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Taking on the post-pandemic challenge. Embodying Our Purpose to play an even greater role in society.

Toward the post-pandemic era

A new post-pandemic era— Now is the time for the JR-West Group to make bold moves into the future

The effects of the long-lasting pandemic have finally subsided, and society has begun to move to a brighter and more positive future. The business environment surrounding the JR-West Group is the same, and personal consumption and the use of railways are also recovering.

This unprecedented situation, which lasted for about three years, brought about major changes in society. I believe it is not just a change, but an evolution that will trigger big moves into the future.

We think the same is true of “movement,” the core of our business. The use of railways is recovering, but if you look closely, you will notice a clear difference from the past. The diversification of work styles, including remote work, has had a great impact on the way we move between home and work. On the other hand, the human instinct to travel has not faded, and the joy and value of face-to-face meetings were reaffirmed. As a result of having more time to think, our values are becoming more and more diverse. With the development of new and attractive communities that create encounters and contacts, we think the need for movement that connects cities will increase.

Such a shift in values affects not only movement, but also extends to various scenes of society and life. The times have shifted to a post-pandemic era. We believe now is the time to make bold moves into the future.

Looking back on fiscal 2023

Having faced and overcome a challenging business environment, our employees' way of thinking has changed greatly

The Group has been working on the Medium-Term — Management Plan 2022 since fiscal 2019, but in the face of drastic changes in the business environment, we reviewed it in October 2020. In fiscal 2023, the final year of the plan, we achieved a profit on both a consolidated and non-consolidated basis for the first time in three years by stimulating demand that captured the opportunity of the end of the pandemic, and we were able to achieve the full-year performance targets for both.

Looking back on the five years of this management plan, it was a very difficult time for the Group—something it had never experienced before. While the Group's weaknesses have been highlighted by the sudden arrival of about 10 years of change, there are also many things to think positively about, such as embarking on structural reforms and portfolio reviews. In fiscal 2023, we achieved



results that significantly exceeded the full-year target in cost structure reform.

Even in such a harsh business environment, the priority has been to improve safety based on the derailment accident on the Fukuchiyama Line. For us, safety is the most important management issue, and this will never change.

In the face of a harsh business environment, employee awareness is also changing. When we think about the future 10 or 20 years from now, the Group as it is will eventually hit a big barrier. We feel that sense of crisis, and it was an irreplaceable achievement that we were able to share our purpose to take on the post-pandemic challenge.

The thoughts infused in Our Purpose

What will be the significance of the JR-West Group's existence in the future? Summarizing those thoughts as Our Purpose

In April 2023, we announced Our Purpose, the significance of the Group's existence in the future, along

with the Long-Term Vision 2032 and the Medium-term Management Plan 2025.

In formulating these documents, we first gathered young employees who will be responsible for future management in corporate departments, business departments, and group companies, and had free discussions without restrictions. After that, we had many rounds of discussions at the management level based on the opinions of the younger generation. Although it was a coincidence, it was very meaningful that we were able to formulate Our Purpose, the compass for management, at the beginning of the post-pandemic era.

In the discussions, we were conscious of speaking from a higher perspective of "What role should we play in the future?" and "What kind of presence do we want to have as a corporate group?" Not only management, but also the younger generation tend to get trapped in the traditional framework, but at such times, I told them we should focus on what we want to be in the future and how to connect to reality from there.

In Japanese, we use the Japanese word for "purpose" rather than borrowing the English word. We didn't want anything extravagant; we wanted to make Our Purpose

something to aspire to that everyone in the Group can relate to.

Our Purpose concludes with the words "Stir the heart, drive the future." This "Stir the heart" means not only stirring the hearts of the general public but also the hearts of our employees. You can't stir people's hearts without feeling deeply passionate yourself. From now on, when employees make suggestions, I want to ask, "Does that stir your heart?"

"Drive the future" may be a bit of a catchphrase. However, it is very important for every employee, even if they can only make a small contribution, to have the ambition to drive society in a better direction. That should be the driving force of the Group into the future.

Long-Term Vision 2032

Challenging ourselves to expand the life design field not dependent on movement— Building the optimal business portfolio

We formulated the Long-Term Vision 2032 to realize Our Purpose and what we want to be in 10 years. We declared our vision focusing on the four social issues "Safe, worry-free transportation that is kind to people and the planet," "Vibrant communities where people move about freely," "Convenient and abundant lifestyles for all people," and "Sustainable society." Under the long-term vision, making the enhancement of railway safety the foundation of our efforts, we challenge ourselves to revitalize railways, expand in the field of life design, and build an optimal business portfolio. The Group's business had been divided into railway and non-railway. However, due to the changes in the business environment caused by the pandemic, a new axis has emerged: fields that are highly dependent on the movement of people, and fields that are related but not necessarily linked to movement. Therefore, we have set up two new fields: mobility service field and life design field.

In addition to real estate and city development, the life design field extends to new areas such as digital strategy and comprehensive infrastructure management.

As a growth investment in the life design field, we plan to invest 440 billion yen in the five years to fiscal 2028. The proportion of the life design field in consolidated operating income was less than 20% in fiscal 2019, before the pandemic. Since investment in these areas will take longer to lead to profits, it is expected that the profit contribution will be limited for some time, but our aim is that they will contribute greatly to growth from fiscal 2026 onwards, and increase to about 35% in fiscal 2028 and 40% in fiscal 2033. It may be quite a challenging target. However, this strategy is based on how the Group should be in 10 years, and we have already begun to challenge ourselves to achieve it.



Medium-Term Management Plan 2025—Taking on post-pandemic challenges

Creating new demand in the railway business is a big challenge that holds the key to the future of our Group

As a first step towards realizing our Long-Term Vision, we launched the Medium-Term Management Plan 2025 from fiscal 2024. In this management plan, the period is shortened from the previous five years to three years. The aim is to move swiftly and aggressively into the new era, as the title of the plan, “Taking on post-pandemic challenges,” implies. It is also based on the fact that major events such as Expo 2025 and the extension of the Hokuriku Shinkansen to Tsuruga will all occur in the period up to fiscal 2026.

Improving railway safety remains the top management priority in the new Medium-Term Management Plan. Based on the newly formulated JR-West Group Railway Safety Think-and-Act Plan 2027, we will implement further safety improvement initiatives.

In the railway business, basic demand is expected to recover to 90% of the pre-pandemic level by the end of

fiscal 2024, and will remain at the same level thereafter. In order to recover the lost 10% and further expand, we will carry out a range of measures such as taking in inbound tourism demand that will recover in earnest, linkage to the digital strategy, and city development centered on stations, and we will work to revitalize mobility services centered on railways. The creation of new demand in railways is also a major challenge for the future of the Group. In addition, coexistence with the community is an important theme that we should continue to work on. In these efforts, we will actively pursue co-creation with partners in various fields.

Driving a digital strategy

From the strengthening of group capabilities to day-to-day work style reform, driving our digital strategy toward maximizing group synergy

We believe DX (digital transformation) is also an important strategy to maximize group synergy. We are developing WESTER and Mobile ICOCA to connect each customer

with the various services of our Group. In the Medium-Term Management Plan, strengthening group capabilities such as deepening cooperation between companies is also an important strategy. We will advance various initiatives that utilize digital technology, such as group marketing.

DX should bring about reforms in daily work such as efficiency and work styles. We already use tablets at some railway sites, but we plan to lend PCs or smart devices to all employees in fiscal 2024.

In the future, we hope to realize work practices that allow employees to create new value, such as directly analyzing business data and developing apps to improve operations.

Enhancement of human capital

We drive society into the future—Creating an environment that allows employees to feel this motivation

It goes without saying that people are the most important thing in sustainable initiatives. In order for the Group to evolve, human resources that change and grow on their own will be the most important foundation. Now that the labor shortage due to a declining birthrate and aging population is becoming apparent in Japan, its importance is increasing.

In order to create a rewarding workplace for employees, there are various factors from wages and other benefits to work-life balance. One of the things I think is important is an environment where you can take on your work with pride and a sense of accomplishment. Our work serves society and moves it into the future. I want to further the creation of workplaces where employees can have such a rewarding feeling in their daily work. It is also important to disseminate this attitude of the Group to young people who are responsible for the next generation. In that sense, Our Purpose is also a message to future employees.

Promoting diversity and inclusion is also important. We will work to create an environment where diverse human resources, regardless of things like nationality, gender, or sexual orientation, can maximize their strengths. We will also actively seek mid-career hires who have different experiences and knowledge than us. The Group will continue to take on the challenge of a wide range of businesses, mainly in the life design field. To that end, it is indispensable to gather human resources with diverse values.

In April 2023, we established a new HR Strategy Division to pursue strategic human resource development throughout the Group. Going forward, we will continue to strengthen our group capabilities from the perspective of human capital, such as career paths that link group companies and human resource development that puts the right people in the right place.

Message to stakeholders

Aiming for the next high peak, harnessing the power of all JR-West Group employees

The other day, when I had a remote meeting with overseas institutional investors, I was told, “You have done well to recover so far.” After that, I was put under pressure by the comment, “But the future is what really matters.” I think these words are very encouraging for me and, above all, for employees. As the president, I have shown my respect for the efforts of employees whenever I had the opportunity.

We faced a desperate struggle during the three-year pandemic. Now, we can finally see a path to the future, and I feel that we have taken our first strong steps toward reaching the next high peak. In order to evolve into a corporate group that “stirs the heart, drives the future,” we will unite the strengths of all employees of the JR-West Group and move forward with confidence.

