

Value creation for realizing the Long-Term Vision

The business environment surrounding the JR-West Group has been under unprecedentedly harsh conditions due to the acceleration of changes in social behavior triggered by the pandemic. Still, we are beginning to see signs of demand recovery. On the other hand, with the intensification of natural disasters and the shrinking of the market and the labor force caused by a decline in the population, the situation in Japan and overseas is becoming increasingly unstable.

In formulating the new business plan, we reviewed the previous plan. In light of the drastically changing business environment, we reviewed the significance of the JR-West Group's existence and the role it should play in society, declared Our Purpose, set the Long-Term Vision 2032, and formulated the Medium-Term Management Plan 2025 as the action plan.

Review of revised Medium-Term Management Plan 2022

The JR-West Group announced the Medium-Term Management Plan 2022 in April 2018, but with the pandemic spreading from the beginning of 2020, we faced drastic changes in the business environment.

Against this backdrop, we have established four basic aims and have taken prompt initial action:

- (1) Protect our mission as a social infrastructure company
- (2) Protect the safety of customers and employees
- (3) Protect the jobs of employees
- (4) Protect the supply chain

In October 2020, we announced the Revised Medium-Term Management Plan 2022 and set out four strategic axes: Enhancing safety, with the Fukuchiyama Line derailment accident as the starting point; enhancing coexistence with local communities and taking on the challenge of creating new value; strengthening management; and reforming the company to enhance our ability to address change. Based on these, we have been working on reform and reconstruction.

Due to the fact that the pandemic has dragged on significantly longer than expected, as a result, the numerical targets set in the Revised Medium-Term Management Plan 2022 have not been reached. In terms of finance, we have implemented flexible debt procurement and public offering of stocks, improved our ability to respond to changes in conjunction with cost structure reform, and made steady progress in our reform and reconstruction efforts, including efforts that sow the seeds for future growth.

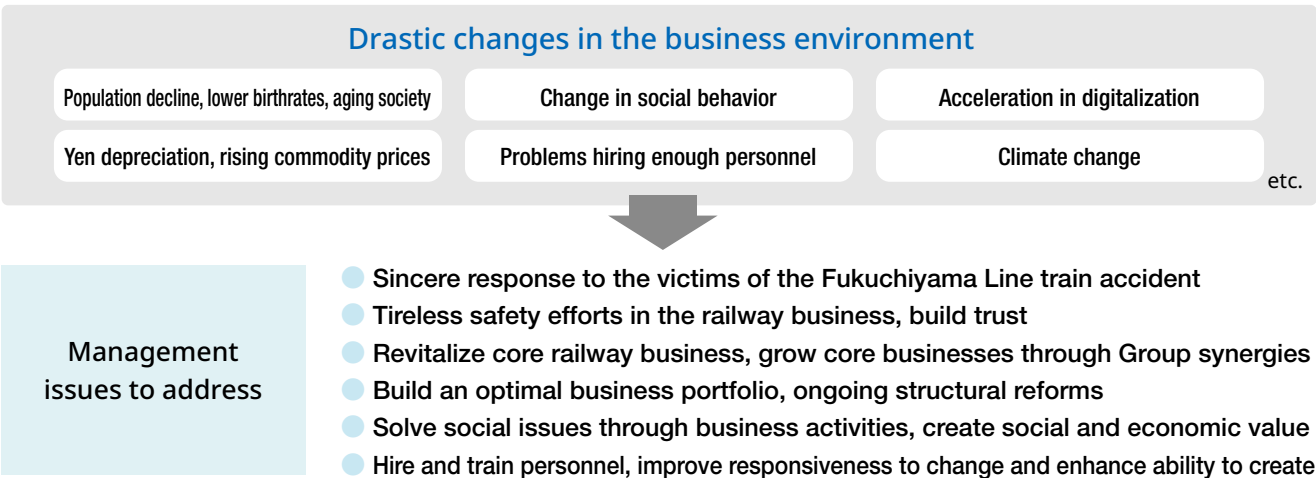
Consolidated operating revenues and EBITDA

	FY2021	FY2022	FY2023	
			Results	Targets in revised medium-term management plan
Consolidated operating revenue	¥920.0 billion	¥1031.1 billion	¥1395.5 billion	¥1450.0 billion*
EBITDA	-¥70.8 billion	¥42.9 billion	¥243.6 billion	¥330.0 billion

*Figures are before the application of the Accounting Standard for Revenue Recognition

Recognizing issues upon formulating the new plan

In addition to steadily continuing our previous initiatives, we have once again reviewed the significance of our existence and the role we should play in society amidst many changes in the business environment and the challenges that accompany it.



Aims of management

In the aforementioned process, we recognized the importance of providing mobility services that allow customers to move safely and securely, as well as cooperating with various partners to provide services that are closely connected to each customer's life, expanding the scope of our service provision to the lifestyles themselves that each customer envisions.

We aim to both improve in the field of mobility services to create value as customers move and expand our business into the field of life design to create value that is closely connected to customers' lives.

Improvement of railway safety

The top priority of improving railway safety remains unchanged in the new management policy. With the unchanging determination to never again allow an accident such as that on the Fukuchiyama Line to occur, we will respond sincerely to those who have been affected, and we will put safety first in our thinking and actions in order to meet customer expectations.

Improvement in the mobility services field

Even in the face of behavioral changes due to the pandemic and population decline, we will further improve our services to pursue the convenience and comfort of mobility more than ever and to make customers want to move and travel again.



Railways/transportation, retail (sales of goods and food services, etc.), hotels, travel

Business expansion in the life design field

We will expand the life design field by creating mobility itself by connecting people to people and people to cities. We will create value that is closely connected to customers' lives by understanding the needs of individual customers and developing businesses that are closely linked to lives and communities.



Real estate, shopping centers, community/city development, digital strategy, new domains

Based on these challenges, we have declared Our Purpose as a compass for the future at this time of great transition—the post-pandemic era. To achieve Our Purpose, we set the Long-Term Vision 2032 as a goal of what we want to be in 2032, 10 years from now, and the Medium-Term Management Plan 2025—Post-Pandemic Challenges as the first step to achieve these goals.

Our values

President's message

Value creation process

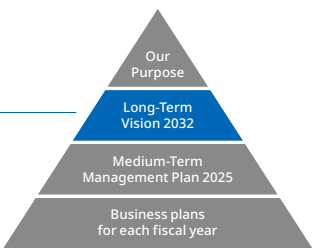
A foundation for value creation

Data

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Long-Term Vision 2032

The JR-West Group formulated Long-Term Vision 2032 as its vision of how it wants to be in 10 years (2032) to achieve Our Purpose. We identified key social issues to address and set the vision we want to achieve as 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 a sustainable society.



Realizing Our Purpose and where we want to be in 10 years (2032)

Our Purpose

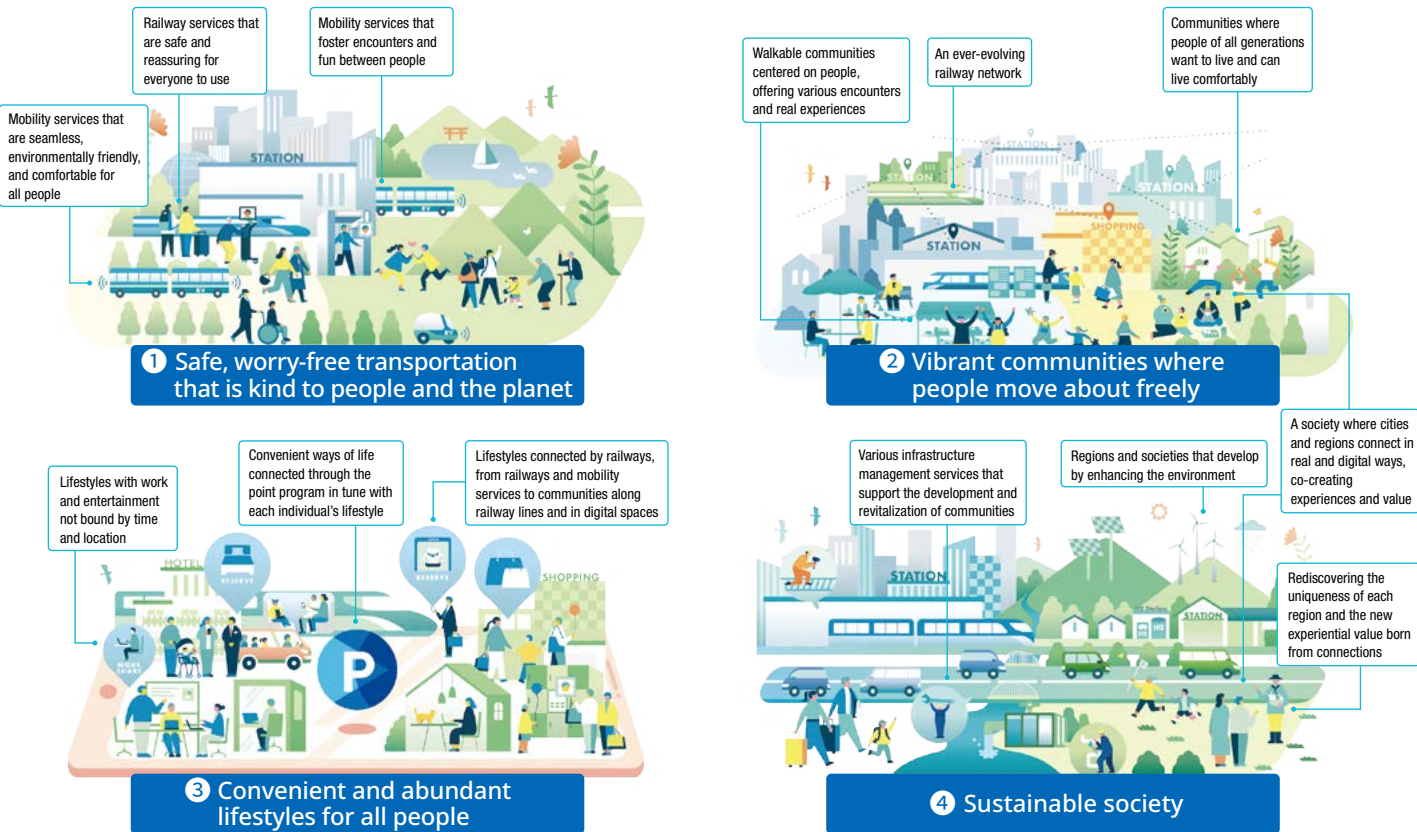
Evolve connections among people, communities, and societies

Stir hearts

Drive the future

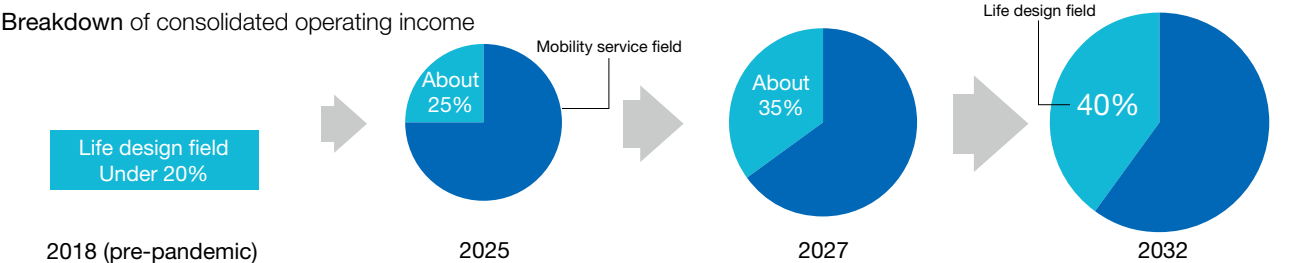
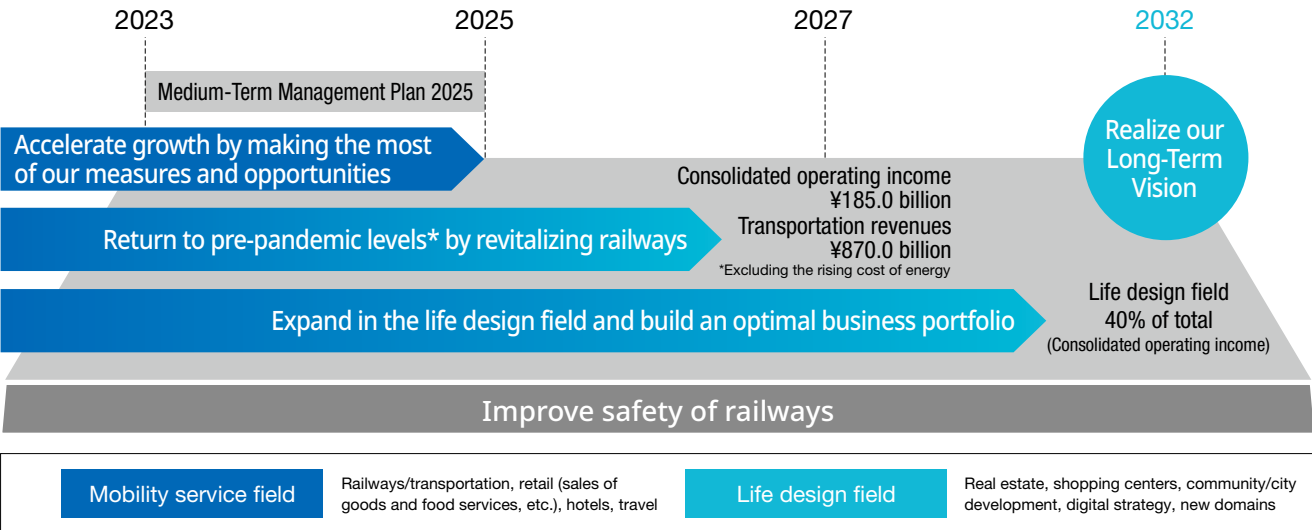
Long-Term Vision 2032

4 visions	The future we want to realize
1 Safe, worry-free transportation that is kind to people and the planet	A future where transportation is established and recognized as a seamless service
2 Vibrant communities where people move about freely	A future where the appeal of communities improves, leading to an increase in permanent residents, exchange, and related populations
3 Convenient and abundant lifestyles for all people	A future where the fusion of the good aspects of the real world and the digital world greatly enhances individual experiences
4 Sustainable society	A future where a sustainable social system is built through collaboration with various partners



Striving to realize our Long-Term Vision

To achieve this Long-Term Vision, we will remain committed to improving railway safety, revitalize the mobility service field centered on railways, expand the life design field, and build an optimal business portfolio. This will allow us to grow into a corporate group that will achieve sustained value creation in the future.



Medium-Term Management Plan 2025—Post-Pandemic Challenges

In the Medium-Term Management Plan 2025, based on its positioning as the first step towards realizing the Long-Term Vision, we set forth five key strategies to accelerate growth by making the most of the opportunities at hand in order to recover to the pre-pandemic level at an early stage. In addition, we will work on coexistence with local communities, the global environment, human capital management, governance, risk management, and human rights to achieve sustainable management. For more information about each item, see the relevant page.

Group efforts to achieve Medium-Term Management Plan 2025	Key strategies	1 Improve safety of railways	P21	Initiatives to realize sustainability management
		2 Revitalize and restructure core businesses (railway business, group businesses)	P29	
		3 Further evolve real estate and city development	P33	
		4 Develop diverse services via digital strategy	P35	
		5 Create new businesses	P37	

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Value creation model of the JR-West Group

The following value creation model shows how the JR-West Group will continue to create value in the future based on Our Purpose, Long-Term Vision, and Medium-Term Management Plan.

The entire Group will work together to play a greater role in society as we steadily carry out each initiative of the value creation model and evolve connections among people, communities, and societies to stir the heart and drive the future, as stated in Our Purpose.

Business activities of the JR-West Group

The JR-West Group will give top priority to improving the safety of railways. It will work to implement structural reforms of both income and expenditure, improve the field of mobility services such as creation of mobility demand centered on the Shinkansen, and actively expand the field of life design to create value that is closely connected to customers' lives. In addition, we will further develop community and city development, maximize synergies through the Group's digital strategy, and create new businesses to realize our Long-Term Vision.

We will grow into a corporate group that realizes sustained value creation by recirculating as inputs "Enhancing peace of mind, reliability, and connections," "Enhancing networks and data that provides insight through increases in service touch points/traffic," and "Expanding innovation and enhancing employee motivation," which are generated by achieving social and economic value through these business activities.

