

Medium-Term Management Plan 2022

Corporate Philosophy

- Strengthening Shinkansen competitiveness
- Increasing the value of railway belts in the Kansai Urban Area
- Increasing asset efficiency and expanding operational scale in non-railway businesses

Steadfastly maintaining the direction taken to date. At the same time, adding a backcasting perspective to target sustained growth over the long term.

(¥ Billion)

2,000.0

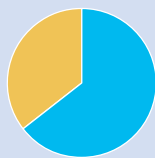
1,500.0

1,000.0

Trends in consolidated operating revenues

Medium-Term Management Plan 2017

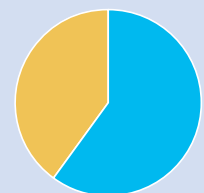
¥1.5 trillion
(ROA: 6.3%)



Medium-Term Management Plan 2022

Preparations for further growth
Securing business sustainability

¥1.6 trillion
(ROA: in mid-6% range)



Groupwide strategies

Increasing regional value

Increasing the value of railway belts

Increasing business value

Railway Business



Non-Railway Business

- Introduction of N700A
- Opening of Joetsumyoko-Kanazawa segment of the Hokuriku Shinkansen

- Opening of northern section of Osaka Higashi Line
- Standardizing of rolling stock for trains used in direct operation between the Tokaido Shinkansen and the Sanyo Shinkansen

Enhancing

/ Management Vision



- Setting objectives from long-term viewpoint
- Maximizing effectiveness of large-scale projects

Continuation of current trends

Securing business sustainability

- Increasing productivity by utilizing new technologies, etc.
- Using opportunities presented by updates of large-scale facilities in order to strengthen functionality

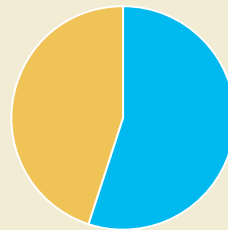
Our Vision

Safe and comfortable society filled with meetings among people and smiles

Our Ideal Forms

- We will fulfill our mission as a railway company that coexists with local communities.
- We will become a company that continues to take on challenges.

Around
2030



¥2 trillion

- We will steadfastly maintain the direction that we have followed to date, which has enabled us to generate significant results. That is to say, we will implement initiatives with the highest priority on safety, which is the foundation of our management and the base for increasing corporate value. In addition, we will take steps to enhance Shinkansen competitiveness, increase the value of railway belts and increase asset efficiency/business scale in non-railway operations. In these ways, we will work to achieve stable growth.
- On the other hand, looking at the internal and external environments, there are negative factors such as population decline. Nonetheless, there are many growth opportunities in the western Japan area, such as growth in inbound demand, the Hokuriku Shinkansen Shin-Osaka extension. Accordingly, we decided to leverage these opportunities and work to achieve long-term growth in corporate value, and we added a backcasting perspective. On that basis, we formulated the new medium-term management plan.
- We will observe our Corporate Philosophy and Management Vision, which are the foundation of our management. On that basis, targeting the realization of Our Vision, we established Our Ideal Forms. With a commitment to the western Japan area, we will work to expand the visitor and resident populations and to achieve dramatic growth. To that end, we formulated three Groupwide strategies — increasing regional value, increasing the value of railway belts, and increasing business value. Railway operations and non-railway businesses will continue to work together as we move forward.

2024-

FY

- Opening of Kanazawa-Tsuruga segment of Hokuriku Shinkansen
- Opening of Umekita (Osaka) underground station
- Consideration of access to Yumeshima
- Development of Shin-Osaka wide-area hub base
- Opening of Naniwasuji Line

safety

Groupwide Strategies

Increasing Regional Value

We will work together with local communities to build cities and areas along railway lines that everyone wants to visit and everyone wants to live in.

The JR-West Group recognizes that the activation of the western Japan area will lead to sustained growth for the Group over the long term. Accordingly, in cooperation with local communities, we will implement activities that leverage wide-area railway networks; safe, high-quality transportation services; and the diverse resources of the JR-West Group. Through these initiatives, we will develop major tourism areas and create and nurture

regional businesses, thereby expanding the visitor population as well as the resident population in areas along railway lines. Furthermore, together with local communities we will aim to realize safe, sustainable railway/transportation services. In addition to the Setouchi Area and the Hokuriku Area, we will also implement initiatives targeting increases in regional value in the Nanki Area, Northern Kinki Area, Sanin Area, Kyushu Area, etc.

TOPICS SETOUCHI AREA

Developing a major tourism area that people want to visit repeatedly

Developing wide-area tourism routes as a foundation

Building tourism routes that combine railways and cruise ships, developing new cruise routes	Enhancing stations, which will be tourism connection points (Shinkansen stations that are near arrival and departure ports for cruise ships)
Increasing the convenience and appeal of the Sanyo Shinkansen (operating the Hello Kitty Shinkansen (Kodama), etc.)	Operating sightseeing trains and new long-distance trains that link strategic Shinkansen stations and tourist destinations

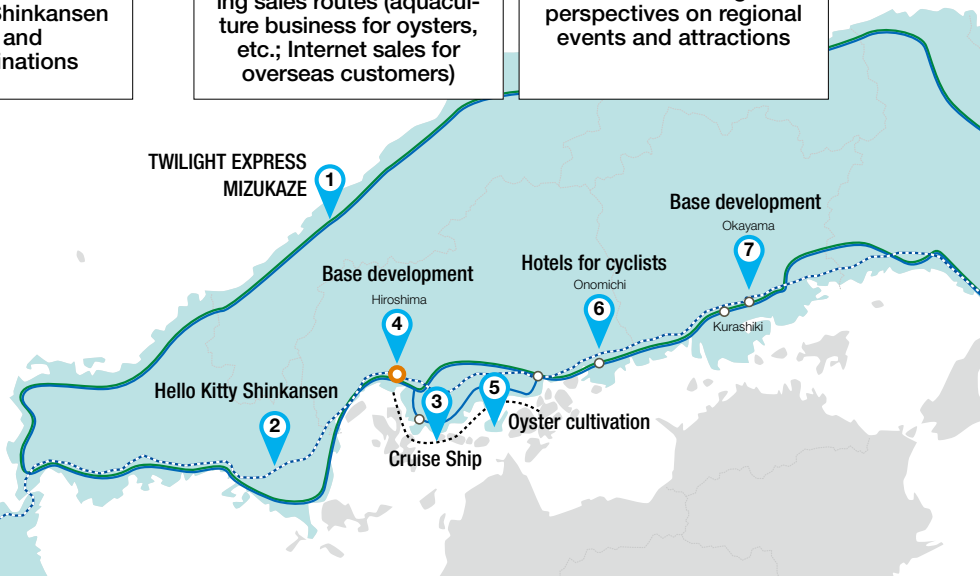
Developing content that has the ability to draw customers

Drawing on the appeal of distinctive regional food and souvenirs to develop strategic stations (Okayama, Onomichi, Hiroshima, etc.)	Developing appealing accommodation facilities (community-oriented casual hotels, restoration of traditional Japanese houses, hotels for cyclists)
Developing commercial products that feature regional appeal and opening sales routes (aquaculture business for oysters, etc.; Internet sales for overseas customers)	Establishing and publicizing content combining new perspectives on regional events and attractions

Osakikamijima (oyster cultivation)



Hiroshima (base development)



Fully leveraging the appeal of the western Japan area and aiming for growth that outpaces the growth of inbound visitors to Japan

Major initiatives

Developing and improving wide-area tourism routes

- Uncovering tourist attractions in the western Japan area
- Promoting sales of optional tours

Capturing demand on a Groupwide basis

- Expanding development of accommodation facilities
- Renovating hotels and commercial facilities

Improving reception systems

- Installing free Wi-Fi
- Strengthening functions related to meeting the needs of inbound visitors at major stations
- Enhancing environment for Internet reservations from overseas

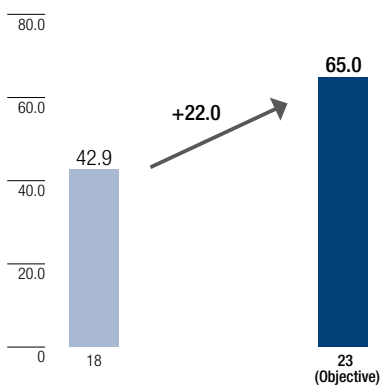
Strengthening promotions

- Collaborating with communities, municipal governments, and DMOs
- Strengthening promotions in Southeast Asia, Europe, the U.S., and Australia

Objectives

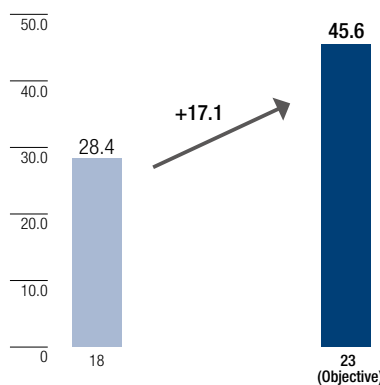
Consolidated operating revenues

(Billions of yen)



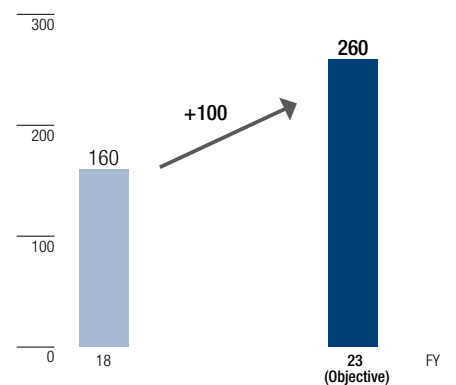
Transportation revenues

(Billions of yen)



Number of users of exclusive products

(10,000 tickets)



"Travel Service Center Osaka" in Osaka Station



Groupwide Strategies

Increasing the Value of Railway Belts

2

We will contribute to the realization of convenient, comfortable lifestyles by providing safe, high-quality railway services and lifestyle services.

The JR-West Group will take steps to enhance its railway networks, including establishing new lines and new stations, and to implement city development initiatives. At the same time, we will work to make stations more appealing spaces and implement other initiatives. In these ways, we will aim to provide high-quality lifestyle services and products that meet the needs of customers who use

railways and residents in areas along railway lines. We will encourage people to reside in areas along our railway lines and to choose lifestyles that include the use of railways.

In the Okayama Area, the Hiroshima Area, and a variety of other areas, we will implement initiatives to increase the value of railway belts.

TOPICS

KANSAI METROPOLITAN AREA

We will create areas along railway lines that people want to reside in and visit in order to establish the Kansai metropolitan area brand.

Three visions to enhance appeal

Increasing “railway quality” (enhancing transportation services)

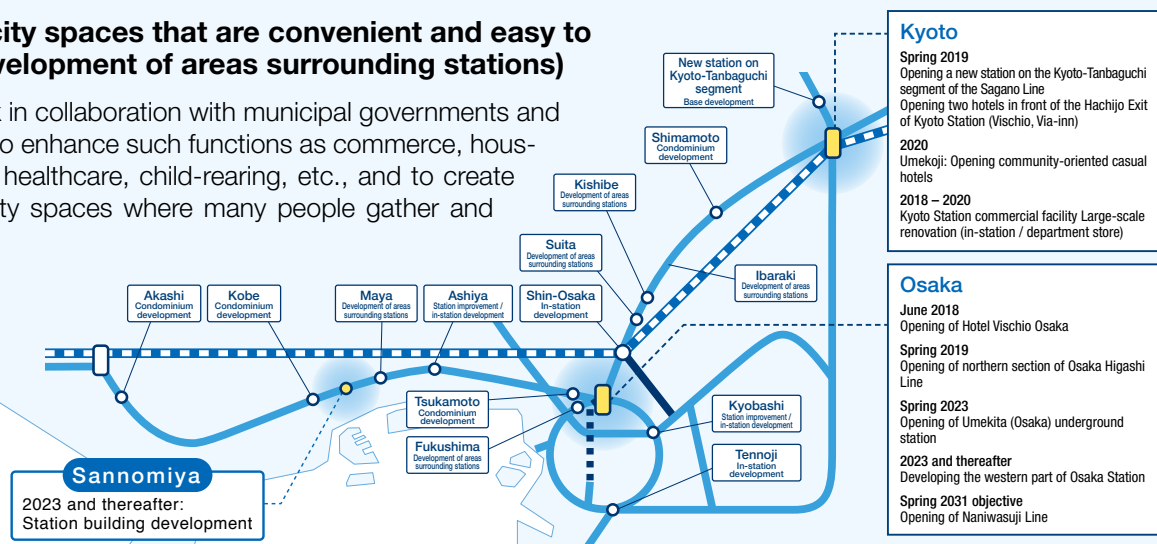
We will provide safe, high-quality railway services that customers choose repeatedly.

Creating highly-functional stations that are suitable to be community gateways (stations and station building developments)

We will build lively, dynamic stations that help make daily lives more comfortable through renovations that optimize station service functions.

Creating city spaces that are convenient and easy to live in (development of areas surrounding stations)

We will work in collaboration with municipal governments and companies to enhance such functions as commerce, housing, culture, healthcare, child-rearing, etc., and to create appealing city spaces where many people gather and reside.



Groupwide Strategies

Increasing Business Value

3

We will increase the quality of the products and services provided by the JR-West Group.

We will strive to ensure that each employee works with pride and a sense of mission as we take steps to enhance our technologies, expertise, and capabilities and to reinforce our teamwork. In these ways, we will continue to take on the challenges of reinforcing our current business strengths and increasing our business value.

By advancing into new markets, implementing initiatives in new business fields, leveraging new technologies, etc., the JR-West Group will take on the challenges of creating new value, achieving dramatic growth, and providing products and services that are chosen by customers.

Enhancing Existing Businesses

- In railway operations, our core business, we will promote effective initiatives from the perspectives of both tangible and intangible aspects in order to achieve ongoing increases in safety and customer satisfaction.
- In stations and the areas surrounding stations, we will provide high-quality products and services that meet the needs of customers who use railways and residents in railway belts.
- We will ensure that Group companies all work together to demonstrate the comprehensive strengths of the JR-West Group.

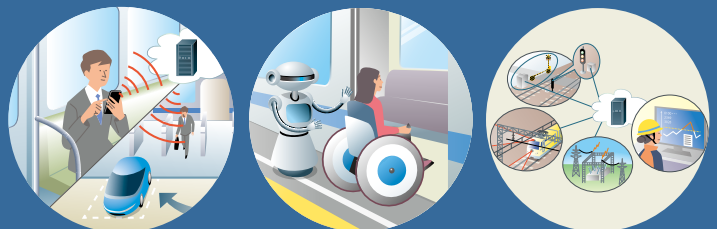
Advancing into New Markets, Implementing Initiatives in New Business Fields

- In businesses in which we can demonstrate our accumulated strengths, we will take on the challenge of implementing initiatives outside railway belts, outside our railway service area, and in overseas markets. In this way, we will further strengthen our competitiveness.
- We will take on the challenge of creating new value and invigorating regions by promoting local industries and leveraging regional resources, while cooperating with local communities.

Creating Value through the Utilization of New Technologies, etc.

- With a focus on the future management environment, we will take steps to realize our ideal forms, which are outlined in the "Technology Vision."* We will work together with a range of partners, continue daily innovation, address customer needs, and create new value.
- In addition, in preparation for future contraction of the workforce, throughout our operations we will reevaluate frameworks with consideration for the use of new technologies and we will introduce new equipment. In this way, we will increase productivity in an overall sense, including that of human resources, technologies, and equipment. With a small number of people and simple equipment, we will create value more effectively.

* Technology Vision: From a technological perspective, our approach to the realization of our ideal forms in approximately 20 years (announced in March 2018).



Medium-Term Management Plan 2022

Transportation Operations

Basic Strategy

By implementing initiatives in the areas of “enhancing safety,” “increasing customer satisfaction,” and “increasing productivity,” as well as “implementing reforms through human resources development and technology,” which

support the initiatives in these three areas, we will work to provide safe, high-quality railway services, and to increase business value.

Enhancing Safety

We have an unchanging determination to ensure that we will never again cause an accident such as that on the Fukuchiyama Line. This is the duty of the JR-West Group, which has railway operations as its core business. We will continue to position safety as the highest priority strategy, and we will work to build frameworks for securing safety on a Group-wide basis and to establish a corporate culture in which safety is the highest priority. We will strive to successfully implement the “JR-West Group Railway Safety Think-and-Act Plan 2022,” and to prevent serious accidents / labor accidents.

- Fostering the spread of safety-first awareness
- Enhancing organizational safety management
- Implementing safety think-and-act initiatives by each individual
- Enhancing railway systems that maintain safety (tangible, intangible)

Major tangible measures

- Pursuing Shinkansen safety
- Strengthening disaster prevention / disaster damage reduction measures in response to intensifying natural disasters
- “Increasing platform safety,” which is an urgent issue
- Increasing safety through new technologies and mechanization



Slope reinforcement work (left)
Movable platform gates (right)

Increasing Customer Satisfaction

Through sustained efforts to meet the expectations of our customer base, which are changing and diversifying, we will establish a corporate culture in which business activities are always customer oriented (= customer-based management) and aim to ensure that customers become fans of JR-West.

- Implementing initiatives related to safe and reliable transportation
- Providing information at times of transportation disruptions
- Offering appropriate, easy-to-understand guidance services
- Creating comfortable, convenient environments (stations, trains, manners, etc.)
- Providing information regarding examples of improvement, plans, etc. (two-way communication)



Increasing Productivity

To continue to provide railway/transportation services in the years ahead, we will work to effectively offer safe, high-quality railway services through improvements in both tangible and intangible areas.

- Changing maintenance systems: We will position the period of the new plan as a time for building maintenance systems aimed at sustaining operation of railway/transportation services, and we will take on the challenge of transitioning to new maintenance methods
- Reevaluating services and equipment with consideration for usage, appropriately allocating personnel for “operations that are effectively performed by people”



Utility pole handling vehicles

“Technology Vision”

Aiming to overcome changes in the operating environment and to realize our ideal form in approximately 20 years from a technology perspective.

Three ideal forms		Major initiatives
1	Pursuing further safety and reliability of transportation	<ul style="list-style-type: none"> • Visualization of risk through technology: Reinforcement of slopes using aerial laser measurement • Advancing safety systems: Introducing wireless ATC
2	Providing railway/transportation services that play a role in supporting the creation of appealing areas	<ul style="list-style-type: none"> • Providing seamless mobility: Implementing ticketless initiatives • One-to-one services: Proposing optimal travel through data marketing → Turning the Umekita (Osaka) underground station into a station of the future, centered on open innovation initiatives
3	Building sustainable railway/transportation systems	<ul style="list-style-type: none"> • Increasing productivity: Transition to CBM (transitioning from ground-based inspections to on-board inspections, condition monitoring on trains used to carry passengers, sensor networks) • Simplifying ground equipments: Introducing onboard IC ticket checking equipments

Implementing Reforms through Human Resources Development and Technology

We will increase the quality of railway services by enhancing “human resources” and “technologies,” which support railway operations.

Human Resources

- Steadily transmitting technologies and improving technical skills
- Establishing environments for securing human resources in a carefully planned way and promoting active contributions of diverse employees

Technologies

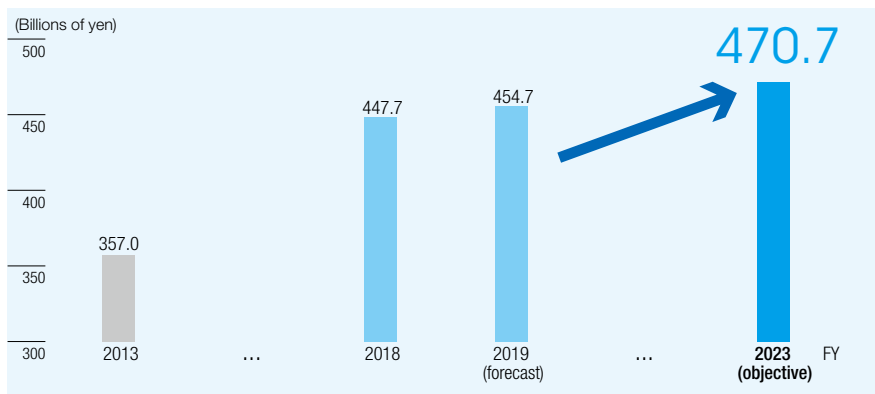
- Pursuing innovation to realize the “Technology Vision”
- Expanding areas in which issues are resolved through technology, expanding collaboration outside the Company in order to progress more quickly
- Utilizing railway operations technologies outside the Company, including overseas

Railway Business Strategies

Shinkansen



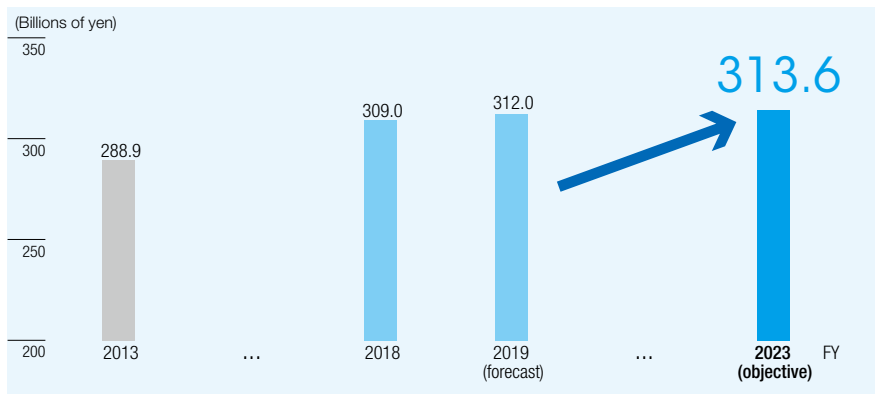
Trends in transportation revenues



Kansai Urban Area



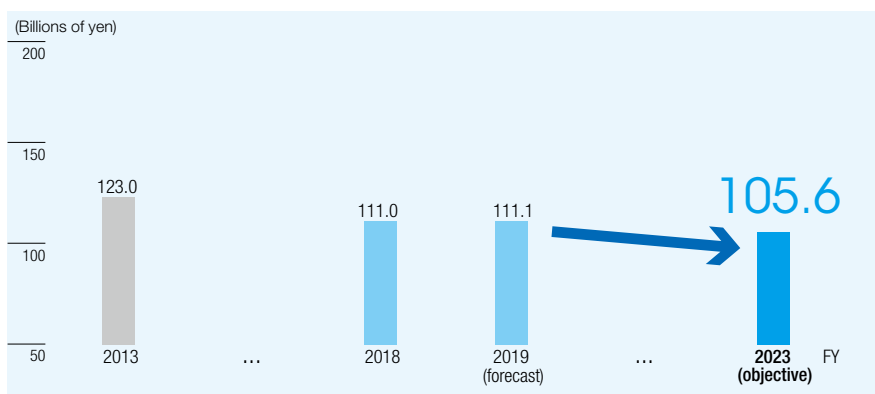
Trends in transportation revenues



Other West Japan Area



Trends in transportation revenues



Business strategy

We will strive to reinforce high-speed railway safety, enhance strengths centered on wide-area railway networks, and contribute to the expansion of the visitor population.

Major priority initiatives

- Rigorous safety management
- Increasing the quality of transportation services
- Expanding usage by inbound customers, taking steps to foster tourism demand in cooperation with regional communities
- Maximizing the effect of the opening of Kanazawa-Tsuruga segment of Hokuriku Shinkansen

Target Indicators / Direction

- Situation in which we are conducting risk management in an appropriate manner to maintain a high level of safety and are moving forward with tangible countermeasures and with the revision of rules and frameworks
- Increasing the number of Shinkansen passengers by 5% (fiscal 2023 / fiscal 2018)

Business strategy

We will increase the value of railway belts through the provision of transportation services that offer peace of mind and reliability, the development of areas along railway lines, etc.

Major priority initiatives

- Increasing the quality of transportation services
- Increasing the value of railway belts
- Expanding usage by inbound customers
- Maximizing the effect of the opening of Umekita (Osaka) underground station

Target Indicators / Direction

- Number of passengers for JR Kyoto Line / JR Kobe Line / Osaka Loop Line: 2.65 million people/day (+40,000 people/day vs. fiscal 2018)
- IC card usage rate: 85%

Business strategy

Through dialog and collaboration with communities, we will develop businesses aligned with local areas and contribute to the activation of the Other West Japan Area.

Major priority initiatives

- Implementing city development efforts, centered on core cities in the Other West Japan Area (developing strategic stations, enhancing express train networks, etc.)
- Invigorating communities, centered on tourism (establishing wide-area tourism routes, using sightseeing trains, etc.)
- Expanding usage by inbound customers
- Realizing safe, sustainable railway/transportation services

Target Indicators / Direction

- Moving forward with the expansion of the visitor population, the expansion of the resident population, and the realization of safe, sustainable railway/transportation services

Medium-Term Management Plan 2022

Non-Transportation Operations

Basic Strategy

We will aim to achieve increases in the value of railway belts and regions and to expand the visitor and resident populations. Accordingly, we will provide high-quality products and services that meet the expectations of

customers who use railways and residents in areas along railway lines, and we will implement regional business creation, development, etc.

Deepening Operations in Major Businesses

Increase overall community value, starting with stations

In areas along railway lines, we will take steps to advance “city development starting with stations,” centered on major businesses. We will provide appealing products and services and increase community value overall.

- **Advancing plans for the Big Three Projects**

Advancing plans for the large-scale strategic station development initiatives for Osaka, Sannomiya, and Hiroshima, which have been positioned as the Big Three Projects in non-railway operations.

- **Implementing city development starting with stations**

Contributing to the development of lively cities by implementing renovations that optimize the service functions of stations, which are the entrances to local communities, and by participating in redevelopment projects for areas around stations.

- **Enhancing city functions**

Working in collaboration with municipal governments and companies to implement development in stations and in areas surrounding stations. Enhancing functions, such as culture, healthcare, child-rearing, etc., to foster appealing city spaces where people gather and reside.

Advancing into New Markets

Increase brand power in each business

In businesses in which we can demonstrate our strengths, we will boost our competitiveness as a chain by entering new markets. In addition, we will build an optimal business portfolio to support sustained growth.

- **Advancing into areas outside of areas along railway lines / railway service areas**

Actively advancing into regions outside of areas along railway lines in the Kansai Urban Area, as well as growth markets outside of the railway service area (Tokyo metropolitan area, Nagoya metropolitan area, etc.), thereby increasing competitiveness as a chain.

- **Taking on the challenge of overseas initiatives**

Taking on the challenge of business initiatives in major cities in Southeast Asia, Europe, and the U.S., where growth is expected, thereby contributing to the enhancement of city functions.

JR-West Hotel, Shopping Center, and Condominium Locations (As of March 31, 2018)

● Shopping Center ● Hotel



Implementing Initiatives in New Business Areas

Invigorate communities through the creation of new value

We will take on the challenge of creating new value and invigorating regions by promoting local industries and leveraging regional resources, while cooperating with local communities and participating directly.

- **Expanding businesses through community collaboration**

Expanding businesses such as distinctive local industries, restoration of traditional Japanese houses, etc.

- **Expanding businesses that enhance lifestyle foundations**

Expanding caregiving, temporary staffing and placement services for seniors, etc.

- **Opening up new businesses**

Creating businesses that contribute to the resolution of issues faced by regional societies

Strengthening Foundation to Support Growth

Making active use of ICT tools and external know-how

Increasing marketing capability through the use of ICOCA and J-West Card, etc., providing products and services that leverage the convenience of the Internet.

Strengthening foundations for human resources, organizations, etc.

Developing human resources / organizations in alignment with businesses, establishing frameworks for the demonstration of the Group's comprehensive strengths.



Via Inn Higashi Ginza

Number of Hotels



Budget Hotels

City Hotels

19 7

Number of Shopping Centers



44



LUCUA osaka

Number of Department Stores



1

Number of Condominium Units Completed in Fiscal 2018



1,180

Number completed to date: 9,570

Business Strategy and Operating Results
Medium-Term Management Plan 2022
Non-Transportation Operations

Non-Railway Business Strategies

Retail Business



Seven-Eleven allied store

[Sales of Goods / Food Services]

Business strategy

We will strengthen functions as “Lifestyle Stations” and provide support for the enjoyment of daily lives and travel.

Major priority initiatives

- Strengthening operating capabilities in directly-operated business formats
- Advancing development and renewal of in-station stores
- Expanding openings of convenience stores / food service stores, etc., outside stations

Real Estate Business



J.GRAN City Tsukamoto

[Real Estate Lease and Sale]

Business strategy

We will build communities that people want to reside in and visit, and contribute to the development of areas along railway lines and local communities.

Major priority initiatives

- Advancing plans for the Big Three Projects (shared by each business)
- Advancing city development in areas along railway lines
- Expanding initiatives in growth markets outside of areas along railway lines and railway service areas



Illustration of SUITA GREEN PLACE Phase II

[Shopping Centers]

Business strategy

We will propose high-quality lifestyles through the provision of tangible and intangible products and services.

Major priority initiatives

- Pursuing shopping center operations in line with changes in needs and local conditions
- Increasing competitiveness by leveraging new systems / point standardization
- Establishing business model for lifestyle-support-oriented shopping centers, implementing initiatives outside stations

Other Businesses



Hachijo Exit of Kyoto Station (Vischio, Via-inn)

[Hotels]

Business strategy

We will meet the accommodation needs of a diverse range of customers and provide support for comfortable stays.

Major priority initiatives

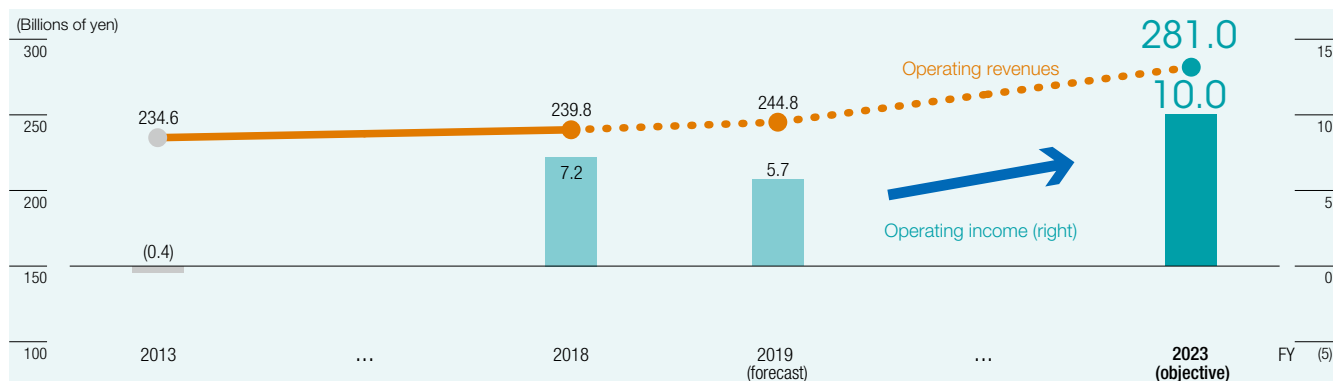
- Expanding openings, centered on accommodation-oriented hotels
- Renovating existing hotels and strengthening operating capabilities
- Addressing diverse needs through the development / operation of new business formats

Results objectives

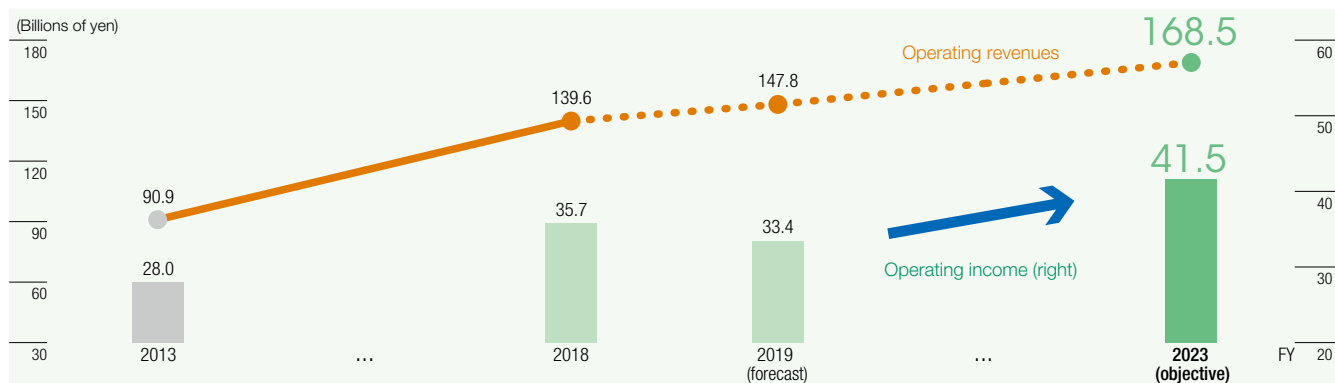
	FY18.3 results	FY23.3 objective
Operating Revenues	¥47.3 billion	¥63.2 billion

* Consolidated basis (Retail business: “Via-inn” + Other businesses: Hotel operations)

Trends in Operating Revenues and Operating Income



Trends in Operating Revenues and Operating Income



Lineup

Brand	Category	Results as of end FY March 2018			Number of rooms	
		Number of hotels		Total		
		Inside railway service area	Outside railway service area			
Granvia	Other	City hotels	7 hotels	—	7 hotels	2,460 rooms
Vischio	Other	High-class accommodation-oriented hotels	—	—	—	—
Via-inn	Retail	Accommodation-oriented hotels	13 hotels	6 hotels	19 hotels	4,660 rooms
Potel	Non-Consolidated	Community-oriented casual hotels	—	—	—	—
First Cabin Station	Non-Consolidated	High-end capsule hotels	1 hotels	—	1 hotels	129 rooms
Total			21 hotels	6 hotels	27 hotels	7,249 rooms

Objectives for FY23.3

Number of rooms

Approx. 2,300 rooms
Approx. 1,400 rooms
Approx. 6,700 rooms
Approx. 200 rooms
Approx. 400 rooms
11,000 rooms

Medium-Term Management Plan 2022

Financial Indicators

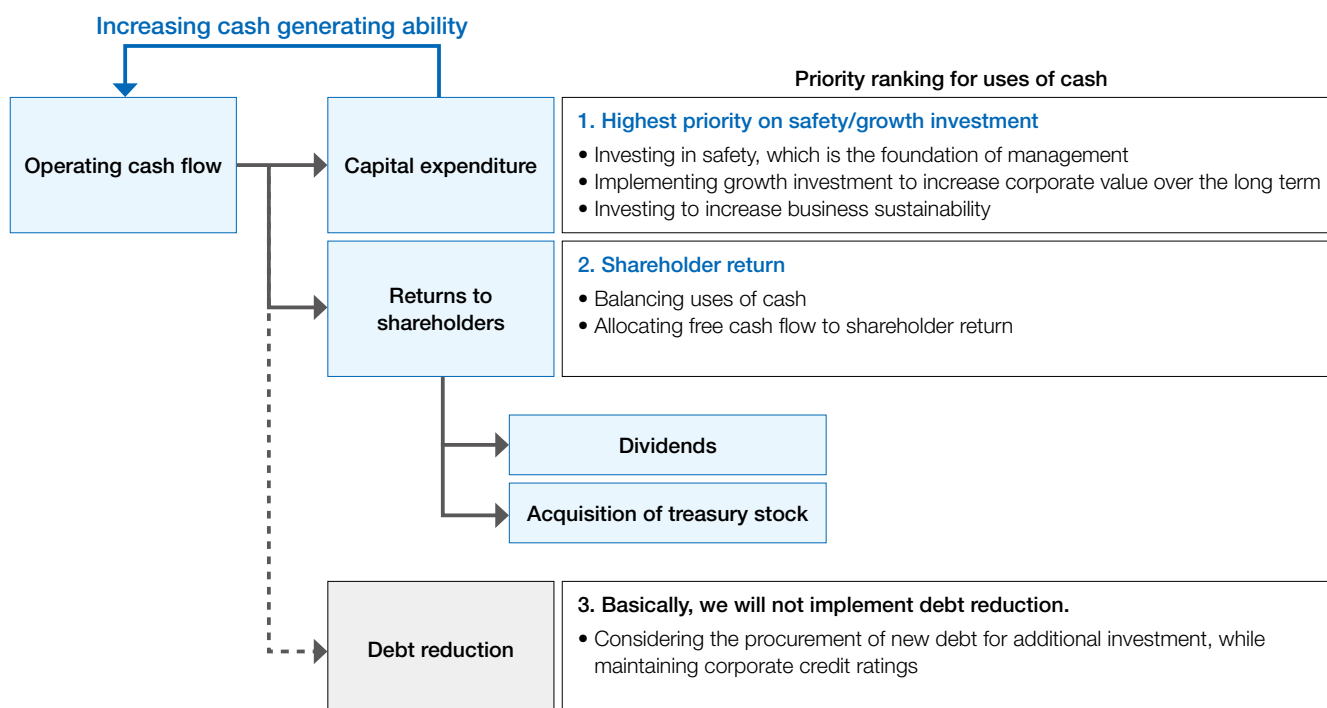
Billions of yen

	Fiscal 2018 results	Fiscal 2023 objectives	Increase / Decrease
Operating Revenues	1,500.4	1630.0	+129.5
Transportation	950.8	977.5	+26.6
Retail	239.8	281.0	+41.1
Real estate	139.6	168.5	+28.8
Other businesses	170.0	203.0	+32.9
Operating Income	191.3	[218.0] 210.0	[+26.6] +18.6
Transportation	130.3	139.5	+9.1
Retail	7.2	10.0	+2.7
Real estate	35.7	41.5	+5.7
Other businesses	19.9	23.0	+3.0
Recurring Profit	177.7	[205.0] 197.0	[+27.2] +19.2
Profit attributable to owners of parent	110.4	[134.0] 128.0	[+23.5] +17.5
EBITDA	356.1	[408.0] 400.0	[+51.8] +43.8
ROA (%)	6.3	Mid-6% range	—
ROE (%)	11.3	Approx. 10	—
Transportation Revenues	867.8	890.0	+22.1

* EBITDA = Operating Income+Depreciation+Amortization of goodwill
 Figures in [] exclude Hokuriku Shinkansen opening preparation expenses

Financial Strategies

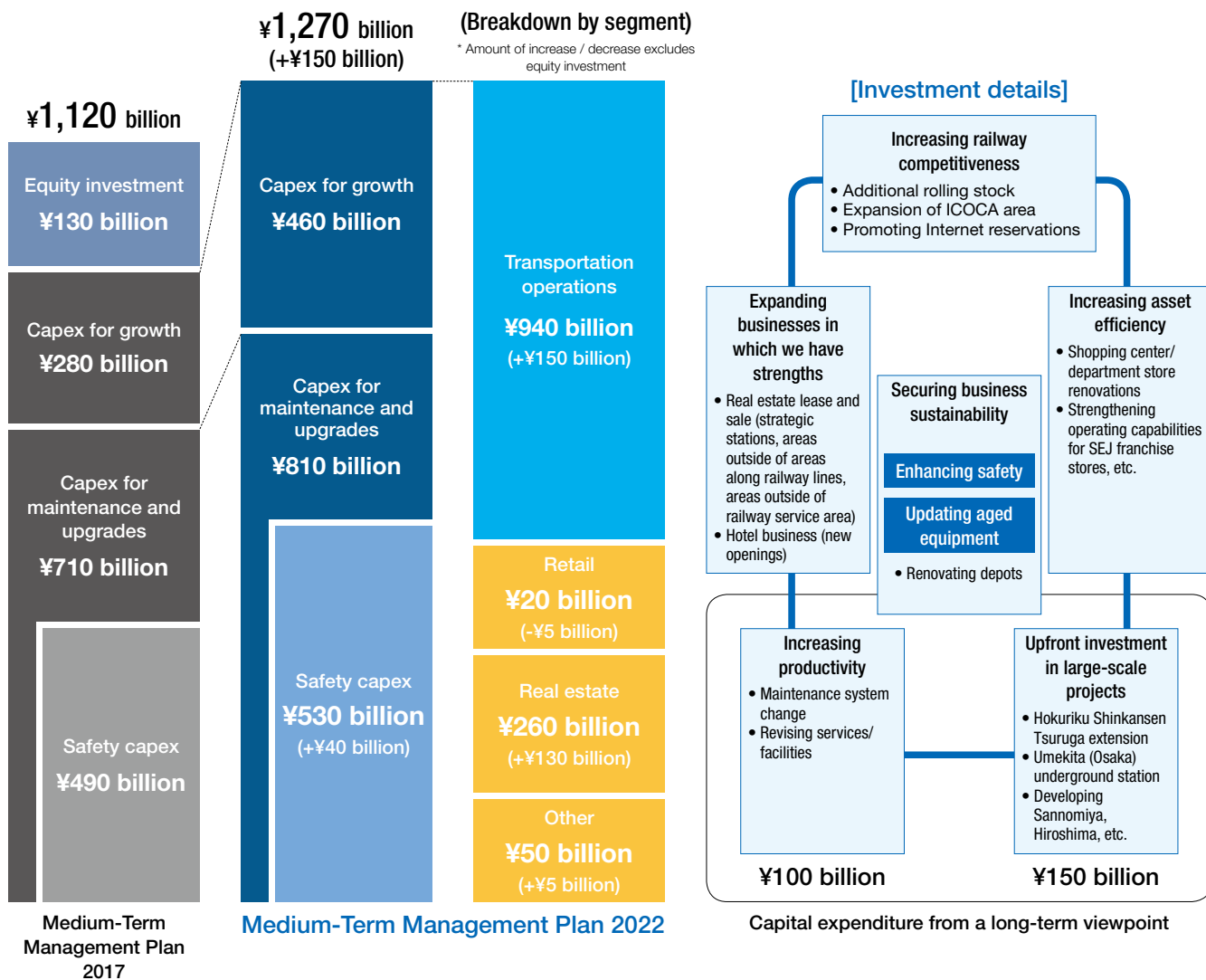
Clarifying priority ranking for uses of cash. Considering balance between investment and shareholder returns, as well cost of capital.



* Balance of cash and deposits: Generally maintaining current level

Capital Expenditure

Strengthening investment in safety, which is the foundation of management, as well as investment in initiatives contributing to sustained growth.



Shareholder Return

Shareholder return policy

- We will implement stable dividends, aiming for a dividend payout ratio of approximately 35% in fiscal 2023.
- Over the period of this plan, our yardstick will be a total return ratio of approximately 40%, and we will make flexible acquisitions of treasury stock.
 - With capital expenditures expanding, we will enhance returns to shareholders. We will bolster both profit growth and shareholder return.
 - We will focus on sustained profit growth and utilize return ratios.

Shareholder return in fiscal 2019

- Planning on dividends of ¥175 per share, an increase of ¥15 (9th consecutive year of higher dividends)
- Planning to acquire treasury stock, with upper limit of ¥10 billion