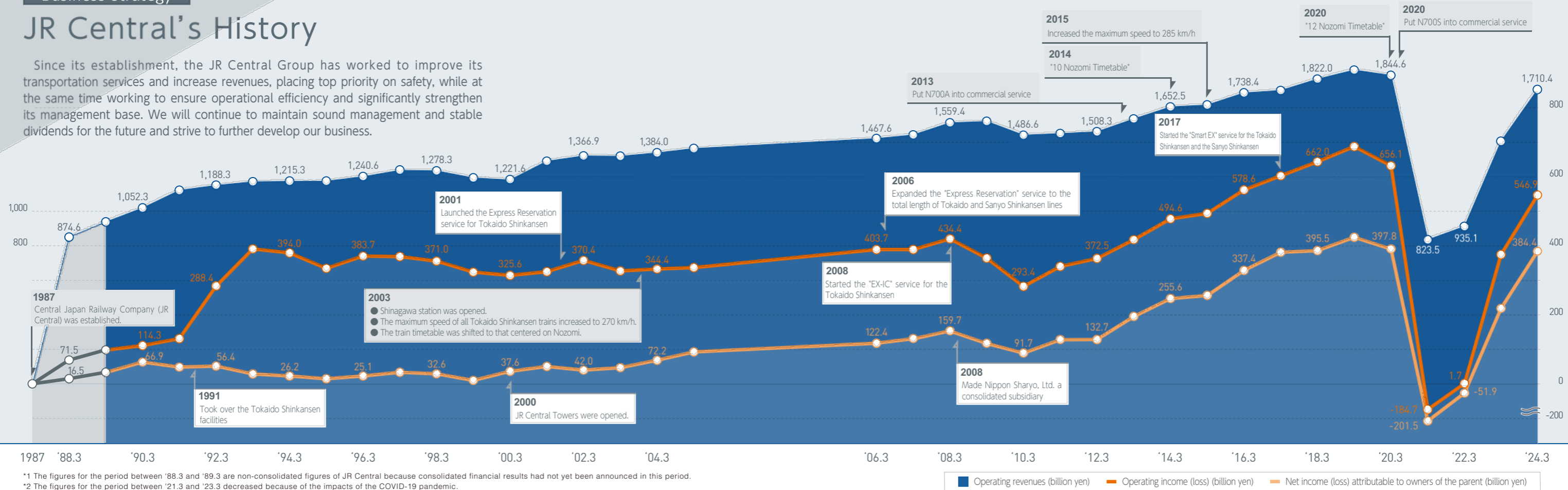


Business Strategy

JR Central's History

Since its establishment, the JR Central Group has worked to improve its transportation services and increase revenues, placing top priority on safety, while at the same time working to ensure operational efficiency and significantly strengthen its management base. We will continue to maintain sound management and stable dividends for the future and strive to further develop our business.



*1 The figures for the period between '88.3 and '89.3 are non-consolidated figures of JR Central because consolidated financial results had not yet been announced in this period.
 *2 The figures for the period between '21.3 and '23.3 decreased because of the impacts of the COVID-19 pandemic.

JR Central Established by the Privatization and Breakup of JNR

On April 1, 1987, JR Central was established as a result of the privatization and breakup of the Japan National Railways (JNR).

JNR, the predecessor of JR Central, was created in 1949, taking over Japan's railroad business, which was a state-run business at the time, as a public entity. Although JNR supported Japan's development through the provision of efficient transportation for the Japanese people, due to its poor management in the form of a public corporation, it incurred debts of over 30 trillion yen, largely as a result of the creation of new lines with unclear management responsibilities and a disregard for profitability. At the same time, it was in a serious condition where it was unable to respond quickly to the market trends.

Under these circumstances, the "JNR reform" was undertaken to review the role of the railroad business operated by JNR for the future. In 1987, as part of administrative reform, JNR's operations were taken over by 11 successor corporations, with the objective of restructuring the railroad business as a means of transportation for the people and further developing it for the future by breaking up and privatizing JNR's transportation operations to ensure sound corporate management.

Since the breakup and privatization of JNR, JR Central has steadily progressed as a private company while taking over the public and social mission that JNR had assumed.



Photograph from the time of privatization "Hida #1" departure ceremony (April 1, 1987, at Nagoya Station)

JR Central Consistently Improving Transport Services on the Tokaido Shinkansen

With the inauguration of the Tokaido Shinkansen in 1964, the travel time between Tokyo and Osaka was reduced to 3 hours and 10 minutes (4 hours at the time of inauguration) from 6 hours and 30 minutes. Furthermore, with the introduction of the "Nozomi" in 1992, that time was reduced to a minimum of 2 hours and 30 minutes.

In October 2003, the investment in rolling stock and ground facilities that we had constantly engaged in for approximately 15 years culminated with the upgrading of the maximum speed of all Tokaido Shinkansen trains to 270 km/h and the drastic timetable revision, which allowed a maximum of seven "Nozomi" services operating each hour.

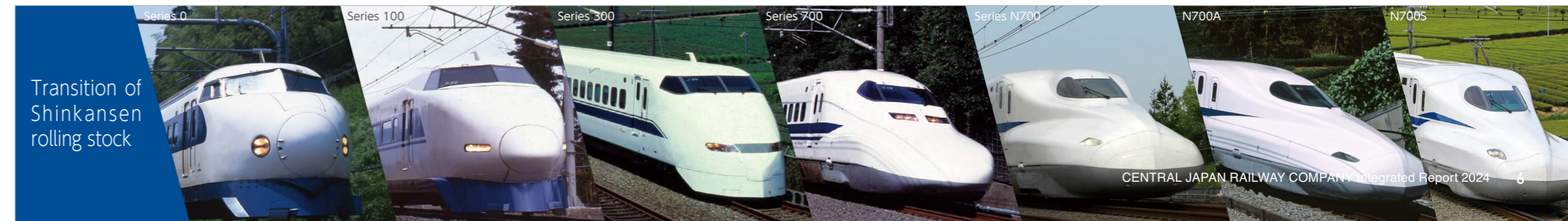
With the introduction of the "10 Nozomi Timetable" (operating up to 10 Nozomi trains per hour) in 2014

and the increase in maximum speed to 285 km/h in 2015, the shortest travel time between Tokyo and Osaka has now been reduced to 2 hours and 21 minutes. With the timetable revision of March 2020, we realized the "12 Nozomi Timetable," which operates up to 12 Nozomi trains per hour (1 every 5 minutes on average) during busy hours. In July of the same year, we began commercial operation of the new N700 Series Shinkansen, which incorporated the results of our accumulated technological development over the years, making the Tokaido Shinkansen even more convenient to use.

JR Central Establishes a Solid Management Base

	FY1987	FY2019	FY2023
Railway operation accidents (cases per year)	60	17 (significantly decreased)	32
Passenger volume (10,000 people per day)	27.9	45.8 (1.6 x)	43.2
Number of services (trains per day)	231	378 (1.6 x)	372
Maximum speed (km/h)	220	285 (+65km/h)	285
Operating revenues (billion yen)	874.6 *1	1,844.6 (2.1 x)	1,710.4
Operating income (loss) (billion yen)	71.5 *1	656.1 (9.2 x)	607.3
Net income (loss) attributable to owners of the parent (billion yen)	16.5 *1	397.8 (24.1 x)	384.4
Long-term debt (trillion yen)	5.5 *2	1.8 *3 (-3.6 trillion yen)	1.8 *3

*1 Non-consolidated figures *2 Figures for FY1991 *3 Excluding long-term debt for the Chuo Shinkansen



Transition of Shinkansen rolling stock