

# Recognizing and responding to risks and opportunities

## Formulating strategies taking into account business environment changes and JR-West's strengths

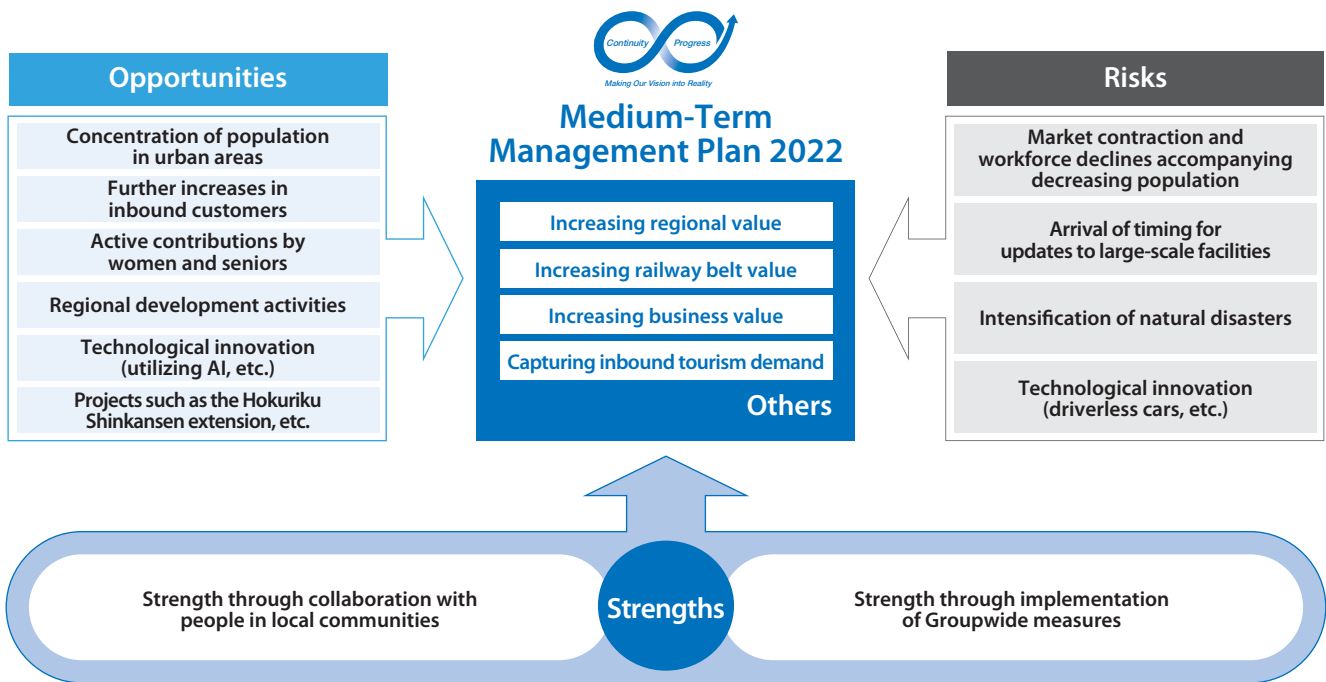
In our current Medium-Term Management Plan, we have formulated strategies while taking into account JR-West's strengths and appropriately assessing the risks and opportunities from internal and external business environment changes.

In our geographical area of operations, there are many growth opportunities — such as the Hokuriku Shinkansen Line extension, development of the Naniwasuji Line, and the Three Big Projects (Osaka, Sannomiya, and Hiroshima) for large-scale strategic station development — on which we would like to capitalize and move quickly from a medium- to long-term perspective. Furthermore, we would like to use the area's abundance of tourist attractions and proximity to Asian neighbors, and leverage these advantages to capture inbound visitor demand while also revitalizing communities.

At the same time, we recognize the severe internal and external environment, including the risks of population decline, intensification of natural disasters, and aging of large-scale facilities. From the perspective of ensuring business sustainability, we will proactively strive to improve productivity utilizing new technology, etc., while also updating disaster prevention and mitigation countermeasures, and upgrading large-scale facilities, which we see as opportunities to strengthen functionality.

We disclose risk information including the market contraction and workforce declines accompanying decreasing population, and intensification of natural disasters on our website.

<https://www.westjr.co.jp/global/en/ir/library/annual-report/2019/>



### Cautionary Disclaimer Regarding Forecasts

This report contains forward-looking statements that are based on JR-West's current plans, assumptions, estimates, and projections about its business, industry, and capital markets around the world.

Pronouncements related to these forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements use future-oriented terminology such as "may," "will," "expect," "anticipate," "estimate," "plan," or similar words.

These statements discuss future expectations, identify strategies, contain projections of results of operations or of JR-West's financial condition, or state other forward-looking information.

Known or unknown risks, uncertainties, and other factors could cause the actual results to differ materially from those contained in any forward-looking statements. JR-West cannot promise that the expectations expressed in these forward-looking statements will turn out to be correct. JR-West's actual results could be materially different from and worse than expectations.

Important risks and factors that could cause actual results to be materially

different from expectations include, but are not limited to:

- expenses, liability, loss of revenue, or adverse publicity associated with property or casualty losses;
- economic downturn, deflation, and population decreases;
- adverse changes in laws, regulations, and government policies in Japan;
- service improvements, price reductions, and other strategies undertaken by competitors such as other passenger railway and airline companies;
- earthquake and other natural disaster risks; and failure of computer telecommunications systems disrupting railway or other operations.

All forward-looking statements in this report are made based on information available to JR-West as of August 31, 2019, and JR-West does not undertake to update or revise any of its forward-looking statements or reflect future events or circumstances.

Future compensation and other expenses related to the Fukuchiyama Line accident that occurred on April 25, 2005 are difficult to estimate reasonably at this time, and so have not been included in forecasts in this report.