over the estimated years of service of the eligible employees.

Certain consolidated subsidiaries calculate the liabilities for retirement benefits based on the simplified method. These domestic subsidiaries have calculated their retirement benefit obligation based on the amount which would be payable at the end of the fiscal year if all eligible employees terminated their services voluntarily.

Actuarial gain or loss is amortized in the year following the year in which such gain or loss is recognized principally by the straight-line method over a period from 10 years to 13 years, which is within the estimated average remaining years of service of the eligible employees. Actuarial gain or loss of certain consolidated subsidiaries is fully recognized in income or loss at the time of occurrence.

Prior service cost of certain consolidated subsidiaries is amortized by the straight-line method over a period from 10 years to 13 years, which is within the estimated average remaining years of service of the eligible employees. Prior service cost of certain consolidated subsidiaries is fully charged to income as incurred.

**(q) Accrued retirement benefits for directors, audit and supervisory board members and corporate officers**

Directors, audit and supervisory board members and corporate officers of the Company and certain consolidated domestic subsidiaries are entitled to lump-sum payments under unfunded retirement benefits plans. An estimate of the accrued retirement benefits for these officers has been made based on internal regulations.

**(r) Allowance for ETC mileage program**

The Electronic Toll Collection (“ETC”) mileage program is offered to motorists who join the ETC mileage program. In accordance with the ETC mileage program, customers can receive a discount on expressway tolls based on the number of points that they accumulate. The allowance for ETC mileage program is provided as an estimate of the total costs expected to be incurred subsequent to the balance sheet date based on the outstanding number of points at the end of each fiscal year.

Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**(s) Recognition of revenues and costs**

Operating revenues from the transfer of expressway assets constructed by the Company and related operating expenses are recognized by the completed-contract method in accordance with “the Regulation on Accounting in the Expressway Industry, etc.”

In principle, pursuant to Article 51 of the Act on Special Measures concerning Road Construction and Improvement of Japan (the “Special Measures Act”), expressway assets constructed by the Company shall belong to the Japan Expressway Holding and Debt Repayment Agency (“JEHDRA”) after the completion of construction. At the same time, pursuant to Article 15 of the Japan Expressway Holding and Debt Repayment Agency Act of Law (the “JEHDRA Act”), the debts borne by the Company for construction shall be assumed by JEHDRA. As such, operating revenues and related operating expenses are recognized once construction of the expressway assets is completed and JEHDRA assumes ownership.

On the other hand, revenue from and the related costs of road construction projects and contracted construction (the “Agency Business”) are recognized by the percentage-of-completion method at the amount for which the outcome of the construction activity is deemed probable at the end of the reporting period. To estimate the progress of such construction projects, the Company measures the percentage of completion by comparing costs incurred to date with the most recent estimate of total costs required to complete the project (cost to cost method). For other construction projects where the outcome cannot be reliably measured, the completed-contract method is applied.

For construction contracts related to the Agency Business that commenced on or before March 31, 2009, the percentage-of-completion method is applied if the construction work extends beyond a two-year period and the contract amount is ¥5,000 million (\$45,163 thousand) or more. Other construction contracts are accounted for by the completed-contract method.

Effective the year ended March 31, 2010, the Company has adopted “Accounting Standard for Construction Contracts” (Accounting Standards Board of Japan (“ASBJ”) Statement No.15 issued on December 27, 2007) and “Guidance on Accounting Standard for Construction Contracts” (ASBJ Guidance No.18 issued on December 27, 2007).



Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**2. Significant Accounting Estimates**

1. Loss on Impairment of Fixed Assets

- (1) Amounts recorded in the consolidated financial statements as of and for the year ended March 31, 2021

Loss on impairment of fixed assets in the amount of ¥617 million (\$5,573 thousand) was recognized in the consolidated statements of operations for the year ended March 31, 2021, and property and equipment and intangible fixed assets totaling ¥299,495 million (\$2,705,221 thousand) was recorded in the consolidated balance sheet as of March 31, 2021.

- (2) Information on significant accounting estimates made by the Group and the recognized items

(a) Calculation method

The Group recognized loss on impairment of fixed assets and has written down to recoverable value, which is calculated as the present value of estimated future cash flows based on the decision made regarding disposal of idle assets and termination of business, during the year ended March 31, 2021.

In addition, except for those assets classified as idle assets or for which the business will be terminated, the Group did not recognize loss on impairment of fixed assets because undiscounted future cash flows exceed carrying value.

The Group makes accounting estimates regarding future cash flows based on the medium-term management plan and anticipated future business expansion.

(b) Significant assumption

The Group considers various elements such as past performance, current situation, future traffic demand and investment plan and others, when the Group prepares its medium-term management plan to provide a basis for estimates of total undiscounted future cash flows.

The Group makes the assumption that the traffic demand and others, which have decreased due to the spread of COVID-19, will gradually recover from the fiscal year ending March 31, 2022.

- (c) Impact on the consolidated financial statements for the fiscal year ending March 31, 2022

The Group will potentially recognize loss on impairment of fixed assets for the fiscal year ending March 31, 2022, if the assumptions underlying the medium-term management plan change.

Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**2. Significant Accounting Estimates (continued)**

2. Realizability of deferred tax assets

(1) Amounts recorded in the consolidated financial statements as of March 31, 2021

Net deferred tax assets of ¥3,684 million (\$33,276 thousand) were recorded in the consolidated balance sheet as of March 31, 2021.

(2) Information on significant accounting estimates made by the Group and the recognized items

(a) Calculation method

The Group evaluated realizability of deferred tax assets for deductible temporary differences based on tax planning and future taxable income.

The Group made accounting estimates regarding taxable income based on the medium-term management plan.

(b) Significant assumption

The Group considers various elements such as past performance, current situation, future traffic demand and investment plan and others using the medium-term management plan to provide a basis for estimates of taxable income.

The Group makes the assumption that the traffic demand and others, which have decreased due to the spread of COVID-19, will gradually recover from the fiscal year ending March 31, 2022.

(c) Impact on the consolidated financial statements for the fiscal year ending March 31, 2022

The Group will potentially recognize reversal of deferred tax assets for the fiscal year ending March 31, 2022, if the assumptions underlying the medium-term management plan change.

Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**3. Change in Presentation**

**(1) Accounting Standard for Disclosure of Accounting Estimates**

The Group adopted “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No.31 issued on March 31, 2020) effective from March 31, 2021, and discloses related information in Note 2 “Significant Accounting Estimates” in the consolidated financial statements.

However, in accordance with provisional treatment stated in Article 11 in the accounting standard, the Group does not disclose comparative information for the year ended March 31, 2020 in the Note 2.

**(2) Income Taxes**

In Note 12 “Income Taxes,” the Group has disclosed additional items, which are established in Article 3 to 5 by “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28) because the amounts of tax loss carried forward became material as of and for the year ended March 31, 2021.

Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**4. Accounting Standards Issued but Not Yet Effective**

**Accounting Standard and Implementation Guidance on Revenue Recognition**

On March 31, 2020, the ASBJ revised “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) and on March 26, 2021, the ASBJ revised “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30).

(1) Overview

The International Accounting Standards Board (hereinafter referred to as the “IASB”) and the Financial Accounting Standards Board (hereinafter referred to as the “FASB”) in the United States co-developed comprehensive accounting standards for revenue recognition and issued “Revenue from Contracts with Customers” (issued as IFRS 15 by the IASB and Topic 606 by the FASB) in May 2014. The ASBJ developed comprehensive accounting standards on revenue recognition and issued them in conjunction with the implementation guidance based on the fact that IFRS 15 will be applied from fiscal years starting on or after January 1, 2018 and Topic 606 will be applied from fiscal years starting after December 15, 2017.

The basic policy adopted by the ASBJ in developing accounting standards for revenue recognition was to incorporate the basic principles of IFRS 15 to ensure comparability between financial statements. Alternative accounting treatments were also incorporated based on accounting practices common in Japan where such treatments would have a limited impact on comparability with IFRS.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of the adoption of accounting standard and implementation guidance

The Company is currently evaluating the effect of the adoption of this accounting standard and implementation guidance on its consolidated financial statements.

Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**5. Securities**

Held-to-maturity debt securities with fair value at March 31, 2021 and 2020 are as follows:

		<i>Millions of yen</i>					
		Held-to-maturity debt securities					
		<b>2021</b>			<b>2020</b>		
		Carrying value	Fair value	Unrealized gain	Carrying value	Fair value	Unrealized gain
Securities with fair value exceeding carrying value:							
	National and local government bonds	<b>¥ 100</b>	<b>¥ 101</b>	<b>¥ 1</b>	¥ 300	¥ 304	¥ 4
	Total	<b>¥ 100</b>	<b>¥ 101</b>	<b>¥ 1</b>	¥ 300	¥ 304	¥ 4
		<i>Thousands of U.S. dollars</i>					
		Held-to-maturity debt securities					
		<b>2021</b>					
		Carrying value	Fair value	Unrealized gain			
Securities with fair value exceeding carrying value:							
	National and local government bonds	<b>\$ 903</b>	<b>\$ 912</b>	<b>\$ 9</b>			
	Total	<b>\$ 903</b>	<b>\$ 912</b>	<b>\$ 9</b>			

Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**5. Securities (continued)**

Other securities with available market value at March 31, 2021 and 2020 are as follows:

	<i>Millions of yen</i>					
	Other securities					
	<b>2021</b>			<b>2020</b>		
	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities with carrying value exceeding acquisition cost:						
Stocks	¥ 78	¥ 198	¥ 120	¥ 78	¥ 186	¥ 108
Securities with carrying value not exceeding acquisition cost:						
Stocks	38	23	(15)	38	23	(15)
Total	<u>¥ 116</u>	<u>¥ 221</u>	<u>¥ 105</u>	<u>¥ 116</u>	<u>¥ 209</u>	<u>¥ 93</u>

	<i>Thousands of U.S. dollars</i>		
	Other securities		
	<b>2021</b>		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities with carrying value exceeding acquisition cost:			
Stocks	\$ 705	\$ 1,788	\$ 1,083
Securities with carrying value not exceeding acquisition cost:			
Stocks	343	208	(135)
Total	<u>\$ 1,048</u>	<u>\$ 1,996</u>	<u>\$ 948</u>

The Company recognizes loss on impairment of individual marketable securities classified as other securities if the market value of a security at year end declines by more than 50% compared with its carrying value and if the decline is deemed to be irrecoverable.

The Company recognizes loss on impairment of individual marketable securities classified as other securities if the market value declines within a range of 30% or more, but less than 50%, when recoverability is doubtful and a significant decline of market value has occurred to such an extent that: 1) the decline has been within a range of 30% or more and then less than 50% in the last two consecutive years; 2) the issuing corporation has net asset deficiency; or 3) the issuing corporation recorded losses in the last two consecutive years and losses in the following year are anticipated.

Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**5. Securities (continued)**

Because no quoted market price is available and it is extremely difficult to estimate the corresponding future cash flow, unlisted stocks of ¥81 million (\$732 thousand) and ¥80 million at March 31, 2021 and 2020, respectively, are not included in the above table.

Sales of securities classified as other securities and the aggregate gain (loss) for the years ended March 31, 2021 and 2020, respectively, are summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
<b>Sales proceeds:</b>			
Stocks	¥ 15	¥ 31	\$ 135
	¥ 15	¥ 31	\$ 135
<b>Aggregate gain (loss):</b>			
Stocks	¥ 10	¥ 20	\$ 90
	¥ 10	¥ 20	\$ 90

The Group recognized loss on impairment of non-marketable securities classified as other securities in the amounts of ¥0 million for the year ended March 31, 2020. For securities for which fair values are deemed extremely difficult to assess, when the value of those securities has written down by more than 50% from their carrying value, the loss on impairment of those securities are recognized, except for cases where the recoverability of the value of those securities in the future is supported by reasonable grounds.

**6. Inventories**

Inventories at March 31, 2021 and 2020 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
Work in process for road construction	¥ 1,327,325	¥ 1,001,184	\$ 11,989,206
Merchandise and finished goods	610	841	5,510
Work in process	765	1,158	6,910
Raw materials and supplies	2,281	2,169	20,603
	¥ 1,330,981	¥ 1,005,352	\$ 12,022,229

Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**7. Loss on Impairment of Fixed Assets**

The Group recognized loss on impairment of the following groups of assets for the years ended March 31, 2021 and 2020, respectively.

Years ended March 31	Location	Usage	Category
2021	Yokohama-city, Kanagawa, and others	Common assets related to the entire business	Buildings, structures and others
2021	Minato-city, Tokyo, and others	Fixed assets related to rest area business	Buildings, software and others
2020	Nagoya-city, Aichi, and others	Common assets related to the entire business	Buildings, structures and others

In principle, the Group classifies asset groups based on business segment. Assets not directly linked to a specific business, such as the head-office building, are common assets related to the entire business.

The carrying value of the asset group to be disposed, which consists of common assets related to the entire business was written down to their memorandum value for the years ended March 31, 2021 and 2020.

In addition, the carrying value of the asset group for which it is considered that investments can no longer be recovered due to termination of business and conversion to a different use, consisting of fixed assets related to rest area business, was written down to their memorandum value or recoverable value for the year ended March 31, 2021.

As a result, loss on impairment of fixed assets amounted to ¥617 million (\$5,573 thousand) and ¥171 million for the years ended March 31, 2021 and 2020, respectively.

The details of loss on impairment are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
Buildings	¥ 578	¥ 164	\$ 5,221
Structures	4	6	36
Tools, furniture and fixtures	4	1	36
Land	12	–	108
Software	14	–	126
Others	5	–	46
	<b>¥ 617</b>	<b>¥ 171</b>	<b>\$ 5,573</b>

The recoverable value of the asset group is measured by net selling value which is calculated based on estimated selling amounts.



Central Nippon Expressway Company Limited and  
its Consolidated Subsidiaries

Notes to Consolidated Financial Statements (continued)

**8. Investments in Unconsolidated Subsidiaries and Affiliates**

Investments in unconsolidated subsidiaries and affiliates included stock of jointly controlled companies of ¥6,069 million (\$54,819 thousand) and ¥4,967 million at March 31, 2021 and 2020, respectively.

**9. Rental Properties**

The Company has commercial facilities and commercial land available for rent located in service areas and parking areas adjacent to its expressways (“service areas”).

In certain service areas commercial facilities are leased by the Company to Central Nippon Exis Co., Ltd., the Company’s consolidated subsidiary, and a certain portion of the facilities is further subleased to third-party tenants with the remaining portion being utilized by the Company’s consolidated subsidiaries as retail stores or as free rest areas for motorists.

Accordingly, certain service areas are deemed as real estate and included in rental properties.

The carrying value in the consolidated balance sheets as of March 31, 2021 and 2020 and corresponding fair value of rental properties are as follows:

	<i>Millions of yen</i>			
	<i>Carrying value</i>			<i>Fair value</i>
	<u>April 1, 2020</u>	<u>Net change</u>	<u>March 31, 2021</u>	<u>March 31, 2021</u>
Rental properties	¥ 5,272	¥ 94	¥ 5,366	¥ 4,829

  

	<i>Millions of yen</i>			
	<i>Carrying value</i>			<i>Fair value</i>
	<u>April 1, 2019</u>	<u>Net change</u>	<u>March 31, 2020</u>	<u>March 31, 2020</u>
Rental properties	¥ 5,173	¥ 99	¥ 5,272	¥ 4,759

  

	<i>Thousands of U.S. dollars</i>			
	<i>Carrying value</i>			<i>Fair value</i>
	<u>April 1, 2020</u>	<u>Net change</u>	<u>March 31, 2021</u>	<u>March 31, 2021</u>
Rental properties	\$ 47,620	\$ 849	\$ 48,469	\$ 43,618

The carrying value in the above table represents acquisition cost less accumulated depreciation.

Net change in rental properties in the above table for the years ended March 31, 2021 and 2020 mainly represents the increase of the construction in progress and depreciation expenses.

The fair value in the above table is principally computed based on “Real Estate Appraisal Standards” in Japan.

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Notes to Consolidated Financial Statements (continued)

**9. Rental Properties (continued)**

The carrying value in the consolidated balance sheets as of March 31, 2021 and 2020 and corresponding fair value of real estate including certain portions used as investment property are as follows:

	<i>Millions of yen</i>			
	<i>Carrying value</i>			<i>Fair value</i>
	<u>April 1, 2020</u>	<u>Net change</u>	<u>March 31, 2021</u>	<u>March 31, 2021</u>
Real estate including certain portions used as investment property	<b>¥ 132,862</b>	<b>¥ 335</b>	<b>¥ 133,197</b>	<b>¥ 101,760</b>

  

	<i>Millions of yen</i>			
	<i>Carrying value</i>			<i>Fair value</i>
	<u>April 1, 2019</u>	<u>Net change</u>	<u>March 31, 2020</u>	<u>March 31, 2020</u>
Real estate including certain portions used as investment property	¥ 133,461	¥(599)	¥ 132,862	¥ 103,863

  

	<i>Thousands of U.S. dollars</i>			
	<i>Carrying value</i>			<i>Fair value</i>
	<u>April 1, 2020</u>	<u>Net change</u>	<u>March 31, 2021</u>	<u>March 31, 2021</u>
Real estate including certain portions used as investment property	<b>\$ 1,200,090</b>	<b>\$ 3,026</b>	<b>\$ 1,203,116</b>	<b>\$ 919,158</b>

The carrying value in the above table represents the acquisition cost less accumulated depreciation.

Net change in real estate including certain portions used as investment property for the years ended March 31, 2021 and 2020 mainly represents the increase of the investment in the Ebina Service Area (a common service area for outbound, called “Aichi-bound”) and the Hamanako Service Area (a common service area for both inbound and outbound), respectively, and depreciation expenses.

The fair value in the above table is principally computed based on “Real Estate Appraisal Standards” in Japan.

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Notes to Consolidated Financial Statements (continued)

**9. Rental Properties (continued)**

Operating revenues, operating expenses and net for those properties for the years ended March 31, 2021 and 2020 are as follows:

<i>Millions of yen</i>			
<b>2021</b>			
	Operating revenues	Operating expenses	Net
Rental properties	¥ 513	¥ 210	¥ 303
Real estate including certain portions used as investment property	<b>16,527</b>	<b>12,472</b>	<b>4,055</b>
 <i>Millions of yen</i>			
<b>2020</b>			
	Operating revenues	Operating expenses	Net
Rental properties	¥ 518	¥ 217	¥ 301
Real estate including certain portions used as investment property	24,605	14,346	10,259
 <i>Thousands of U.S. dollars</i>			
<b>2021</b>			
	Operating revenues	Operating expenses	Net
Rental properties	\$ 4,634	\$ 1,897	\$ 2,737
Real estate including certain portions used as investment property	<b>149,282</b>	<b>112,655</b>	<b>36,627</b>

The revenue arising from rental properties including properties partially used for leasing is not included in operating revenues since the properties include those properties leased by the consolidated subsidiaries.

Operating revenues in the above table includes revenues from retail businesses and others operated by consolidated subsidiaries in the amounts of ¥3,092 million (\$27,929 thousand) and ¥4,367 million for the years ended March 31, 2021 and 2020, respectively.

Operating expenses in the above table includes expenses related to real estate including certain portions used as investment property, such as depreciation expenses, repairs, insurance costs, and taxes and public charges and others.

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Notes to Consolidated Financial Statements (continued)

**10. Long-Term Debt and Lease Obligations**

Long-term debt at March 31, 2021 and 2020 consisted of the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
Bonds for road construction	¥ 1,168,951	¥ 934,532	\$ 10,558,676
Other bonds	188,230	–	1,700,208
Long-term loans for road construction at interest rates ranging from 0.180% to 0.800% due from 2022 to 2050	139,555	88,827	1,260,546
Other long-term loans at interest rates ranging from 0.500% to 0.670% due from 2021 to 2033	50,510	531	456,236
	<b>1,547,246</b>	1,023,890	<b>13,975,666</b>
Less current portion	<b>(188,849)</b>	(92,615)	<b>(1,705,799)</b>
	<b>¥ 1,358,397</b>	¥ 931,275	<b>\$ 12,269,867</b>

The current portion of long-term debt in the above table is classified based on the maturity dates of the original agreements.

Bonds for road construction and other bonds as of March 31, 2021 and 2020 are summarized as follows:

	Issue date	Maturity date	Interest rate (%)	Note	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
					<b>2021</b>	<b>2020</b>	<b>2021</b>
Central Nippon Expressway Company Limited Issue of Series 6 U.S.\$425,000,000 2.567 per cent. Notes due 2021	November 2, 2017	November 2, 2021	2.57	*	¥ –	¥ 47,817	\$ –
Central Nippon Expressway Company Limited Issue of Series 7 U.S.\$375,000,000 Floating Rate Notes due 2021	November 2, 2017	November 2, 2021	0.76	*,**	–	42,191	–
Central Nippon Expressway Company Limited Issue of Series 8 HK\$1,000,000,000 2.463 per cent. Notes due 2022	February 9, 2018	February 9, 2022	2.46	*	–	14,200	–
Central Nippon Expressway Company Limited Issue of Series 9 U.S.\$100,000,000 3.055 per cent. Notes due 2022	February 15, 2018	February 15, 2022	3.06	*	–	10,933	–
Central Nippon Expressway Company Limited Issue of Series 10 U.S.\$350,000,000 Floating Rate Notes due 2022	February 15, 2018	February 15, 2022	0.65	*,**	–	38,265	–
No.71 Bond of Central Nippon Expressway Company Limited	February 23, 2018	December 20, 2022	0.09	*	–	15,000	–
Central Nippon Expressway Company Limited Issue of Series 11 AUD200,000,000 2.91 per cent. Notes due 2021	May 11, 2018	May 11, 2021	2.91	*	–	16,522	–
No.72 Bond of Central Nippon Expressway Company Limited	May 30, 2018	May 30, 2022	0.05		<b>50,000</b>	50,000	<b>451,630</b>

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Notes to Consolidated Financial Statements (continued)

**10. Long-Term Debt and Lease Obligations (continued)**

Bonds for road construction and other bonds as of March 31, 2021 and 2020 are summarized as follows: (continued)

	Issue date	Maturity date	Interest rate (%)	Note	Millions of yen		Thousands of U.S. dollars
					2021	2020	2021
No.73 Bond of Central Nippon Expressway Company Limited	July 31, 2018	July 29, 2022	0.04		¥ 30,000	¥ 30,000	\$ 270,978
No.74 Bond of Central Nippon Expressway Company Limited	September 27, 2018	September 20, 2022	0.05		70,000	70,000	632,283
No.77 Bond of Central Nippon Expressway Company Limited	March 28, 2019	March 19, 2024	0.07		30,000	30,000	270,978
Central Nippon Expressway Company Limited Issue of Series 14 EUR200,000,000 0.3375 per cent. Notes due 2024	April 25, 2019	April 25, 2024	0.34		25,237	25,237	227,956
No.78 Bond of Central Nippon Expressway Company Limited	May 29, 2019	May 29, 2024	0.06		80,000	80,000	722,609
Central Nippon Expressway Company Limited Issue of Series 15 CNH200,000,000 3.36 per cent. Notes due 2024	August 5, 2019	August 5, 2024	3.36		3,144	3,144	28,398
Central Nippon Expressway Company Limited Issue of Series 16 U.S.\$100,000,000 2.585 per cent. Notes due 2020	August 13, 2019	August 5, 2020	2.59		–	10,863	–
Central Nippon Expressway Company Limited Issue of Series 19 EUR300,000,000 0.001 per cent. Notes due 2020	August 13, 2019	August 7, 2020	0.00		–	35,583	–
Central Nippon Expressway Company Limited Issue of Series 18 NZD50,000,000 Floating Rate Notes due 2024	August 15, 2019	August 15, 2024	1.23	**	3,578	3,578	32,319
Central Nippon Expressway Company Limited Issue of Series 17 U.S.\$50,000,000 2.530 per cent. Notes due 2024	August 15, 2019	August 15, 2024	2.53		5,457	5,457	49,291
No.79 Bond of Central Nippon Expressway Company Limited	August 19, 2019	August 19, 2024	0.04		88,000	88,000	794,869
Central Nippon Expressway Company Limited Issue of Series 20 AUD350,000,000 1.873 per cent. Notes due 2024	September 26, 2019	September 26, 2024	1.87		25,834	25,834	233,348
Central Nippon Expressway Company Limited Issue of Series 21 EUR300,000,000 0.001 per cent. Notes due 2020	October 29, 2019	October 23, 2020	0.00		–	35,853	–
Central Nippon Expressway Company Limited Issue of Series 22 U.S.\$100,000,000 Floating Rate Notes due 2024	October 30, 2019	October 30, 2024	0.82	**	10,870	10,870	98,184
No.80 Bond of Central Nippon Expressway Company Limited	October 30, 2019	October 30, 2024	0.03		55,000	55,000	496,793
No.81 Bond of Central Nippon Expressway Company Limited	January 28, 2020	January 28, 2025	0.03		100,000	100,000	903,261
No.82 Bond of Central Nippon Expressway Company Limited	March 18, 2020	March 17, 2023	0.01		80,000	80,000	722,609

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Notes to Consolidated Financial Statements (continued)

**10. Long-Term Debt and Lease Obligations (continued)**

Bonds for road construction and other bonds as of March 31, 2021 and 2020 are summarized as follows: (continued)

	Issue date	Maturity date	Interest rate (%)	Note	Millions of yen		Thousands of U.S. dollars
					2021	2020	2021
Central Nippon Expressway Company Limited Issue of Series 23 U.S.\$90,000,000 1.200 per cent. Notes due 2021							
Central Nippon Expressway Company Limited Issue of Series 24 U.S.\$7,000,000 1.200 per cent. Notes due 2021	March 24, 2020	March 19, 2021	1.20		¥ —	¥ 10,185	\$ —
No.83 Bond of Central Nippon Expressway Company Limited	April 20, 2020	April 20, 2023	0.04		100,000	—	903,261
No.84 Bond of Central Nippon Expressway Company Limited	July 10, 2020	July 10, 2025	0.07		100,000	—	903,261
Central Nippon Expressway Company Limited Issue of Series 25 U.S.\$150,000,000 0.610 per cent. Notes due 2021	July 13, 2020	July 9, 2021	0.61		16,033	—	144,820
Central Nippon Expressway Company Limited Issue of Series 26 AUD100,000,000 1.06 per cent. Notes due 2025	August 4, 2020	August 1, 2025	1.06		7,530	—	68,016
Central Nippon Expressway Company Limited Issue of Series 29 U.S.\$400,000,000 0.886 per cent. Notes due 2025	September 29, 2020	September 29, 2025	0.89		42,512	—	383,994
No.85 Bond of Central Nippon Expressway Company Limited	October 21, 2020	October 21, 2025	0.07		100,000	—	903,261
Central Nippon Expressway Company Limited Issue of Series 31 EUR664,000,000 0.001 per cent. Notes due 2021	November 6, 2020	May 6, 2021	0.00		82,716	—	747,141
Central Nippon Expressway Company Limited Issue of Series 32 EUR420,000,000 0.001 per cent. Notes due 2021	November 6, 2020	November 2, 2021	0.00		52,399	—	473,300
Central Nippon Expressway Company Limited Issue of Series 33 U.S.\$400,000,000 0.894 per cent. Notes due 2025	December 10, 2020	December 10, 2025	0.89		41,789	—	377,464
No.86 Bond of Central Nippon Expressway Company Limited	January 22, 2021	January 22, 2026	0.06		30,000	—	270,978
Central Nippon Expressway Company Limited Issue of Series 34 U.S.\$181,000,000 0.400 per cent. Notes due 2022	March 1, 2021	February 25, 2022	0.40		19,119	—	172,694
No.87 Bond of Central Nippon Expressway Company Limited	March 18, 2021	March 18, 2026	0.06		90,000	—	812,935
Central Nippon Expressway Company Limited Issue of Series 35 EUR138,000,000 0.001 per cent. Notes due 2021	March 30, 2021	September 30, 2021	0.00		17,963	—	162,253
				Total	¥ 1,357,181	¥ 934,532	\$ 12,258,884

\* Pursuant to Article 15 of the JEHDRA Act, JEHDRA assumed these obligations shown in the above table.

\*\* The interest rates are those as of March 31, 2021.

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Notes to Consolidated Financial Statements (continued)

**10. Long-Term Debt and Lease Obligations (continued)**

The aggregate annual maturities of long-term debt subsequent to March 31, 2021 are summarized as follows:

Years ending March 31,	<i>Millions of yen</i>			
	Bonds for road construction	Other bonds	Long-term loans for road construction	Other long-term loans
2022	¥ –	¥ 188,230	¥ 484	¥ 135
2023	230,000	–	25,717	135
2024	130,000	–	30,010	111
2025	397,119	–	128	100
2026 and thereafter	411,832	–	83,216	50,029
	<u>¥ 1,168,951</u>	<u>¥ 188,230</u>	<u>¥ 139,555</u>	<u>¥ 50,510</u>

Years ending March 31,	<i>Thousands of U.S. dollars</i>			
	Bonds for road construction	Other bonds	Long-term loans for road construction	Other long-term loans
2022	\$ –	\$ 1,700,208	\$ 4,372	\$ 1,219
2023	2,077,500	–	232,292	1,219
2024	1,174,239	–	271,069	1,003
2025	3,587,020	–	1,156	903
2026 and thereafter	3,719,917	–	751,657	451,892
	<u>\$ 10,558,676</u>	<u>\$ 1,700,208</u>	<u>\$ 1,260,546</u>	<u>\$ 456,236</u>

The aggregate annual maturities of lease obligations subsequent to March 31, 2021 are summarized as follows:

Years ending March 31,	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
	Lease obligations	
2022	¥ 1,538	\$ 13,892
2023	1,306	11,797
2024	1,185	10,704
2025	748	6,756
2026 and thereafter	2,055	18,562
	<u>¥ 6,832</u>	<u>\$ 61,711</u>

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Notes to Consolidated Financial Statements (continued)

**11. Pledged Assets**

At March 31, 2021 and 2020, the total assets of the Company were pledged as collateral for the following bonds pursuant to Article 8 of the Act on Expressway Companies of Japan.

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
Bonds for road construction			
Carrying value	¥ <b>1,168,951</b>	¥ 934,532	\$ <b>10,558,676</b>
Face value	<b>1,168,951</b>	934,532	<b>10,558,676</b>
Other bonds			
Carrying value	¥ <b>188,230</b>	¥ –	\$ <b>1,700,208</b>
Face value	<b>188,230</b>	–	<b>1,700,208</b>

In addition, at March 31, 2021 and 2020, the total assets of the Company were also pledged as collateral for bonds in the amounts of ¥1,060,025 million (\$9,574,790 thousand) and ¥1,361,307 million at March 31, 2021 and 2020, respectively, assumed by JEHDRA pursuant to Article 15 of the JEHDRA Act.

At March 31, 2021 and 2020, the following assets, other than pledged assets outlined above under requirement of the Act on Expressway Companies of Japan and the JEHDRA Act, were pledged.

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
Cash and deposits	¥ –	¥ 3	\$ –
Investments in securities	<b>53</b>	51	<b>479</b>
Others in Investments and other assets	<b>25</b>	33	<b>226</b>



Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**12. Income Taxes**

The Company and its domestic subsidiaries are subject to several taxes based on income which, in the aggregate, resulted in a statutory tax rate of approximately 30.4% for the years ended March 31, 2021 and 2020.

A reconciliation of the statutory tax rate and the effective tax rate for the year ended March 31, 2021 is omitted, as the Group recorded a loss before income taxes.

A reconciliation of the statutory tax rate and the effective tax rate for the year ended March 31, 2020 is omitted, as the difference was less than 5% of statutory tax rate.

The significant components of the Group's deferred tax assets and liabilities at March 31, 2021 and 2020 are summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
Deferred tax assets:			
Tax loss carried forward (*2)	¥ 3,564	¥ 811	\$ 32,192
Allowance for doubtful accounts	26	30	235
Accrued employees' bonuses	1,358	1,274	12,266
Allowance for ETC mileage program	2,262	2,457	20,432
Liabilities for retirement benefits	19,079	20,058	172,333
Other	3,880	4,152	35,047
Gross deferred tax assets	<u>30,169</u>	<u>28,782</u>	<u>272,505</u>
Valuation allowance for tax loss carried forward (*2)	(3,163)	(811)	(28,570)
Valuation allowance for total deductible temporary differences and others	<u>(22,576)</u>	<u>(21,257)</u>	<u>(203,920)</u>
Valuation allowance subtotal (*1)	<u>(25,739)</u>	<u>(22,068)</u>	<u>(232,490)</u>
Total deferred tax assets	<u>4,430</u>	<u>6,714</u>	<u>40,015</u>
Deferred tax liabilities:			
Other	<u>(745)</u>	<u>(714)</u>	<u>(6,729)</u>
Total deferred tax liabilities	<u>(745)</u>	<u>(714)</u>	<u>(6,729)</u>
Net deferred tax assets	<u>¥ 3,685</u>	<u>¥ 6,000</u>	<u>\$ 33,286</u>

(\*1) Valuation allowance increased by ¥3,670 million (\$33,150 thousand) for the year ended March 31, 2021. The main reason for the increase was due to the increase in tax loss carried forward during current year and the Group also revised the realizability of deferred tax assets.

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Notes to Consolidated Financial Statements (continued)

**12. Income Taxes (continued)**

(\*2) Tax loss carried forward and related deferred tax assets as of March 31, 2021, will expire as follows:

Years ending March 31,	<i>Millions of yen</i>		
	Tax loss carried forward (*a)	Valuation allowance for tax loss carried forward	Deferred tax assets related to tax loss carried forward (*b)
2022	¥ 237	¥ (237)	¥ –
2023	93	(93)	–
2024	150	(150)	–
2025	45	(45)	–
2026	23	(23)	–
2027 and thereafter	3,016	(2,615)	401
	¥ 3,564	¥ (3,163)	¥ 401

Years ending March 31,	<i>Thousands of U.S. dollars</i>		
	Tax loss carried forward (*a)	Valuation allowance for tax loss carried forward	Deferred tax assets related to tax loss carried forward (*b)
2022	\$ 2,141	\$ (2,141)	\$ –
2023	840	(840)	–
2024	1,355	(1,355)	–
2025	406	(406)	–
2026	208	(208)	–
2027 and thereafter	27,242	(23,620)	3,622
	\$ 32,192	\$ (28,570)	\$ 3,622

(\*a) Tax loss carried forward in the above table is measured using the statutory tax rate.

(\*b) Deferred tax assets related to tax loss carried forward in the amounts of ¥401 million (\$3,622 thousand) are appropriated in accordance with tax loss carried forward in the amounts of ¥3,564 million (\$32,192 thousand) which is measured using the statutory tax rate. The Group regards of tax loss carried forward which described deferred tax assets as realizable based on future taxable income.

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Notes to Consolidated Financial Statements (continued)

**13. Retirement Benefits**

1. Overview

The Company and its consolidated subsidiaries have defined benefit plans, which include both unfunded severance indemnity plans and funded lump-sum severance indemnity plans and a defined contribution plan. The defined benefit pension plans, include corporate pension plans and welfare pension fund plans (“WFPF”) covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to basic rates of pay, length of service, and the conditions under which termination occurs.

Certain consolidated subsidiaries calculate the liabilities for retirement benefits based on the simplified method. These domestic subsidiaries have calculated their retirement benefit obligation based on the amount which would be payable at the year end if all eligible employees terminated their services voluntarily.

The Company and certain consolidated subsidiaries participate in a multi-employer welfare pension plan and defined benefit corporate pension plans. The contributions to the fund are charged to expense when paid in cases where the proportional portion of plan assets attributable to certain consolidated subsidiaries rationally cannot be calculated. In cases where the proportional portion can be calculated, the liabilities for retirement benefits is provided based on the amount of the projected benefit obligation after deducting by the pension plan assets.

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Notes to Consolidated Financial Statements (continued)

**13. Retirement Benefits (continued)**

2. Defined benefit plans

The changes in retirement benefit obligation for the years ended March 31, 2021 and 2020 are as follows (excluding defined benefit plans based on the simplified method):

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
Beginning balance of retirement benefit obligation	¥ 91,092	¥ 89,211	\$ 822,798
Service cost	3,885	3,857	35,092
Interest cost	417	404	3,767
Actuarial gain or loss	1,342	628	12,122
Benefit paid	(4,030)	(3,008)	(36,401)
Prior service cost	140	–	1,264
Ending balance of retirement benefit obligation	<u>¥ 92,846</u>	<u>¥ 91,092</u>	<u>\$ 838,642</u>

The changes in plan assets at fair value for the years ended March 31, 2021 and 2020 are as follows (excluding retirement defined benefit plans based on the simplified method):

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
Beginning balance of plan assets at fair value	¥ 29,413	¥ 29,312	\$ 265,676
Expected return on plan assets	952	1,215	8,599
Actuarial gain or loss	3,120	(2,132)	28,182
Contributions by the employers	2,851	2,640	25,752
Benefit paid	(1,945)	(1,854)	(17,568)
Other	234	232	2,113
Ending balance of plan assets at fair value	<u>¥ 34,625</u>	<u>¥ 29,413</u>	<u>\$ 312,754</u>

The changes in liabilities for retirement benefit under the simplified method for the years ended March 31, 2021 and 2020 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
Beginning balance of liabilities for retirement benefit	¥ 1,456	¥ 1,347	\$ 13,151
Service cost	373	383	3,369
Benefit paid	(97)	(179)	(875)
Payment for the plan	(116)	(95)	(1,048)
Ending balance of liabilities for retirement benefit	<u>¥ 1,616</u>	<u>¥ 1,456</u>	<u>\$ 14,597</u>

Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**13. Retirement Benefits (continued)**

2. Defined benefit plans (continued)

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2021 and 2020 for the Company's and the consolidated subsidiaries' defined benefit plans:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
Funded retirement benefit obligation	¥ 61,290	¥ 59,257	\$ 553,609
Plan assets at fair value	<b>(35,526)</b>	(30,273)	<b>(320,892)</b>
	<b>25,764</b>	28,984	<b>232,717</b>
Unfunded retirement benefit obligation	<b>34,073</b>	34,151	<b>307,768</b>
Net amounts of liabilities and assets recognized in consolidated balance sheets	<b>59,837</b>	63,135	<b>540,485</b>
Liabilities for retirement benefits	<b>60,707</b>	63,680	<b>548,343</b>
Asset for retirement benefits	<b>(870)</b>	(545)	<b>(7,858)</b>
Net amounts of liabilities recognized in consolidated balance sheets	<b>¥ 59,837</b>	¥ 63,135	<b>\$ 540,485</b>

The components of retirement benefit expenses for the years ended March 31, 2021 and 2020 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
Service cost	¥ 3,651	¥ 3,626	\$ 32,978
Interest cost	417	404	3,767
Expected return on plan assets	<b>(952)</b>	(1,215)	<b>(8,599)</b>
Amortization:			
Actuarial gain or loss	2,241	1,945	20,242
Prior service cost	<b>(0)</b>	(16)	<b>(0)</b>
Retirement benefit expenses under the simplified method	<b>373</b>	383	<b>3,369</b>
Other	<b>(141)</b>	(136)	<b>(1,274)</b>
Retirement benefit expenses	<b>¥ 5,589</b>	¥ 4,991	<b>\$ 50,483</b>

The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2021 and 2020 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
Prior service cost	¥ 140	¥ 16	\$ 1,265
Actuarial gain or loss	<b>(4,019)</b>	815	<b>(36,302)</b>
Total	<b>¥ (3,879)</b>	¥ 831	<b>\$ (35,037)</b>

Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**13. Retirement Benefits (continued)**

2. Defined benefit plans (continued)

The components of retirement benefits liability adjustments included in accumulated other comprehensive loss (before tax effect) as of March 31, 2021 and 2020 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
Unrecognized prior service cost	¥ 109	¥ (31)	\$ 984
Unrecognized actuarial gain or loss	<b>10,386</b>	14,405	<b>93,813</b>
Total	<b>¥10,495</b>	¥14,374	<b>\$ 94,797</b>

The fair value of plans assets, by major category, as a percentage of total assets as of March 31, 2021 and 2020 are as follows:

	<b>2021</b>	<b>2020</b>
Bonds	<b>29.6%</b>	32.6%
Stocks	<b>32.0</b>	28.5
Cash and deposits	<b>0.6</b>	0.8
General accounts at life insurance companies	<b>19.7</b>	21.4
Short-term financial assets	<b>1.6</b>	1.8
Other	<b>16.5</b>	14.9
Total	<b>100%</b>	100%

The expected long-term rate of return on plan assets is determined as a result of consideration of both the portfolio allocation at present and in the future, and long-term expected rate of return from multiple plan assets at present and in the future.

The assumptions used in accounting for the defined benefit plans for the years ended March 31, 2021 and 2020 are as follows:

	<b>2021</b>	<b>2020</b>
Discount rates	<b>(0.1)-1.0%</b>	(0.1)-1.0%
Expected long-term rates of return on plan assets	<b>1.0-5.5%</b>	1.0-7.9%
Rates of salary increase	<b>0.0-7.5%</b>	0.0-7.5%

3. Defined contribution plans

The required contributions to defined contribution plans, including the multi-employer welfare defined benefit pension plans which are accounted as well as defined contributions plans, are ¥123 million (\$1,111 thousand) and ¥128 million for the years ended March 31, 2021 and 2020, respectively.

The details and description of multi-employer welfare pension plans, in which contributions to the fund are charged to expense when paid are omitted due to their immateriality.

Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**14. Contingent Liabilities**

At March 31, 2021 and 2020, the Company provides the following debt guarantees:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
JEHDRA	<b>¥ 431,000</b>	¥ 511,000	<b>\$ 3,893,054</b>
W-NEXCO	<b>8</b>	8	<b>72</b>
	<b>¥ 431,008</b>	¥ 511,008	<b>\$ 3,893,126</b>

Pursuant to Article 16 of the “Act regarding the Implementation of Acts Related to Privatisation of the Japan Highway Public Corporation of Japan” (the “Implementation Act”), the Company is jointly and severally liable with JEHDRA, East Nippon Expressway Company Limited (“E-NEXCO”) and West Nippon Expressway Company Limited (“W-NEXCO”) for the loans and road bonds succeeded to by JEHDRA, E-NEXCO or W-NEXCO from the JHPC (excluding loans from the Japanese government, loans succeeded to by JEHDRA and bonds held by the Japanese government).

Pursuant to Article 15 of the JEHDRA Act, the Company is jointly and severally liable for the long-term debt transferred to JEHDRA corresponding to costs incurred for road construction, renovation, repairs, maintenance and disaster recovery.

At March 31, 2021 and 2020, the Company is jointly and severally liable with JEHDRA for the bonds and loans of JEHDRA transferred by the Company, which were originally financed by the Company, as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
JEHDRA	<b>¥ 1,093,025</b>	¥ 1,395,307	<b>\$ 9,872,866</b>

As a result of these transfers listed above, bonds for road construction decreased by ¥184,929 million (face value) (\$1,670,391 thousand) and long-term loans for road construction decreased by ¥33,000 million (\$298,076 thousand) for the year ended March 31, 2021.

Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**15. Shareholder's Equity**

The Act provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

Under the Act, upon the issuance and sale of new shares of common stock, the entire amount of the proceeds is required to be accounted for as common stock, although a company may, by resolution of the Board of Directors, account for an amount not exceeding one-half of the proceeds of the sale of new shares as capital surplus.

**16. Research and Development Cost**

Research and development cost included in cost of sales and administrative expenses for expressway business operations and selling, general and administrative expenses amounted to ¥1,591 million (\$14,371 thousand) and ¥1,430 million for the years ended March 31, 2021 and 2020, respectively.



Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**17. Leases**

Future minimum lease payments subsequent to March 31, 2021 under non-cancellable operating leases related to road assets are summarized as follows:

Years ending March 31,	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
2022	¥ 408,633	\$ 3,691,022
2023 and thereafter	16,259,737	146,867,825
	<u>¥ 16,668,370</u>	<u>\$ 150,558,847</u>

Pursuant to Article 13.5 of the JEHDRA Act and Article 6.2 of the Act on Expressway Companies of Japan, the Company and JEHDRA, the lessor, review the agreements including road assets leasing fees approximately every 5 years, which allows each party to propose amendments to the extent deemed necessary after the review.

However, if the agreement for the road assets leasing fees does not meet the criteria specified in Article 17 of the JEHDRA Act, or if any events that may adversely affect fair and efficient operations are noted, for example, both may propose amendments to the agreement at any time.

Lease fees may be increased or decreased in proportion to the amount of expressway tolls received from expressway users, if the actual toll amounts received fall short or are in excess of the estimated toll amounts.

Future minimum lease payments subsequent to March 31, 2021 under non-cancellable operating leases other than road assets are summarized as follows:

Years ending March 31,	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
2022	¥ 1,440	\$ 13,007
2023 and thereafter	2,428	21,931
	<u>¥ 3,868</u>	<u>\$ 34,938</u>

Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**18. Amounts per Share**

Per share amounts as of and for the years ended March 31, 2021 and 2020 are as follows:

	<i>Yen</i>		<i>U.S. dollars</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
(Loss) profit attributable to owner of parent:			
Basic	¥ (49.14)	¥ 85.91	\$ (0.44)
Net assets	1,933.74	1,965.34	17.47

Basic profit (loss) per share has been computed based on the profit (loss) attributable to owner of parent and the weighted-average number of shares of common stock outstanding during the year.

Diluted profit per share has not been presented because a loss attributable to owner of parent was recorded for the years ended March 31, 2021 and there were no potentially dilutive shares of common stock for the years ended March 31, 2021 and 2020.

Net assets per share have been computed based on the net assets available for distribution to the owner of parent and the number of shares of common stock outstanding at the year end.

The financial data used in the computation of basic profit (loss) attributable to owner of parent per share for the years ended March 31, 2021 and 2020 is summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
(Loss) profit attributable to owner of parent	¥(6,389)	¥ 11,168	\$(57,709)
Adjusted (loss) profit attributable to owner of parent	¥(6,389)	¥ 11,168	\$(57,709)
	<i>Thousands of shares</i>		
	<b>2021</b>	<b>2020</b>	
Weighted-average number of shares of common stock outstanding	130,000	130,000	

The financial data used in the computation of net assets per share as of March 31, 2021 and 2020 is summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
Total net assets	¥ 251,387	¥ 255,494	\$ 2,270,680
Total net assets available to common shares	¥ 251,387	¥ 255,494	\$ 2,270,680
	<i>Thousands of shares</i>		
	<b>2021</b>	<b>2020</b>	
Number of shares of common stock used in the calculation of net assets per share	130,000	130,000	

Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**19. Supplemental Information on Consolidated Statements of Cash Flows**

Reconciliations of cash and deposits at March 31, 2021 and 2020 and cash and cash equivalents in the consolidated statements of cash flows for the years then ended are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	At March 31,		
	<b>2021</b>	<b>2020</b>	<b>2021</b>
Cash and deposits	<b>¥205,961</b>	¥135,909	<b>\$1,860,365</b>
Deposits over three months	<b>(122)</b>	(125)	<b>(1,102)</b>
Cash and cash equivalents	<b>¥205,839</b>	¥135,784	<b>\$1,859,263</b>

As described in Note 1(s) “Recognition of revenues and costs,” in principle, expressway assets constructed by the Company shall be transferred to JEHDRA after the completion of construction. Concurrently, the debts financed by the Company for construction shall be assumed by JEHDRA.

For the years ended March 31, 2021 and 2020, expressway assets constructed by the Company in the amounts of ¥222,770 million (\$2,012,194 thousand) and ¥264,038 million, respectively, were transferred to JEHDRA pursuant to Article 51.2 through 51.4 of the Special Measures Act and, concurrently, the long-term loans of ¥33,370 million (\$301,418 thousand) and ¥2,165 million for the years ended March 31, 2021 and 2020, and bonds for road construction of ¥184,929 million (\$1,670,391 thousand) related to ¥277,413 million (\$2,505,763 thousand) and ¥280,240 million for the years ended March 31, 2021 and 2020, respectively, were assumed by JEHDRA pursuant to Article 15.1 of the JEHDRA Act.

Non-cash transactions outlined above are recognized and included in repayment of long-term loans and redemption of bonds for road construction in the consolidated statements of cash flows for the years ended March 31, 2021 and 2020.

Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**20. Financial Instruments and Related Disclosures**

**Status of financial instruments**

(1) Policy for financial instruments

The Group raises funds mainly through bank loans and the issuance of bonds. In principle, bank loans and bonds are repaid and redeemed within 10 years based on past funding.

(2) Types of financial instruments and related risk

Accounts receivable due from expressway business operations and other accounts receivable are exposed to credit risk in relation to customers. Marketable securities and investments in securities are held for the purpose of fund management and primarily consist of held-to-maturity debt securities. These are exposed to credit risk in relation to issuers, interest rate fluctuation risk and market risk.

Accounts payable due to expressway business operations and other accounts payable have payment due dates principally within one year. Other long term loans include liabilities succeeded from JHPC due to the privatization of the Company and for the purpose of financing construction contracts commissioned from the Japanese government and capital investments by the Company.

Long-term loans for road construction and bonds for road construction are used to fund construction, reconstruction, maintenance and repair and disaster recovery. After the completion of construction, road assets are transferred to JEHDRA pursuant to Article 51.2 or 51.4 of the Special Measures Act. Long-term debt with variable interest rates is exposed to interest rate fluctuation risk.

The corporate bonds denominated in foreign currencies are exposed to exchange rate fluctuation risk and interest rate fluctuation risk. For the purpose of hedging foreign currency exchange fluctuation risk and interest rate fluctuation risk, the Company enters into foreign currency swap contracts and interest-rate swaps when the corporate bonds denominated in foreign currencies are issued.

Derivative transactions where the foreign currency swaps and interest-rate swaps are designated as the hedging instruments and corporate bonds denominated in foreign currencies as the hedged items are accounted for by the allocation method and the special treatment, respectively.

Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**20. Financial Instruments and Related Disclosures (continued)**

**Status of financial instruments (continued)**

(3) Risk management for financial instruments

(a) Monitoring of credit risk

For managing credit risks arising from accounts receivable due from expressway business operations and other accounts receivable, each related division of the Group monitors the collection, due dates and outstanding balances by customer. In addition, the Group periodically identifies the credit conditions of major customers.

Marketable securities and investments in securities primarily consist of held-to-maturity debt securities and are limited to securities with high credit ratings based on internal regulations, and are exposed to immaterial credit risks.

For long-term loans with variable interest rates included in long-term debt for road construction, the Group includes contractual provisions allowing the Company to demand early redemption of certain debt under specific conditions.

(b) Monitoring of market risk

Marketable securities and investments in securities primarily consist of held-to-maturity debt securities and are limited to instruments with defined interest rates and are restricted to domestic Japanese instruments based on internal regulations.

The corporate bonds denominated in foreign currencies, which are exposed to foreign currency exchange risk and interest fluctuation risk, are monitored by each corporate bond and are controlled by utilizing currency swap transactions and interest-rate swap transactions, respectively.

(c) Monitoring of liquidity risk

Based on reports from each division of the Group, the Company prepares and updates cash flow plans on a timely basis and maintains appropriate liquidity levels to manage liquidity risk.

(d) Derivative transactions

The Company and certain subsidiaries enter into derivative transactions based on internal regulations but do not enter into derivative transactions for speculative or trading purposes. Currency swap contracts that meet certain conditions are accounted for by the allocation method. Interest-rate swap contracts that meet certain conditions are accounted for by the special treatment.

Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**20. Financial Instruments and Related Disclosures (continued)**

**Status of financial instruments (continued)**

(4) Supplementary explanation about fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in a different fair value.

**Fair value of financial instruments**

The carrying value of financial instruments on the accompanying consolidated balance sheets as of March 31, 2021 and 2020 and their fair value are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value.

	<i>Millions of yen</i>					
	2021			2020		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
<b>Assets:</b>						
Cash and deposits	¥ 205,961	¥ 205,961	¥ –	¥ 135,909	¥ 135,909	¥ –
Accounts receivable due from expressway business operations	192,821	192,821	–	85,131	85,131	–
Other accounts receivable	29,492	29,492	–	32,125	32,125	–
Marketable securities and investments in securities:						
Held-to-maturity debt securities	100	101	1	300	304	4
Other securities	221	221	–	209	209	–
Total assets	<u>¥ 428,595</u>	<u>¥ 428,596</u>	<u>¥ 1</u>	<u>¥ 253,674</u>	<u>¥ 253,678</u>	<u>¥ 4</u>
<b>Liabilities:</b>						
Accounts payable due to expressway business operations	¥ 158,474	¥ 158,474	¥ –	¥ 166,177	¥ 166,177	¥ –
Other accounts payable	53,312	53,312	–	42,451	42,451	–
Income and other taxes payable	834	834	–	2,942	2,942	–
Bonds for road construction (*)	1,168,951	1,168,532	(419)	934,532	933,685	(847)
Current portion of other bonds	188,230	188,230	0	–	–	–
Long-term loans for road construction (*)	139,555	137,048	(2,507)	88,827	88,827	0
Other long-term loans (*)	50,510	50,498	(12)	531	531	–
Total liabilities	<u>¥1,759,866</u>	<u>¥1,756,928</u>	<u>¥(2,938)</u>	<u>¥1,235,460</u>	<u>¥1,234,613</u>	<u>¥(847)</u>

\* Includes both current and non-current balances.

Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**20. Financial Instruments and Related Disclosures (continued)**

**Fair value of financial instruments (continued)**

	<i>Thousands of U.S. dollars</i>		
	<b>2021</b>		
	Carrying value	Fair value	Difference
<b>Assets:</b>			
Cash and deposits	\$ 1,860,365	\$ 1,860,365	\$ –
Accounts receivable due from expressway business operations	1,741,676	1,741,676	–
Other accounts receivable	266,390	266,390	–
Marketable securities and investments in securities:	–	–	–
Held-to-maturity debt securities	903	912	9
Other securities	1,996	1,996	–
Total assets	<u>\$ 3,871,330</u>	<u>\$ 3,871,339</u>	<u>\$ 9</u>
<b>Liabilities:</b>			
Accounts payable due to expressway business operations	\$ 1,431,433	\$ 1,431,433	\$ –
Other accounts payable	481,546	481,546	–
Income and other taxes payable	7,533	7,533	–
Bonds for road construction (*)	10,558,676	10,554,891	(3,785)
Current portion of other bonds	1,700,208	1,700,208	–
Long-term loans for road construction (*)	1,260,546	1,237,901	(22,645)
Other long-term loans (*)	456,236	456,128	(108)
Total liabilities	<u>\$ 15,896,178</u>	<u>\$ 15,869,640</u>	<u>\$ (26,538)</u>

\* Includes both current and non-current balances.

Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**20. Financial Instruments and Related Disclosures (continued)**

The fair value of cash and deposits, accounts receivable due from expressway business operations and other accounts receivable approximates the carrying value since these items are settled in a short period of time.

The fair value of held-to-maturity debt securities and other securities is determined based on quoted market prices. For further information on the fair value of marketable securities and investments in securities, please refer to Note 5 “Securities.”

The fair value of accounts payable due to expressway business operations, other accounts payable and income and other taxes payable approximates the carrying value since these items are settled in a short period of time.

The fair value of bonds for road construction and other bonds including the current portion is determined based on market prices.

The fair value of long-term loans for road construction and other long-term loans, including the current portion, with variable interest rates approximates carrying value since these items reflect market interest rates in the short term and there have been no significant changes in the Company’s financial condition that would negatively impact its credit status.

The fair value of long-term loans for road construction and other long-term loans, including the current portion, with fixed interest rates is determined based on the discounted present value of the principal and interest payments using the corresponding fixed interest rate for new debt with the same terms and conditions.

Please refer to Note 21 “Derivative Financial Instruments and Hedging Activities” for information on derivative transactions.



Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**20. Financial Instruments and Related Disclosures (continued)**

Financial instruments for which it is extremely difficult to determine the fair value as of March 31, 2021 and 2020 are summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
Unlisted stocks:			
Investments in securities	¥ 7,359	¥ 6,031	\$ 66,471

No quoted market price is available for unlisted stocks and it is extremely difficult to estimate the corresponding future cash flow.

The redemption schedule for cash and deposits, accounts receivable due from expressway business operations, other accounts receivable and investments in securities with maturities at March 31, 2021 are as follows:

	<i>Millions of yen</i>			
	<b>2021</b>			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 205,961	¥ –	¥ –	¥ –
Accounts receivable due from expressway business operations	192,821	–	–	–
Other accounts receivable	29,462	30	–	–
Investments in securities:				
Held-to-maturity debt securities	–	100	–	–
<b>Total</b>	<b>¥ 428,244</b>	<b>¥ 130</b>	<b>¥ –</b>	<b>¥ –</b>

	<i>Thousands of U.S. dollars</i>			
	<b>2021</b>			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	\$ 1,860,365	\$ –	\$ –	\$ –
Accounts receivable due from expressway business operations	1,741,676	–	–	–
Other accounts receivable	266,119	271	–	–
Investments in securities:				
Held-to-maturity debt securities	–	903	–	–
<b>Total</b>	<b>\$ 3,868,160</b>	<b>\$ 1,174</b>	<b>\$ –</b>	<b>\$ –</b>

Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**21. Derivative Financial Instruments and Hedging Activities**

The contract amount and the fair value of the derivative instruments outstanding which qualified for hedge accounting at March 31, 2021 and 2020 are as follows:

			<i>Millions of yen</i>		
			<b>2021</b>		
Hedge accounting method	Hedging instrument	Main hedged item	Contract amount	Contract amount over one year	Fair value
Allocation method for currency swaps	Currency swaps	Bonds for road construction	¥ 151,502	¥ 151,502	*1
Allocation method for currency swaps	Currency swaps	Other bonds	188,231	–	*2
Integrated treatment of interest rate and currency swaps (special treatment, allocation method)	Currency swaps including interest-rate swaps	Bonds for road construction	14,448	14,448	*3
Total			<u>¥ 354,181</u>	<u>¥ 165,950</u>	
			<i>Millions of yen</i>		
			<b>2020</b>		
Hedge accounting method	Hedging instrument	Main hedged item	Contract amount	Contract amount over one year	Fair value
Allocation method for currency swaps	Currency swaps	Bonds for road construction	¥ 241,627	¥ 149,143	*1
Integrated treatment of interest rate and currency swaps (special treatment, allocation method)	Currency swaps including interest-rate swaps	Bonds for road construction	94,905	94,905	*3
Total			<u>¥ 336,532</u>	<u>¥ 244,048</u>	

Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**21. Derivative Financial Instruments and Hedging Activities (continued)**

Hedge accounting method	Hedging instrument	Main hedged item	<i>Thousands of U.S. dollars</i>		
			<b>2021</b>		Fair value
			Contract amount	Contract amount over one year	
Allocation method for currency swaps	Currency swaps	Bonds for road construction	<b>\$ 1,368,458</b>	<b>\$ 1,368,458</b>	*1
Allocation method for currency swaps	Currency swaps	Other bonds	<b>1,700,217</b>	—	*2
Integrated treatment of interest rate and currency swaps (special treatment, allocation method)	Currency swaps including interest-rate swaps	Bonds for road construction	<b>130,503</b>	<b>130,503</b>	*3
Total			<b>\$ 3,199,178</b>	<b>\$ 1,498,961</b>	

\*1 Because the currency swap contracts using the allocation method are accounted for as combined with the bonds for road construction as hedged items, their fair value is included in the fair value of such bonds for road construction.

\*2 Because the currency swap contracts using the allocation method are accounted for as combined with the other bonds as hedged items, their fair value is included in the fair value of such other bonds.

\*3 Because the currency swap contracts using the allocation method and interest-rate swap contracts using the special treatment of interest-rate swaps are accounted for as combined with the bonds for road construction as hedged items, their fair value is included in the fair value of such bonds for road construction.

Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**22. Segment Information**

(1) Outline of reporting segments

Reportable segments of the Company are components for which separate financial information is available and whose operating results are regularly reviewed by the management to determine the allocation of management resources and assess the business performance.

The Company's business segments are classified by different products and services based on their business domains. The Company's business segments consist of the following reportable segments: expressway business, rest area business and other related business.

Details on the reportable segments are as follows:

Expressway business : Construction, reconstruction, maintenance, repairs, disaster recovery, and other management activities involving the expressway business

Rest area business : Construction, management and operations of rest area businesses adjacent to expressways

Other related business : Agency business, truck terminal business, facilities utilization business, retail business and other related business

(2) Calculation method of net sales, gain, loss, assets, liabilities and other items by each reporting segment

The accounting policies applied by each reporting segment are consistent with those described in Note 1 "Summary of Significant Accounting Policies."

Segment income (loss) presented in segment information is calculated based on operating income (loss) in the consolidated statements of operations.

In addition, property and equipment and intangible fixed assets related to common departments in the Company are not allocated to reportable segments. Related expenses, however, are allocated to each reportable segment based on a rational method.

Intersegment sales are determined in reference to market actual value.

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Notes to Consolidated Financial Statements (continued)

**22. Segment Information (continued)**

Information on net sales, segment income or loss, segment assets and liabilities and other items by each reportable segment as of and for the years ended March 31, 2021 and 2020 is outlined as follows:

<i>Millions of yen</i>						
<b>2021</b>						
Reportable segments						
	Expressway business	Rest area business	Other related business	Total	Adjustments	Consolidated
Sales to third parties	¥ 799,840	¥ 21,053	¥ 54,621	¥ 875,514	¥ –	¥ 875,514
Intersegment sales and transfers	22	4	7	33	(33)	–
Net sales	799,862	21,057	54,628	875,547	(33)	875,514
Segment (loss) income	¥ (2,108)	¥ (4,061)	¥ 258	¥ (5,911)	¥ 6	¥ (5,905)
Segment assets	¥ 1,684,209	¥ 170,462	¥ 21,299	¥ 1,875,970	¥ 272,685	¥ 2,148,655
Segment liabilities	1,496,736	–	50,504	1,547,240	350,028	1,897,268
Other items:						
Depreciation and amortization	22,085	3,422	442	25,949	–	25,949
Investments in affiliates	5,363	–	1,915	7,278	–	7,278
Increase in property and equipment and intangible fixed assets	26,251	2,497	75	28,823	8,538	37,361
<i>Millions of yen</i>						
<b>2020</b>						
Reportable segments						
	Expressway business	Rest area business	Other related business	Total	Adjustments	Consolidated
Sales to third parties	¥ 954,713	¥ 31,731	¥ 44,964	¥ 1,031,408	¥ –	¥ 1,031,408
Intersegment sales and transfers	24	20	3	47	(47)	–
Net sales	954,737	31,751	44,967	1,031,455	(47)	1,031,408
Segment income	¥ 10,054	¥ 3,855	¥ 424	¥ 14,333	¥ 12	¥ 14,345
Segment assets	¥ 1,246,723	¥ 176,756	¥ 23,987	¥ 1,447,466	¥ 186,307	¥ 1,633,773
Segment liabilities	1,023,358	–	525	1,023,883	354,396	1,378,279
Other items:						
Depreciation and amortization	19,189	3,265	341	22,795	–	22,795
Investments in affiliates	4,649	–	1,302	5,951	–	5,951
Increase in property and equipment and intangible fixed assets	24,190	2,743	246	27,179	7,523	34,702

Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**22. Segment Information (continued)**

	<i>Thousands of U.S. dollars</i>					
	<b>2021</b>					
	Reportable segments					
	Expressway business	Rest area business	Other related business	Total	Adjustments	Consolidated
Sales to third parties	\$ 7,224,641	\$ 190,164	\$ 493,370	\$ 7,908,175	\$ —	\$ 7,908,175
Intersegment sales and transfers	199	36	63	298	(298)	—
Net sales	7,224,840	190,200	493,433	7,908,473	(298)	7,908,175
Segment (loss) income	\$ (19,041)	\$ (36,681)	\$ 2,330	\$ (53,392)	\$ 54	\$ (53,338)
Segment assets	\$15,212,799	\$1,539,716	\$ 192,386	\$16,944,901	\$ 2,463,057	\$19,407,958
Segment liabilities	13,519,429	—	456,183	13,975,612	3,161,666	17,137,278
Other items:						
Depreciation and amortization	199,485	30,910	3,992	234,387	—	234,387
Investments in affiliates	48,442	—	17,297	65,739	—	65,739
Increase in property and equipment and intangible fixed assets	237,115	22,554	678	260,347	77,120	337,467

*Adjustments in the above tables:*

The adjustments of segment income (loss) in the amounts of ¥6 million (\$54 thousand) and ¥12 million for the years ended March 31, 2021 and 2020, respectively, are eliminations of intersegment transactions.

The adjustments of segment assets in the amounts of ¥272,685 million (\$2,463,057 thousand) and ¥186,307 million at March 31, 2021 and 2020, respectively, include corporate assets not allocated to reportable segments, mainly consisting of cash, deposits and assets related common departments in the Company.

The adjustments of segment liabilities in the amounts of ¥350,028 million (\$3,161,666 thousand) and ¥354,396 million at March 31, 2021 and 2020, respectively, include corporate liabilities not allocated to reportable segments, principally consisting of other accounts payable and liabilities for retirement benefits.

The adjustments of property and equipment and intangible fixed assets in the amounts of ¥8,538 million (\$77,120 thousand) and ¥7,523 million for the years ended March 31, 2021 and 2020, respectively, include corporate assets not allocated to reportable segments, principally consisting of system development by the Company.

Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**22. Segment Information (continued)**

Information on each product and service for the years ended March 31, 2021 and 2020 is analyzed as follows:

		<i>Millions of yen</i>			
		<b>2021</b>			
		Toll fee	Completion of road assets	Other	Total
Sales to third parties		¥ 576,224	¥ 222,770	¥ 76,520	¥ 875,514
		<i>Millions of yen</i>			
		<b>2020</b>			
		Toll fee	Completion of road assets	Other	Total
Sales to third parties		¥ 689,755	¥ 264,038	¥ 77,615	¥ 1,031,408
		<i>Thousands of U.S. dollars</i>			
		<b>2021</b>			
		Toll fee	Completion of road assets	Other	Total
Sales to third parties		\$ 5,204,805	\$ 2,012,194	\$ 691,176	\$ 7,908,175

As more than 90% of the consolidated net sales for the years ended March 31, 2021 and 2020 were made in Japan, the disclosure of geographical segment information has been omitted.

As more than 90% of property and equipment in the consolidated balance sheets as of March 31, 2021 and 2020 are located in Japan, the disclosure of information on property and equipment by country or geographic region has been omitted.

Sales to JEHDRA amounted to ¥222,791 million (\$2,012,384 thousand) and ¥264,205 million by the expressway business segment for the years ended March 31, 2021 and 2020, respectively.

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Notes to Consolidated Financial Statements (continued)

**22. Segment Information (continued)**

Information on loss on impairment of fixed assets by reportable segment for the years ended March 31, 2021 and 2020, respectively, is as follows:

<i>Millions of yen</i>						
<b>2021</b>						
	Expressway business	Rest area business	Other related business	Total	Adjustments (*)	Consolidated
Loss on impairment of fixed assets	¥ –	¥ 57	¥ –	¥ 57	¥ 560	¥ 617
<i>Millions of yen</i>						
<b>2020</b>						
	Expressway business	Rest area business	Other related business	Total	Adjustments (*)	Consolidated
Loss on impairment of fixed assets	¥ –	¥ –	¥ –	¥ –	¥ 171	¥ 171
<i>Thousands of U.S. dollars</i>						
<b>2021</b>						
	Expressway business	Rest area business	Other related business	Total	Adjustments (*)	Consolidated
Loss on impairment of fixed assets	\$ –	\$ 515	\$ –	\$ 515	\$ 5,058	\$ 5,573

(\*)The adjustments of loss on impairment of fixed assets amounting to ¥560 million (\$5,058 thousand) and ¥171 million for the years ended March 31, 2021 and 2020, respectively, are attributable to corporate assets not allocated to reportable segments.



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Notes to Consolidated Financial Statements (continued)

**22. Segment Information (continued)**

Information on amortization of goodwill and the remaining balance by reportable segment as of and for the years ended March 31, 2021 and 2020, respectively, is as follows:

		<i>Millions of yen</i>				
		<b>2021</b>				
	Expressway business	Rest area business	Other related business	Total	Adjustments	Consolidated
Amortization of goodwill	¥ 70	¥ –	¥ –	¥ 70	¥ –	¥ 70
Remaining balance	163	–	–	163	–	163
		<i>Millions of yen</i>				
		<b>2020</b>				
	Expressway business	Rest area business	Other related business	Total	Adjustments	Consolidated
Amortization of goodwill	¥ 59	¥ –	¥ –	¥ 59	¥ –	¥ 59
Remaining balance	219	–	–	219	–	219
		<i>Thousands of U.S. dollars</i>				
		<b>2021</b>				
	Expressway business	Rest area business	Other related business	Total	Adjustments	Consolidated
Amortization of goodwill	\$ 632	\$ –	\$ –	\$ 632	\$ –	\$ 632
Remaining balance	1,472	–	–	1,472	–	1,472

Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**22. Segment Information (continued)**

Information on amortization of negative goodwill arising from business combinations before April 1, 2010 and the remaining balance by reportable segment as of and for the years ended March 31, 2021 and 2020 is as follows:

		<i>Millions of yen</i>				
		<b>2021</b>				
	Expressway business	Rest area business	Other related business	Total	Adjustments	Consolidated
Amortization of negative goodwill	¥ –	¥ –	¥ –	¥ –	¥ 342	¥ 342
Remaining balance	–	–	–	–	2,474	2,474
		<i>Millions of yen</i>				
		<b>2020</b>				
	Expressway business	Rest area business	Other related business	Total	Adjustments	Consolidated
Amortization of negative goodwill	¥ –	¥ –	¥ –	¥ –	¥ 342	¥ 342
Remaining balance	–	–	–	–	2,817	2,817
		<i>Thousands of U.S. dollars</i>				
		<b>2021</b>				
	Expressway business	Rest area business	Other related business	Total	Adjustments	Consolidated
Amortization of negative goodwill	\$ –	\$ –	\$ –	\$ –	\$ 3,089	\$ 3,089
Remaining balance	–	–	–	–	22,347	22,347

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Notes to Consolidated Financial Statements (continued)

**23. Related Party Transactions**

Principal transactions during the year ended March 31, 2021 between the Company and the Ministry of Finance (Minister of Finance) of Japan, which is the exclusive shareholder of the Company are summarized as follows:

		2021				
Relationship with the related party	Nature of transaction	Transaction amount (Millions of yen)	Transaction amount (Thousands of U.S. dollars)	Account name	Carrying amount (Millions of yen)	Carrying amount (Thousands of U.S. dollars)
Financing funds and others	Financing funds (*1)	<b>¥ 103,000</b>	<b>\$ 930,358</b>	Long-term loans for road construction	<b>¥ 53,000</b>	<b>\$ 478,728</b>
				Other long-term loans	<b>50,000</b>	<b>451,630</b>
	Interest expenses (*1)	<b>1</b>	<b>9</b>	Other current liabilities	<b>1</b>	<b>9</b>

The Ministry of Finance of Japan, which is located in the city of Chiyoda in Tokyo, is a Japanese government ministry conducting financial operations.

(\*1) Interest rates are qualified for Fiscal Investment and Loan Program of the Ministry of Finance of Japan. No assets of the Company have been pledged as collateral.

Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**23. Related Party Transactions (continued)**

Principal transactions between the Company and JEHDRA for the years ended March 31, 2021 and 2020 are summarized as follows:

		<b>2021</b>				
Relationship with the related party	Nature of transaction	Transaction amount (Millions of yen)	Transaction amount (Thousands of U.S. dollars)	Account name	Carrying amount (Millions of yen)	Carrying amount (Thousands of U.S. dollars)
				Accounts receivable due from expressway business operations	<b>¥ 80,749</b>	<b>\$ 729,374</b>
Leasing of road assets	Road assets leasing expenses (*1)	<b>¥ 380,258</b>	<b>\$ 3,434,721</b>	Accounts payable due to expressway business operations	<b>41,636</b>	<b>376,082</b>
Transfer of road assets and loans and jointly and severally liable debts	Revenues from the transfer of road assets constructed by the Company (*1)	<b>222,770</b>	<b>2,012,194</b>	Accounts receivable due from expressway business operations	<b>54,540</b>	<b>492,638</b>
	Transfer of liabilities and guarantee of debts (*2)	<b>217,929</b>	<b>1,968,467</b>	—	—	—
Jointly and severally liable for debts	Guarantee of debts (*3)	<b>431,000</b>	<b>3,893,054</b>	—	—	—
	Guarantee of debts (*4)	<b>875,096</b>	<b>7,904,399</b>	—	—	—
		<b>2020</b>				
Relationship with the related party	Nature of transaction	Transaction amount (Millions of yen)	Account name	Carrying amount (Millions of yen)		
Leasing of road assets	Road assets leasing expenses (*1)	¥ 491,524	Accounts payable due to expressway business operations	¥ 78,718		
Transfer of road assets and loans and jointly and severally liable debts	Revenues from the transfer of road assets constructed by the Company (*1)	264,038	Accounts receivable due from expressway business operations	29,305		
	Transfer of liabilities and guarantee of debts (*2)	280,240	—	—		
Jointly and severally liable for debts	Guarantee of debts (*3)	511,000	—	—		
	Guarantee of debts (*4)	1,115,068	—	—		

Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**23. Related Party Transactions (continued)**

The capital of JEHDRA is mainly provided by the Minister of Finance, which is the shareholder of the Company. JEHDRA's share capital at March 31, 2020 and 2019 amounted to ¥5,649,107 million (\$51,026,167 thousand) and ¥5,629,259 million, respectively.

JEHDRA, which is located in the city of Yokohama in Kanagawa Prefecture, is engaged in business activities involving holding road assets, leasing of road assets to the Company and repayment of debts it has assumed.

Applicable consumption taxes are not included in the transaction amounts but are included in carrying amounts in the above table.

(\*1) Agreements are concluded based on negotiations between the Company and JEHDRA.

(\*2) Pursuant to Article 15 of the JEHDRA Act, the Company is jointly and severally liable for the debt transferred to JEHDRA corresponding to costs for construction of expressways, reconstruction, repairs, maintenance and disaster recovery. Related guarantee fees are not received by the Company.

(\*3) Pursuant to Article 16 of the Implementation Act, the Company is jointly and severally liable with JEHDRA, E-NEXCO and W-NEXCO for the loans and road bonds succeeded to by JEHDRA, E-NEXCO or W-NEXCO from JHPC (excluding loans from the Japanese government, loans succeeded to by JEHDRA and bonds held by the Japanese government). Related guarantee fees are not received by the Company.

(\*4) Pursuant to Article 15 of the JEHDRA Act, the Company is jointly and severally liable for the debt transferred to JEHDRA in the amount corresponding to costs for construction for expressways, reconstruction, repairs, maintenance and disaster recovery. Related guarantee fees are not received by the Company.

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Notes to Consolidated Financial Statements (continued)

**24. Other Comprehensive Income**

The following table presents an analysis of components of other comprehensive income for the years ended March 31, 2021 and 2020.

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2021</b>	<b>2020</b>	<b>2021</b>
Net unrealized holding gain on securities:			
Amount arising during the year	¥ 14	¥ 42	\$ 126
Amount before tax effect	14	42	126
Tax effect	(4)	(15)	(36)
Net unrealized holding gain on securities	10	27	90
Translation adjustments			
Amount arising during the year	7	4	63
Retirement benefits liability adjustments			
Amount arising during the year	1,646	(2,746)	14,868
Reclassification adjustments for gain and loss included in profit	2,233	1,915	20,169
Amount before tax effect	3,879	(831)	35,037
Tax effect	(1,735)	449	(15,671)
Retirement benefits liability adjustments	2,144	(382)	19,366
Share of other comprehensive income of affiliates accounted for by the equity method:			
Amount arising during the year	121	421	1,093
Total other comprehensive income	¥ 2,282	¥ 70	\$ 20,612

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Notes to Consolidated Financial Statements (continued)

**25. Subsequent Events**

**(1) Acquisition of OASIS PARK Co., Ltd.**

On April 1, 2021, the Company acquired 5,140 shares of OASIS PARK Co., Ltd. at a cost of ¥261 million (\$2,358 thousand). The purpose of this acquisition is to ensure the improvement in service of rest area business adjacent to expressways. As a result, OASIS PARK Co., Ltd. became a consolidated subsidiary of the Company.

The voting rights to be acquired equal 54.3%.

OASIS PARK Co., Ltd., whose total assets amounted to ¥714 million (\$6,449 thousand), total liabilities amounted to ¥155 million (\$1,400 thousand), and net assets amounted to ¥559 million (\$5,049 thousand) as of March 31, 2020, has been engaged in the park management as designated managing operations in the Gifu World Fresh Water Aquarium operated by Gifu Prefecture except for World Freshwater Aquarium, called “Aquatotto Gifu”, implementation of planning, development, management, and operations related to commercial facilities in Kawashima parking area on Tokai-Hokuriku Expressway, and planning and organizing various events.

**(2) Issuance of Corporate Bonds and Commercial Paper**

The Company issued general corporate bonds and commercial paper to finance funds pursuant to Article 5.1.1 and 5.1.2 of the Act on Expressway Companies of Japan. A statutory lien was pledged in accordance with the applicable law.

The details are as follows:

	<u>Total amount issued</u>	<u>Interest rate</u>	<u>Issue price</u>	<u>Issuance date</u>	<u>Redemption date</u>
Central Nippon Expressway Company Limited Issue of Series 37 U.S.\$233,000,000 0.43 per cent. Notes due 2022	¥25,169 million (\$227,342 thousand)	0.430% per annum	100% of face value	May 6, 2021	April 28, 2022
Central Nippon Expressway Company Limited Issue of Series 1 U.S.\$40,000,000 CP	¥4,350 million (\$39,292 thousand)	0.000% per annum	99.661% of face value	June 1, 2021	May 27, 2022

Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**25. Subsequent Events (continued)**

**(2) Issuance of Corporate Bonds and Commercial Paper (continued)**

In addition, the Company issued general corporate bonds to finance funds pursuant to Article 5.1.1 and 5.1.2 of the Act on Expressway Companies of Japan. A statutory lien was pledged in accordance with the applicable law.

The details are as follows:

	<u>Total amount issued</u>	<u>Interest rate</u>	<u>Issue price</u>	<u>Issuance date</u>	<u>Redemption date</u>
Central Nippon Expressway Company Limited Issue of Series 36 U.S.\$250,000,000 1.352 per cent. Notes due 2026	¥27,375 million (\$247,268 thousand)	1.352% per annum	100% of face value	April 28, 2021	April 28, 2026
No.88 Bond of Central Nippon Expressway Company Limited	¥95,000 million (\$858,098 thousand)	0.050% per annum	100% of face value	May 10, 2021	May 8, 2026
No.89 Bond of Central Nippon Expressway Company Limited	¥60,000 million (\$541,956 thousand)	0.050% per annum	100% of face value	June 1, 2021	June 1, 2026

The following special provisions were attached to the bonds.

- (i) JEHDRA is jointly and severally liable with the Company for the corresponding obligation, to the extent that the obligation related to these bonds is assumed by JEHDRA pursuant to the JEHDRA Act.
- (ii) When the obligation is assumed by JEHDRA, total assets of JEHDRA will be additionally pledged as collateral for bond holders.
- (iii) The order of lien by bond holders is equivalent to that of holders of the Japan Expressway Holding and Debt Repayment Agency Bond.



**Central Nippon Expressway Company Limited and  
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**Notes to Consolidated Financial Statements (continued)**

**26. Significant Subsidiaries and Affiliates**

The Company's consolidated subsidiaries and significant affiliates accounted for by the equity method are presented as follows:

Name	Ownership interest	Country of incorporation	Subsidiaries / affiliates
Central Nippon Exis Co., Ltd.	100.0%	Japan	Consolidated subsidiary
Central Nippon Extoll Yokohama Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Extoll Nagoya Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Highway Patrol Tokyo Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Highway Patrol Nagoya Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Highway Engineering Tokyo Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Highway Engineering Nagoya Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Highway Maintenance Tomei Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Highway Maintenance Chuoh Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Highway Maintenance Nagoya Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Highway Maintenance Hokuriku Co., Ltd.	100.0	Japan	Consolidated subsidiary
NEXCO Central Nippon Services Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central-NEXCO Technical Marketing Co., Ltd.	100.0	Japan	Consolidated subsidiary
NEXCO Central Nippon Investment LLC.	100.0	Japan	Consolidated subsidiary
NEXCO Highway Solutions of America Inc.	100.0	United States of America	Consolidated subsidiary
NEXCO-CENTRAL Philippines Inc.	100.0	Republic of the Philippines	Consolidated subsidiary
Central Nippon Highway Retail Yokohama Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Highway Retail Nagoya Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Highway Advance Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Exis International Co., Ltd.	100.0	Taiwan	Consolidated subsidiary
Central-NEXCO Auto Service Co., Ltd.	100.0	Japan	Consolidated subsidiary
NEXCO Central Nippon Development Co., Ltd.	100.0	Japan	Consolidated subsidiary
Hakone Turnpike Limited	100.0	Japan	Consolidated subsidiary

Central Nippon Expressway Company Limited and  
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Notes to Consolidated Financial Statements (continued)

**26. Significant Subsidiaries and Affiliates (continued)**

Name	Ownership interest	Country of incorporation	Subsidiaries / affiliates
Hokuriku Highway Terminal Co., Ltd.	27.7%	Japan	Equity-method affiliate
Nexco Systems Co., Ltd.	33.3	Japan	Equity-method affiliate
Nippon Expressway Research Institute Co., Ltd.	33.3	Japan	Equity-method affiliate
NEXCO Insurance Services Co., Ltd.	33.3	Japan	Equity-method affiliate
HIGHWAY TOLL SYSTEMS Co., Ltd.	30.1	Japan	Equity-method affiliate
Japan Expressway International Co., Ltd.	29.4	Japan	Equity-method affiliate
Central Nippon Farm Suzunari Co., Ltd.	39.0	Japan	Equity-method affiliate
Central Nippon Facilities Management Co., Ltd.	20.0	Japan	Equity-method affiliate
Deros Japan Co., Ltd.	30.3	Japan	Equity-method affiliate

During the fiscal year ended March 31, 2021, Central Nippon Road Maintenance Kanazawa Co., Ltd., a consolidated subsidiary of the Company, has been excluded from the scope of consolidation, due to the merger with Central Nippon Highway Maintenance Hokuriku Co., Ltd., a consolidated subsidiary of the Company, as the surviving company, which absorbed Central Nippon Road Maintenance Kanazawa Co., Ltd. as the merged company, on April 1, 2020.

During the fiscal year ended March 31, 2021, Central Nippon Road Maintenance Tokyo Co., Ltd., a consolidated subsidiary of the Company, has been excluded from the scope of consolidation, due to the merger with Central Nippon Highway Maintenance Tomei Co., Ltd., a consolidated subsidiary of the Company, as the surviving company, which absorbed Central Nippon Road Maintenance Tokyo Co., Ltd. as the merged company, on July 1, 2020.

During the fiscal year ended March 31, 2021, Central Nippon Road Maintenance Tokai Co., Ltd., a consolidated subsidiary of the Company, has been excluded from the scope of consolidation, due to the merger with Central Nippon Highway Maintenance Nagoya Co., Ltd., a consolidated subsidiary of the Company, as the surviving company, which absorbed Central Nippon Road Maintenance Tokai Co., Ltd. as the merged company, on July 1, 2020.

During the fiscal year ended March 31, 2021, Central Nippon Road Maintenance Chubu Co., Ltd., a consolidated subsidiary of the Company, has been excluded from the scope of consolidation, due to the merger with Central Nippon Highway Maintenance Nagoya Co., Ltd., a consolidated subsidiary of the Company, as the surviving company, which absorbed Central Nippon Road Maintenance Chubu Co., Ltd. as the merged company, on October 1, 2020.