

JR Central Group's Vision

Toward the future 30 years
from now



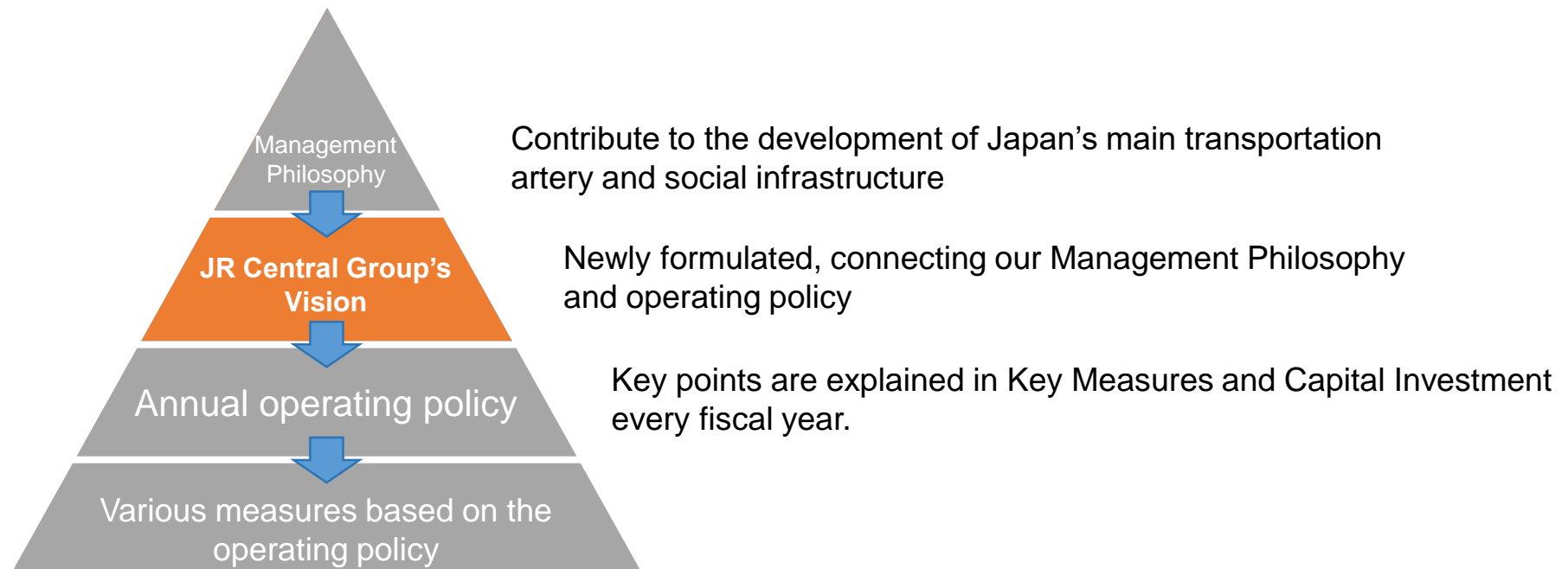
Formulation of JR Central Group's Vision for the future 30 years from now

Purpose

The JR Central Group's Vision was formulated as our direction to proactively move forward, rather than being passive, in response to social changes expected in the next 30 years from now, such as technological advances and further population decline.

Positioning

It connects our Management Philosophy and annual operating policy. It is to share a common "target point" throughout the JR Central Group for moving forward toward without wavering in the face of difficult challenges in this era of rapid changes.

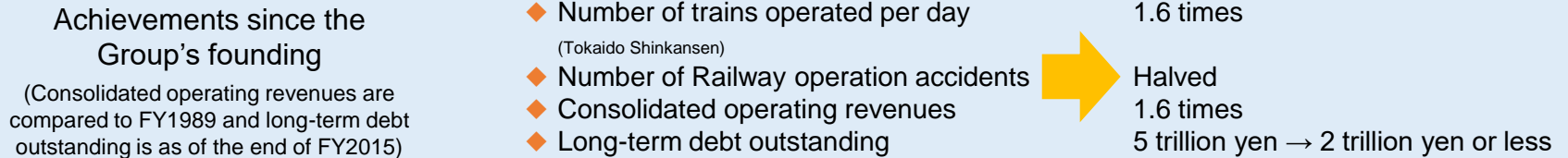


Why the “Vision” now?

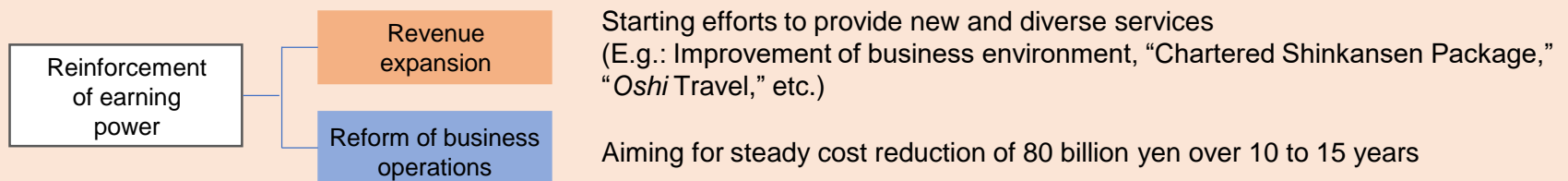
◎ The roles that the railway has played since its opening in the early Meiji period



◎ The JR Central Group’s mission: “Contribute to the development of Japan’s main transportation artery and social infrastructure”



◎ Starting afresh after the COVID-19 pandemic

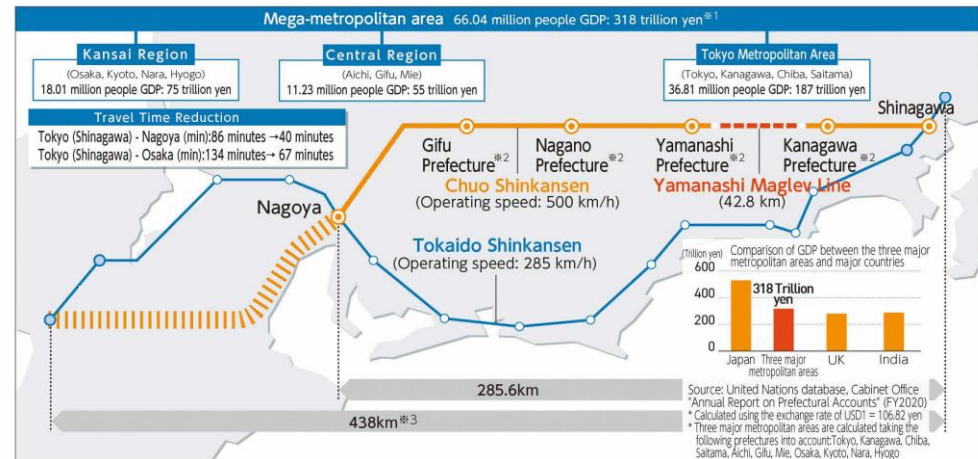


Declaring the determination to “open up the future” at the timing of this new start

Conditions Surrounding the JR Central Group 30 Years From Now

(1) Full-line commercial operation of Chuo Shinkansen (Between Tokyo and Osaka)

- By making Japan's main transportation artery a dual system, national resilience will be enhanced.
- The Japan Central Corridor connecting Tokyo, Nagoya, and Osaka will be formed. (Overwhelming speed achieved by the Superconducting Maglev)
- New flows of people will be created in areas around intermediate stations.
- Tokaido Shinkansen will have extra transport capacity.



*1 Population: Ministry of Internal Affairs and Communications "Population, Demographics and Number of Households Derived from Basic Resident Registration" (January 1, 2024), GDP: Cabinet Office "Annual Report on Prefectural Accounts" (FY2020)

*2 Intermediate station names are tentative.

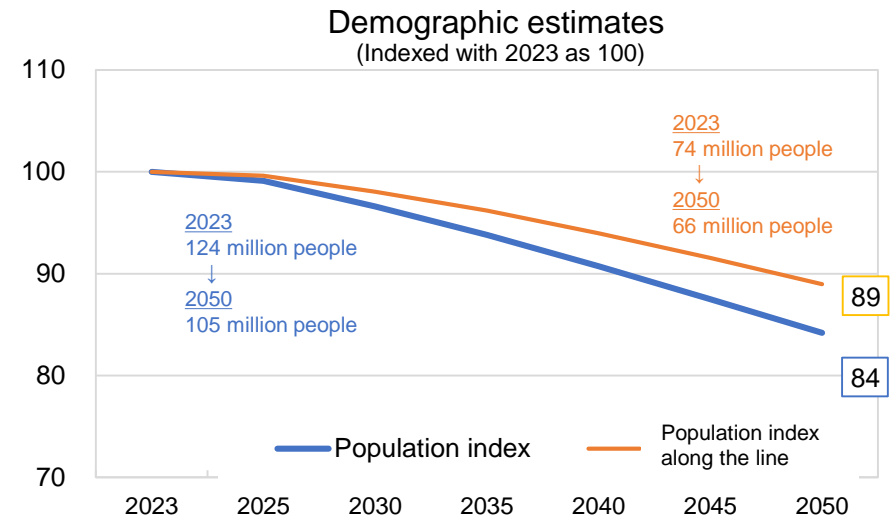
*3 The Survey Report of the Chuo Shinkansen section between Tokyo and Osaka (December 2009)

(2) Technological development

- ICT, AI, XR and all other technologies will develop and further permeate the way people live and work.

(3) Population decline and other social changes

- The population is expected to decrease by about 20% in 30 years.
- Other expected social changes include an increase in inbound tourism, increased leisure time due to the use of technology, and heightened environmental awareness.



Source:

National Institute of Population and Social Security Research "Population and Household Projections for Japan (2023 estimates)"
Statistics Bureau of Japan, Ministry of Internal Affairs and Communications
"Population Estimates (as of October 1, 2023)"

Population along the line: Population of Saitama, Chiba, Tokyo, Kanagawa, Yamanashi, Nagano, Shizuoka, Aichi, Gifu, Mie, Shiga, Kyoto, Osaka, Hyogo and Nara Prefectures is totaled.

Outline of the JR Central Group's "Vision"

- Placing the highest priority on safety, support main transportation artery by operating the Chuo Shinkansen and Tokaido Shinkansen while contributing to the revitalization of social and economic activities together with conventional lines and Group businesses.
- In addition to creating new travel demand through the realization of the Chuo Shinkansen, work with communities along the line to create attractive areas and increase the flow of people, thereby capturing new demand.
- Diversify the services offered and provide better services while utilizing the latest technology, and secure revenues by setting prices appropriate to the services.
- Continuously work on "Reform of Business Operations" and the subsequent establishment of an efficient business execution system to cope with labor shortages.
- To achieve this, hone our technical capabilities and improve the quality of human resources while placing the highest priority on safety.
- Grow sustainably as a company and benefit all stakeholders.

Actions for the next 30 years —Tackling the challenge of a society with a declining population—

- A leap forward in main transportation artery with the Chuo Shinkansen
- JR Central Group-wide initiatives
- Diversification of services offered
- Further acquisition of inbound demand
- More convenient and smooth use
- Securing revenues by setting prices appropriate to the services provided
- Securing revenues by utilizing railway technology and assets
- Contribution to global environment preservation by promoting railway use

E.g. Introduction of a premium class (semi-private booths) to Tokaido Shinkansen



Image of the premium class (semi-private booth)

Management that focuses on all stakeholders



Honing "technologies"

- Further enhancement of safety
- Provision of better services
- Lean structure for business operation
- Global environment preservation

"Human resources" play the main role.

- Improved abilities of employees
- Establishment of a comfortable working environment
- Strong organization capable of responding to changes

Expectations for employees

- Challenging spirit
- Technical capabilities
- Open attitude

- Provision of safe, accurate, and comfortable services
- Realization of a comfortable society
- Development of local communities
- Preservation of global environment
- Creation of a rewarding workplace
- Sustainable corporate growth and shareholder returns

The foundation of everything: Safety

Image of Actions for the Next 30 Years

A leap forward in main transportation artery with the Chuo Shinkansen / JR Central Group-wide initiatives

- In addition to creating new travel demand through the realization of the Chuo Shinkansen, work with communities along the line to create attractive areas and increase the flow of people, thereby capturing new demand.
- Make Group-wide efforts to advance the above initiatives, leveraging the strengths of the JR Central Group.

➤ Chuo Shinkansen

Aim to increase the value of areas along the Chuo Shinkansen line by working with local communities to promote residence and tourism and providing support for the development of secondary transportation, such as on-demand transportation.



➤ Common actions

❑ Improving functions of stations

Concentrate various daily life-supporting services (government services, medical care, disaster prevention centers, childcare facilities, etc.) at stations in cooperation with local governments, companies, NPOs, etc.

❑ Increasing the appeal of the areas along the line as tourist destinations

Utilizing ICT technology, strengthen the gateways that connect virtual to real experiences, such as providing information tailored to individual preferences and simulating travel destinations.

❑ Tourism resource development

Consider operating new tourist trains that take advantage of local attractions, as well as discovering untapped tourism contents.

➤ Tokaido Shinkansen

By taking advantage of the extra transportation capacity created by a shift of some Nozomi passengers to the Chuo Shinkansen, increase the convenience of using the Shinkansen at the station in each prefecture and also work to improve the value of the areas along the Tokaido Shinkansen line.

Image of Actions for the Next 30 Years

Diversification of services offered

Changes in people's lifestyles and interests

- ✓ Increased leisure time due to reduced commuting time and improved efficiency in housework thanks to the expansion of digital technology
- ✓ New ways of working, such as workcation and dual residence
- ✓ Longer healthy life expectancy due to advances in medical technology, etc.

Diversified services with flexible ideas

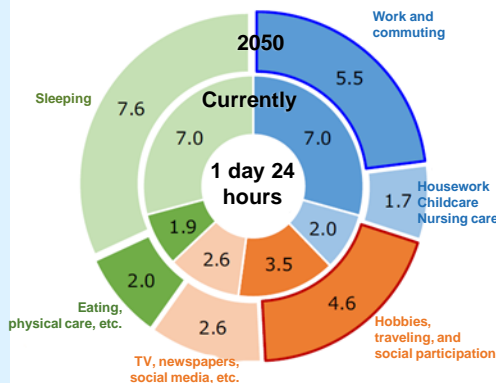
- ✓ Enhanced in-car entertainment and audiovisual spaces using the latest IT technology, etc.
- ✓ Providing high-quality facilities and services for high net worth customers

According to surveys by Mitsubishi Research Institute, Inc.

- Regarding the use of time when digital technology advances, respondents indicated that they would like to use the time saved from work and commuting for hobbies, travel, and social participation.
- Due to the decline in living costs thanks to the expansion of digital technology, consumer goods industries are expected to shrink while value-driven industries are expected to expand.

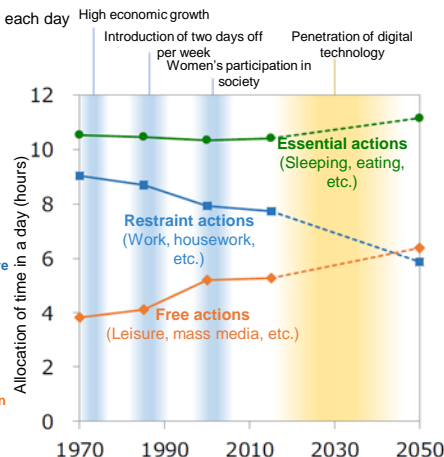
Want to reduce time for work and commuting and increase time for hobbies, travel, and social participation

How individuals currently spend and hope to spend their time each day

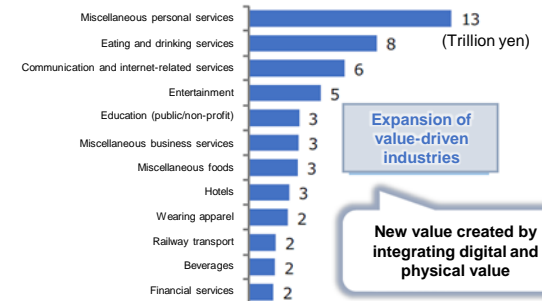


Note: Respondents were asked about how they would spend their time each day when digital technology advances, and the current situation. Essential actions include sleeping and eating, restraint actions include work, housework, and study, and free actions include leisure activities and contact with mass media.

Source: Prepared using data from Mitsubishi Research Institute "Future Society 2050 survey" (N=5,000) and NHK "National Time Use Survey"



Economic ripple effects of digitization by industry



Note: Value added as of 2017 compared with estimated value as of 2050 based on the future input-output table prepared by Mitsubishi Research Institute based on the Cabinet Office "SNA input-output table"
Source: Mitsubishi Research Institute

“Human resources” play the main role. (1)

- Human resources are the greatest management resource, and this belief will not change in the future.
- We aim to realize a virtuous cycle in which the productivity of each employee is increased, the corporate performance is improved, return to employees is achieved, and both the company and employees continue to grow.

Improved abilities of employees

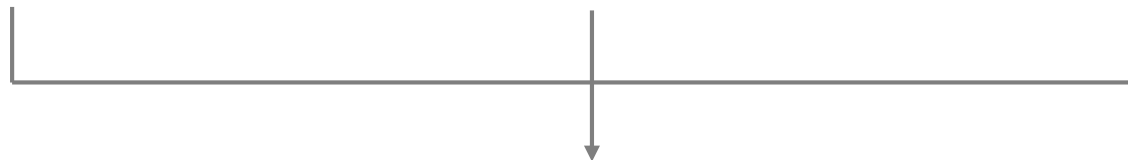
- Improve employees' ICT skills.
- Visualize skills and provide educational opportunities for all levels.
- Utilize ICT in training to ensure safe and stable transportation.

Establishment of a comfortable working environment

- Replace dangerous, dirty, and difficult jobs with robots and machines.
- Enhance systems to accommodate employees with various circumstances.
- Discuss ways of conducting business that allow diverse employees to play more active roles.

Strong organization capable of responding to changes

- Employees can focus on operations that require decision making or creativity.
- Share the direction the organization aims for so that employees can think, act, and demonstrate their capabilities.
- Continue to strengthen teamwork and unity.

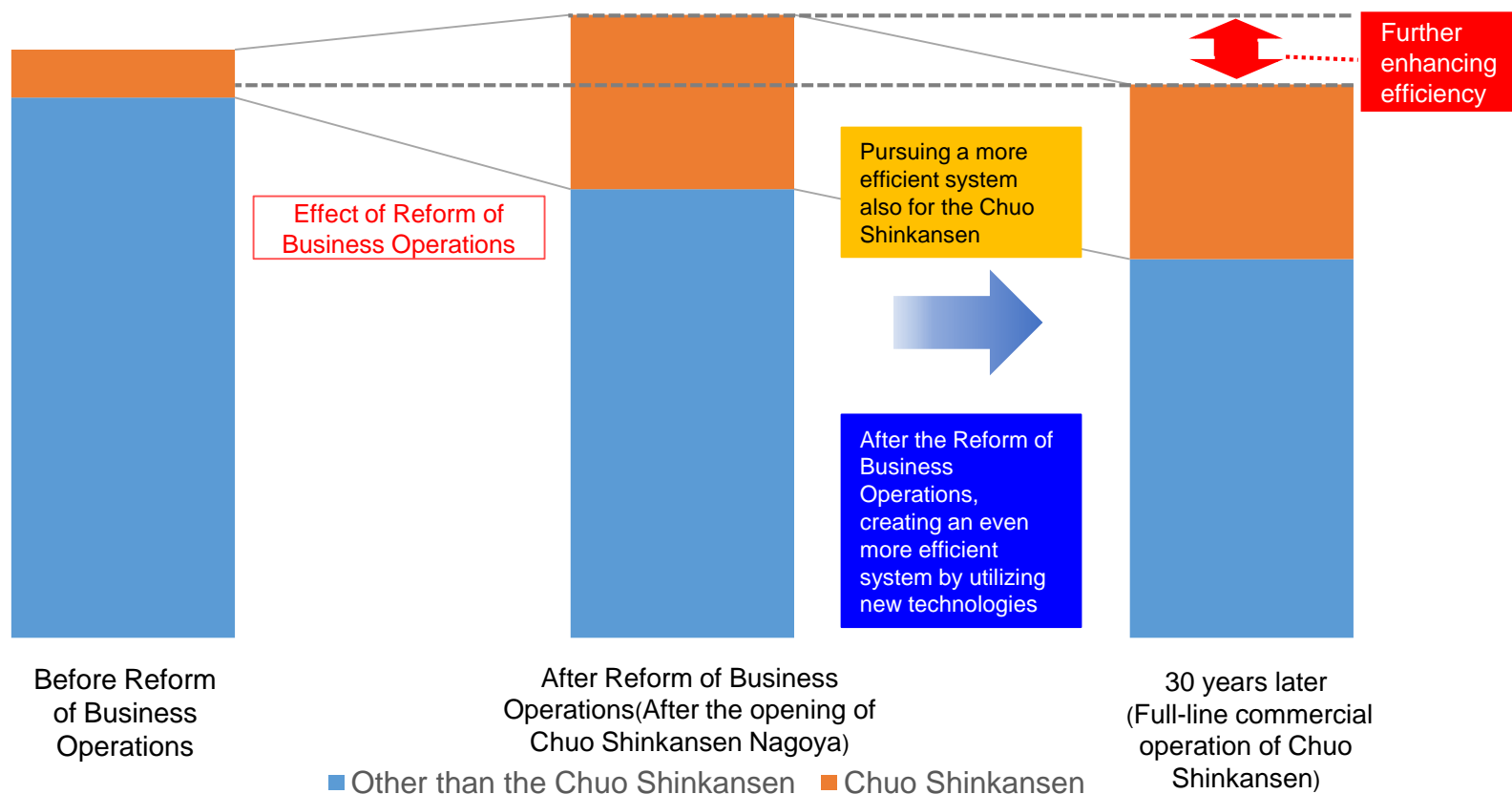


Respond to future social changes with a small organization with selected members.

“Human resources” play the main role. (2)

To operate three generations of railway - the Chuo Shinkansen, Shinkansen, and conventional lines - in a society with a declining population, we will continue to promote Reform of Business Operations while utilizing ICT and other latest technologies. After that, we will also work tirelessly to build an efficient business execution system.

(Image of changes in the number of employees working for JR Central)



Management that focuses on all stakeholders

- By continuing to fulfill our mission and growing sustainably as a company, we will benefit all stakeholders, including shareholders.
- During the construction of the Chuo Shinkansen, we will maintain stable dividends to enhance internal reserves to secure construction funds.
- After the full opening of the Chuo Shinkansen line, we aim to increase our ability to generate cash flow, make further growth investments, and increase shareholder returns.

