

# Message from the CFO

Chief Financial Officer



Head of operations;  
Director and Senior Managing  
Executive Officer;  
Senior General Manager of  
Corporate Strategy Headquarters (CFO)  
**Yasuo Umetani**

## Aims as general manager of the Corporate Strategy Headquarters

My name is Yasuo Umetani, and I assumed the position of senior general manager of Corporate Strategy Headquarters (CFO) in June 2025. In carrying out my responsibilities as CFO, there are two key aims that I will closely adhere to. The first is ensuring safety remains the foundation of the JR-West Group. In my time working at our branch offices and group companies, which are the frontlines of the Group and are close to our customers, I have practiced the principle of the “three actuals,” i.e., have an understanding of the actual place, the actual thing, and the actual situation, and I have endeavored to meet customer expectations through a safety-first approach. I am determined to never allow a tragedy like the

Fukuchiyama Line derailment accident to occur and will thus tackle business issues with safety as top priority. Second, I will leverage my experience working with various stakeholders to foster a thoroughly customer-oriented approach and ensure on-site thinking and actions, thereby boosting employee job satisfaction and enhancing corporate value through sustained growth as a corporate group responsible for social infrastructure. Despite the increasingly severe business environment, I will continue to focus on where the significance of our existence is found and ensure the JR-West Group works as one to meet the expectations of our stakeholders, based on our foundation as a railway company deeply rooted in the local community.

### Financial targets

		FY2025 (results)	FY2026 (Earnings forecast)	FY2026 (updated Medium-Term Management Plan figures)
Ability to generate profits	Consolidated operating income	¥180.1 billion	¥195.0 billion	¥185.0 billion
	EBITDA	¥349.5 billion	¥379.0 billion	¥370.0 billion
	(Reference) Transportation revenue	¥892.6 billion	¥930.0 billion	¥905.0 billion
Management efficiency	Consolidated ROA	4.8%	5.1%	Approx. 5%
	Consolidated ROE	10.1%	10.1%	Approx. 10%
	(Reference) Consolidated ROIC	4.7%	Approx. 4.8% (expected at beginning of period)	—
Financial discipline	Net interest-bearing debt/EBITDA	4.0x	Approx. 4x	Approx. 4x
Business composition	Ratio of life design field to operating income	20%	22% (expected at beginning of period)	Approx. 25%

Note: As of the second quarter

## Updating the Medium-Term Management Plan 2025

We have positioned the Medium-Term Management Plan 2025 as the first step in realizing Our Purpose, which expresses the significance of the JR-West Group’s existence, and our Long-Term Vision, which lays out the future we seek to realize in the medium to long term. In April 2024, we updated the Medium-Term Management Plan 2025 in response to changes in the business environment, such as rising prices and labor shortages, and we aim to build a solid business foundation to achieve sustained growth.

Regarding resource allocation, we have prioritized safety-related investment and have actively invested in large-scale project- and inbound demand-driven revitalization of core businesses, new businesses aimed at further growth, and our ability to adapt to and create change (human capital). While maintaining the three-year safety-related investment (340 billion yen) at the level set out in the Medium-Term Management Plan 2025, we have, with a view to expanding the life design field, also allocated significant resources to growth investments, such as projects in Osaka and Hiroshima, asset expansion in the Tokyo metropolitan area, and digital strategy-driven expansion of the WESTER world and the new Wesmo! payment service. Furthermore, with the aim of quickly restoring capital efficiency to pre-pandemic levels, we have implemented share buybacks totaling 100 billion yen by the first half of 2025.

## Performance and results

In the Medium-Term Management Plan 2025 period, we have steadily implemented key strategies and are on track to achieve most of the financial targets updated during that period. For Expo 2025, we provided transportation services to the Expo site by train and bus, operated an official store on the site, and held various events to build momentum for the Expo at stations and group company commercial facilities. To prepare for the expansion of inbound demand, we expanded our offerings, including multilingual guides and special products for inbound tourists that enable

smooth travel to tourist destinations within our service area. By steadily capturing demand from the Expo and inbound tourists in this way, we expect consolidated operating income to reach 195 billion yen, marking a fifth consecutive year of income growth.

In Osaka, we converted land formerly used by the railway line into commercial use, thereby increasing asset value and creating new activity on the west side of Osaka Station. Utilization of the commercial facilities is strong, and there is steady progress in the office lease rate. This redevelopment has created a virtuous cycle that leads to growth in the real estate business and an increase in the number of people using the railway. In Hiroshima, a new station building opened in March, and in August, a streetcar line was added to the second floor of the station building, further improving convenience. The opening of the new station building has increased mobility within the city, and with the progress in new redevelopment, we expect to create even more activity. Through this kind of city development centered on stations to create local appeal, we will foster a cycle in which customer needs are met, which in turn leads to new flows of people. The entire JR-West Group will work together as one to maximize the profits of each business.

Meanwhile, various costs, particularly personnel and operational expenses, are increasing due to labor shortages and inflation, which progressed more rapidly than expected during the Medium-Term Management Plan 2025 period. It is expected that the increase in depreciation and amortization due to expanded investment in improving labor productivity in preparation for future labor shortages, as well as the increase in personnel expenses due to human capital investment, will have an impact on our cost structure. At the same time, we will continue to work on other efforts such as countermeasures against increasingly severe disasters and earthquakes and the realization of sustainable regional transportation. Meanwhile, progress on new strategies in the life design field, such as our digital strategy and the JCLaaS business, has been slower than expected. Therefore, the proportion of the life design field in consolidated operating income is expected to fall short of its target.

### Financial strategy and shareholder returns

	Pre-pandemic 5-year average (FY2016–FY2020)	FY2023 (previous Medium-Term Management Plan results)	FY2026 (After treasury stock acquisition and cancellation (estimate))
ROE	9.9%	8.8%	10.1%
EPS	¥248.6	¥181.6	¥258.1
DPS (Dividend per share)	¥79.5	¥62.5	¥90.5



## Message from the CFO

### Direction of the next medium-term management plan

In response to challenges such as rising prices and labor shortages, we will further our efforts to ensure the sustained evolution of railways in our next medium-term management plan. At the same time, we will expand our life design business, including through capital strategies, by accelerating the growth of our real estate business, which drives this business. Furthermore, we aim to enhance the roles of each business and the synergies between businesses, while also improving consolidated profitability through resource allocation with an awareness of capital costs, thereby enhancing long-term corporate value.

### Business portfolio strategy

To enhance long-term corporate value, it is essential to achieve Group growth through the sustained evolution of railways and the restructuring of our business portfolio. In the Group's business portfolio strategy, we believe that the mobility services field (railways and transportation, retail, hotels, and travel) will contribute to sustained value creation as the Group's business foundation, thanks to its stable cash flow and solid customer base. In the life design field (real estate, shopping centers, and community and city development), we will accelerate profit growth by expanding the scale of investments. We will also improve capital efficiency through the effective use of funds and REITs, and appropriately assess the timing of investment recovery, moving into a phase of efficient profit generation. At the same time, we will continue to work in areas where we can leverage the capabilities we have cultivated through group-wide initiatives, such as digital and infrastructure management.

#### Enhancing long-term corporate value



#### Utilization of business-specific ROIC to develop business portfolio management Responding to a rapidly changing business environment

- Regularly review the positioning and role of each business in the business strategy
- Prioritize capital investment according to the growth potential and characteristics of each business, and manage according to established KPIs (Contribution to improving corporate value through ROIC-WACC spread and the scale of invested capital)
- Improve the safety, and sustain the evolution of, railway business; restructure the business portfolio to expand the life design field and improve accountability to reduce cost of shareholders' equity
- Enhance dialogue with capital markets and stakeholders regarding financial soundness and optimal capital structure

### ■ Growing labor shortage



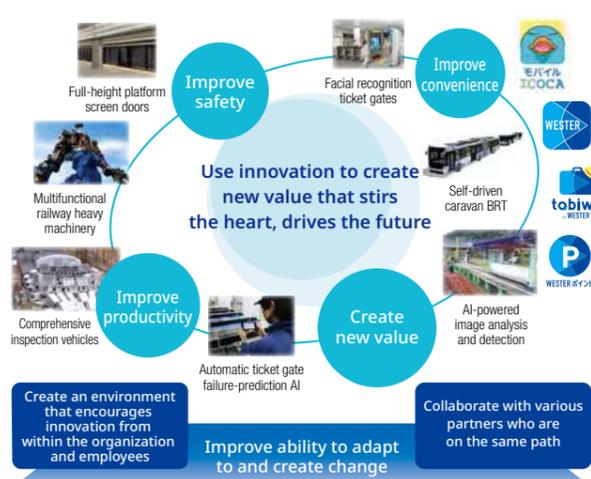
\*Estimated based on the decline in the working-age population, taking into account the ability to secure human resources by industry

To achieve sustained business growth, we will quantitatively and qualitatively examine the significance of each business we hold, taking into consideration multiple perspectives, such as comparisons with other companies in the industry and synergistic effects. We will consider restructuring or other measures for businesses that are deemed to have little significance. In addition, we will aim to grow new businesses by utilizing capital strategies in order to make up for the current delay in progress.

### Sustained evolution of railways

In the railway business, we will strive to expand profits by further developing seating and high-grade services in response to growing customer demand, as well as by making investments that fully capture opportunities such as the planned opening of the Osaka integrated resort in Yumeshima in fiscal 2031 and the expansion of

### ■ Using innovation to achieve our Long-Term Vision



inbound demand. We will also strengthen the allocation of resources to labor-saving and manpower-saving measures in response to labor shortages and will proceed with the sharing of rolling stock equipment and parts with other companies. This will enable us to curb fixed costs in the medium to long term and also lead to external sales of our know-how and technology.

The source of value creation in railways is human resources, and we believe that allocation to human capital, including the supply chain, is necessary. However, in order to make such human capital investments, a fare system that appropriately rewards corporate efforts is necessary, and we will continue to request this of the government. For local lines, we will work with local communities to consider sustainable transportation systems that meet the needs of each region.

### Financial strategy

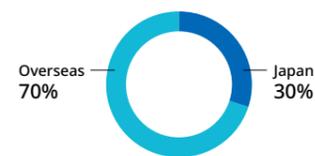
In terms of finances, we are forecasting ROA of approximately 5% and ROE of approximately 10% in the final year of the Medium-Term Management Plan 2025, thanks to focusing on profit growth and capital efficiency. Furthermore, under the Medium-Term Management Plan 2025, we are targeting dividend increases by expanding the profits of each business, based on a dividend payout ratio of 35% or more. By proceeding with share buybacks even before the end of the Medium-Term Management Plan 2025, we expect EPS to recover to pre-pandemic levels. We are also working to reduce weighted average cost of capital (WACC), which weighs on share price increases.

In the next medium-term management plan, we will consider utilizing debt at an appropriate scale while maintaining financial discipline that can withstand a certain level of risk. In the past, under a low interest rate environment, we actively implemented

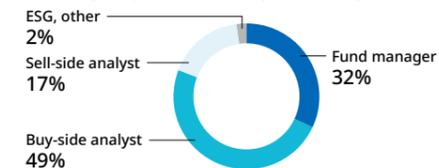
### ■ Dialogue with shareholders and investors (April 1, 2024 to March 31, 2025)

Overview of shareholder and investor dialogue (about 310 sessions)

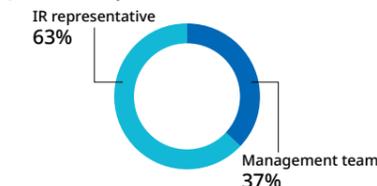
#### Japan/overseas



#### Counterparty area of responsibility



#### JR-West representative



#### Major IR events and participants

Date	IR event	Description	Principal briefer
Aug.	Financial results briefing (FY2025 1Q)	FY2025 1Q results	CFO
Nov.	Financial results briefing (FY2025 2Q)	FY2025 2Q results	Vice president
Jan.	Financial results briefing (FY2025 3Q)	FY2025 3Q results	CFO
May	Financial results briefing (FY2025 full-year)	FY2025 full-year results, FY2026 forecast	President
	Small meetings	Strategic dialogue between analysts, institutional investors, and president	President

#### Feedback to executive management

Description	Frequency	Feedback sent to	Reporting method
Summary of dialogue	2Q, end of year	Board of Directors	Consideration by the Board of Directors
Summary of analyst reports	Quarterly	President, CFO, others	Direct or by email, etc.
Suggestions during dialogue	As needed	CFO, related departments, others	Direct or by email, etc.



ultra-long-term borrowings that maximized our creditworthiness. As a result, we have been able to extend the average remaining maturity. In the future, we will also utilize short-term borrowings, keeping in mind the need to limit the impact of the current rise in market interest rates on funding interest rates.

With regard to our returns policy, we recognize the importance of stable dividends and intend to continue to adhere to this policy in our next medium-term management plan. In fiscal 2025, we held an IR Day to hold dialogue with our outside directors and explained our digital strategy. We have also worked to reduce cost of shareholders' equity by increasing the clarity of our business strategy, such as by reviewing the information we provide in our integrated report, fact sheets, and financial results briefing materials based on feedback from investors.

### To our shareholders

To ensure that shareholders and investors understand the progress and outlook for the above initiatives, we will continue to enhance opportunities for dialogue, such as information disclosure, one-on-one meetings, small meetings, and securities company conferences. We will continue to actively utilize opportunities for dialogue to meet the expectations of our stakeholders and will incorporate their opinions into our business to improve corporate value.