

Strategy of value creation for our vision—JR-West Group Medium-Term Management Plan 2022—

Current awareness and progress

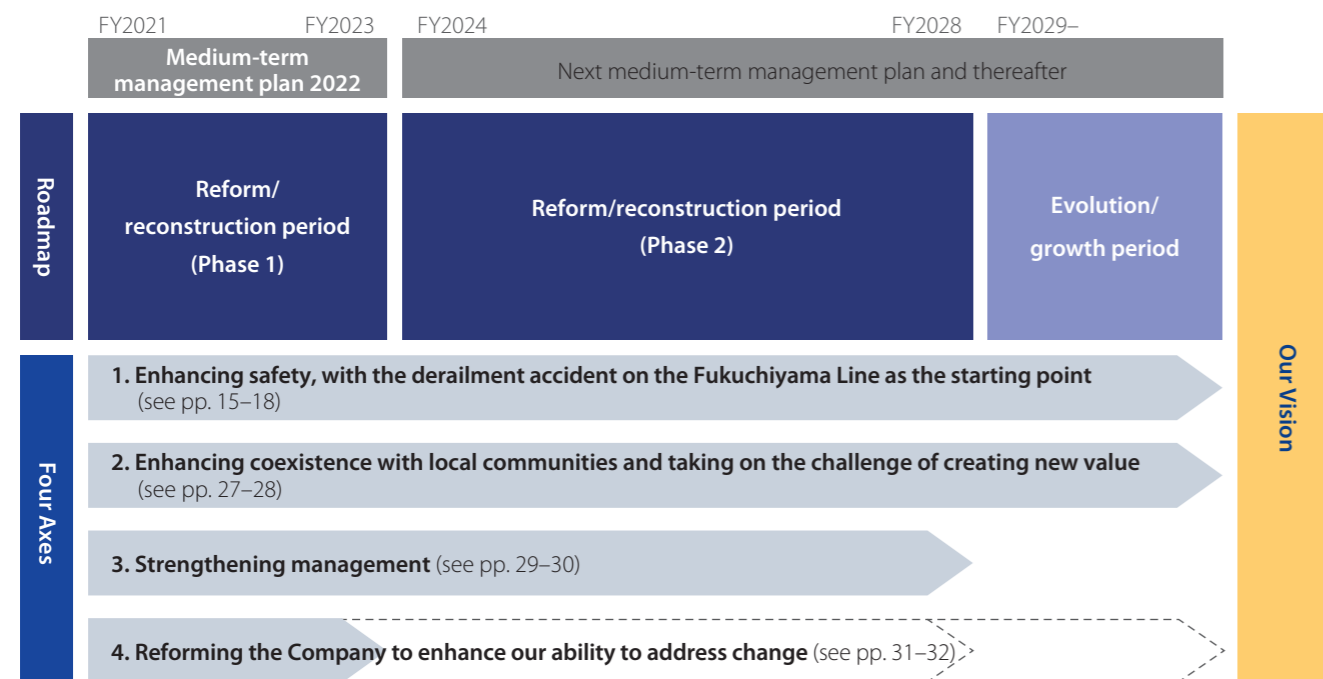
Background to the revision and direction

The JR-West Group has been significantly affected by the novel coronavirus pandemic, both in the railway and non-railway businesses. In the midst of a rapidly changing external environment, we revised the JR-West Group Medium-Term Management Plan

2022 in October 2020, as we seek to realize Our Vision and Ideals, restore our financial foundation over the medium- to long-term, make reforms in line with changes in society, and set a course for safety and growth.

Environmental change and strategic direction

Operating environment changes and assumptions	<ul style="list-style-type: none"> ● Dramatic changes in the external environment due to the spread of the novel coronavirus infection (changes in behavior, such as telework and online meetings; diversification of values) ● Future that occurred rapidly, things about the future that cannot be predicted ● We assume that transportation revenues, our mainstay, will return only to approximately 90% of pre-coronavirus levels ● Focusing on the circumstances regarding the resolution of the coronavirus situation. Flexibly adding revisions to the medium-term management plan
Direction of revisions	<ul style="list-style-type: none"> ● Indication of our future direction, with consideration for our understanding of current circumstances, in which we cannot predict the details of the changes in society in the period after the coronavirus. (The period until the next medium-term management plan (FY2028.3) has been positioned as a time for reform and restoration.) ● Reconfirmation of our “unchanging values” and the “meaning of the JR West Group’s existence,” even in the midst of change. ● On that basis, our understanding of “things that we will change,” with the assumptions that the financial position will worsen and that usage will not return to the previous status.



Management Indices

Management indices	Results for FY2017	FY2022 objectives (As of April 2018)	FY2023 objectives (October 2020 revision)	FY2021 results
Consolidated operating revenues*	¥1,500.4 billion	¥1,630.0 billion	¥1,450.0 billion	¥898.1 billion
Consolidated EBITDA	¥356.1 billion	¥400.0 billion	¥330.0 billion	(¥70.8 billion)
Consolidated ROA	6.3%	Mid-6% range	Approx. 4%	—
(Reference) Consolidated ROE	11.3%	Approx. 10%	Approx. 9%	—
Transportation revenues*	¥867.8 billion	¥890.0 billion	¥775.0 billion	¥419.4 billion

* Does not include the effect of the application of “Accounting Standard for Revenue Recognition,” etc.

Progress by business

Use of our services was not expected to recover during fiscal 2021.

For fiscal 2022, we have reflected the results of the first quarter and revised the plan for the year downward from the initial forecast, based on a review of areas such as the timing of recovery of the transport revenue on which our business is based, given the prolonged effects of the novel coronavirus. As the outlook for vaccination and the subsequent removal of restrictions on activities remains unclear, we have formulated our assumptions based on a range as opposed to a precise target.

Although the recovery that we initially anticipated has been delayed, we will move ahead with the structural reforms and other initiatives explained in the revisions to the medium-term management plan and be sure to take any opportunities for growth.

Railway business

In regard to railway safety, which is our highest priority, we are moving forward steadily with the JR-West Group Railway Safety Think-and-Act Plan 2022. Additionally, as a measure against novel coronavirus infections, from June 2021 we launched a new service providing real-time congestion status on the Osaka Loop Line and other lines, to offer greater peace of mind to people who use our services.

To help recover demand while paying due attention to safety and security, we are introducing the N700S and enhancing the functions of the EX service to further improve transportation services on the Shinkansen. Furthermore, in preparation for the anticipated recovery in demand, we are improving cooperation with other companies such as Universal Studio Japan operator USJ LLC., Japan Airlines Corporation, and Hoshino Resort, Inc.



Retail business

In March 2021, we opened “Eki-Marche Shin-Osaka Sotoe,” centered around takeout and the food court outside the ticket gates of Shin-Osaka Station. We hope to create facilities that are convenient for the people who pass through Shin-Osaka Station on a daily basis while commuting to work and school.

Eki-Marche Osaka underwent its first large-scale renovation since opening, with Phase 1 opening in October. We will offer a greater variety of food to cater to new lifestyles, and improve the store layout and flow lines to make these facilities more convenient for daily use.



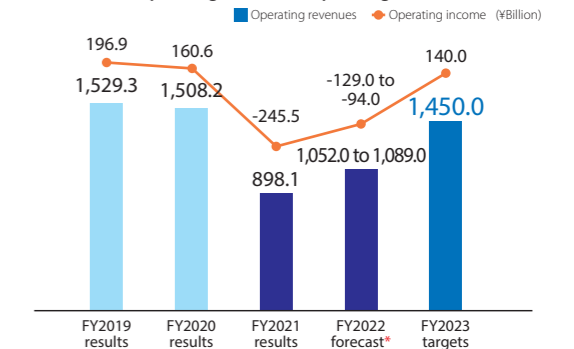
Real estate business

In March 2021 we established our first private real estate fund in the real estate leasing and sales business. Looking to the future we will expand the scale of our assets in stages, with the intention of forming a private REIT. Additionally, our shopping center management business opened Shukugawa Green Place in September, our third shopping center in the city.

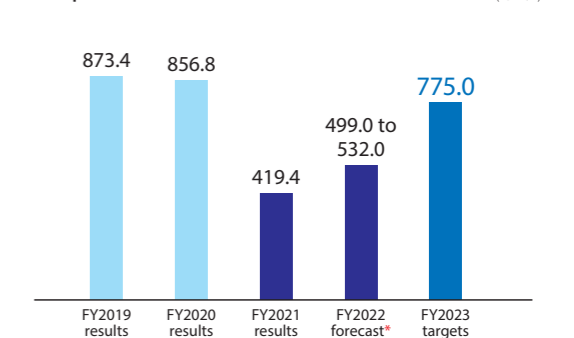
Going forward, we will continue our efforts to capture opportunities for urban development and to improve Groupwide revenues and asset efficiency by diversifying business schemes.



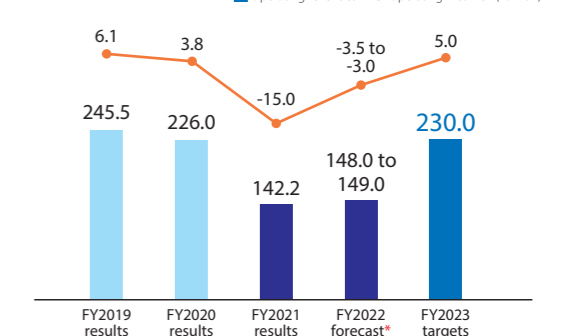
Consolidated operating revenues / operating income



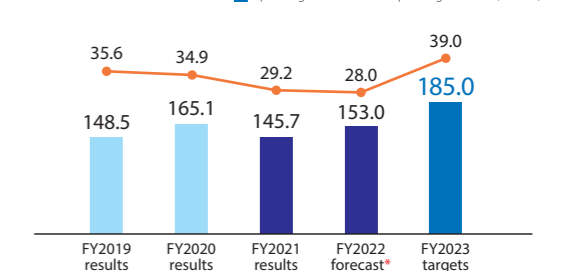
Transportation revenues



Operating revenues / operating income



Operating revenues / operating income



* Applying the Accounting Standard for Revenue Recognition in FY2022.3.