

TOP MESSAGE

Business Strategy

We aim to increase our cash flow generating capabilities through Revenue Expansion and Reform of Business Operations to secure profits for shareholders and all other stakeholders and increase our corporate value further.

President and Representative Director **Shunsuke Niwa**



JR Central's approach to management

My name is Shunsuke Niwa, and I am the president. I would like to express my sincere gratitude for your continued support for the management of the JR Central Group.

I would first like to explain my approach to managing JR Central and our recent initiatives.

As a railway operator, our top priority is ensuring safety, and by maintaining safety on a daily basis, we have earned the trust of our customers. We relentlessly pursue safety in both physical and non-physical terms by steadily making capital investments and enhancing the competence of our employees through employee education and training.

The market area of JR Central's railway business, which is the area connecting Tokyo, Nagoya, and Osaka, is Japan's main transportation artery helping to sustain the nation's economy and is experiencing exceptionally strong demand. We have addressed this strong demand by enhancing the transportation capacity of the Tokaido Shinkansen on

the basic premise that safety is ensured and are working to enhance customer convenience through measures such as improving the EX Service, while concurrently enhancing our earnings. These efforts culminated in the timetable revision in March 2020, which saw the introduction of the "12 Nozomi Timetable," which allows for up to 12 Nozomi trains per hour (on average, one train every five minutes) during peak travel times.

However, since the COVID-19 pandemic, the business environment surrounding us has been changing significantly and rapidly. We are accurately responding to these changes and working on Revenue Expansion and Reform of Business Operations to increase our ability to generate cash flows. Furthermore, we will use the cash flow generated to invest in safety, the Chuo Shinkansen, and other growth investments, as well as to improve shareholder returns, thereby benefiting all stakeholders, including shareholders, and ultimately further increasing our corporate value.

Our growth strategy

JR Central has responded to robust business and tourism demand by increasing the transport capacity and convenience of the Tokaido Shinkansen.

With regard to business demand, simple communication and coordination matters have been replaced by remote technology in the wake of the COVID-19 pandemic, but the need for real face-to-face interaction for work that creates added value remains unchanged, and we will continue to capture business demand by providing comfortable and convenient transportation services.

As for tourism demand, in Kyoto and Nara, our area's most important tourism assets, we continue to run ongoing promotional campaigns to encourage greater use of the Shinkansen, particularly for travel from the Tokyo metropolitan area to the Kansai area. Since March 2025, we have been promoting the new Tokyo Campaign to attract customers traveling to the Tokyo metropolitan area.

While these initiatives will continue, we are also focusing on stimulating new demand and implementing pricing strategies to achieve Revenue Expansion.

To stimulate new demand, we are using new ideas that are not bound by conventional practices, such as "Oshi Travel" and "Chartered Shinkansen Package," to meet a variety of needs through collaborations with local communities along our train lines, as well as other companies. We are also collaborating with rights holders of anime, game, and movie contents to encourage customers to create their own travel purposes. We are also rolling out more effective advertising by making inbound tourists to Japan a new priority target in order to firmly capture the growing demand from international visitors to Japan and increase revenue. In addition, we are strengthening partnerships with overseas travel agencies specializing in inbound tourism to strengthen sales measures by broadening our sales channels and enhancing convenience for customers

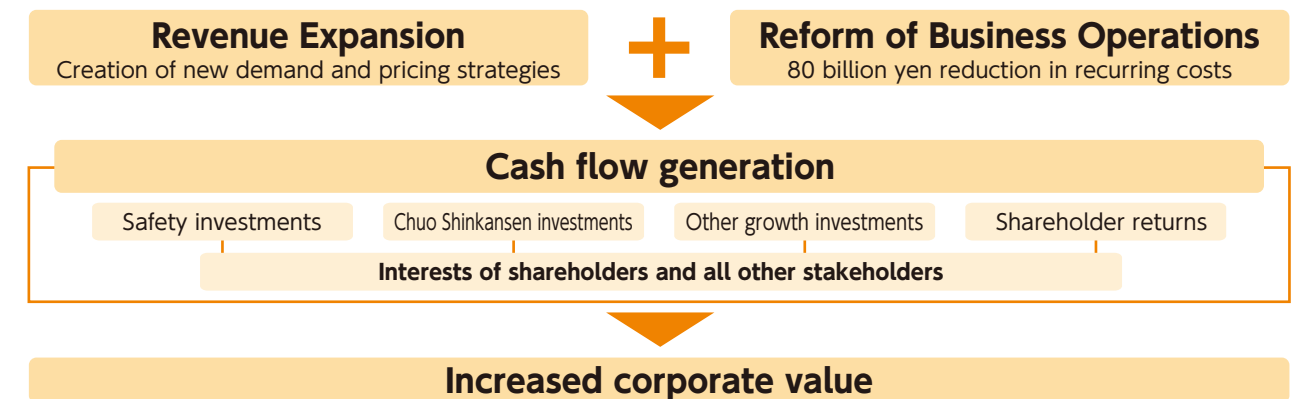
using our services. We estimate that new demand generated by these initiatives increased revenue by approximately 10+ billion yen in FY2024 and will promote the initiatives with the aim of exceeding that figure in FY2025.

Regarding pricing strategy, we have achieved high profitability through our management efforts to date, and therefore, under the current fare and fee regulations, it is difficult to obtain approval for so-called price increases. Still, we have reduced the discount on Express Reservation, and revised the pricing of the Japan Rail Pass, neither of which require approval for revisions, to achieve an early recovery of transportation revenues after the COVID-19 pandemic. Revenue increases from this will continue into the future. In addition, going forward, we will set fees commensurate with services provided by improving the Green Car service and introducing even higher-quality seats than in Green Cars for facility fees that can be set by simply submitting a notification, so that we can further expand revenues.

With regard to Reform of Business Operations, we have been steadily making progress, including implementing driver-only operation on conventional lines, external inspection of Shinkansen rolling stock, and inspection of ground facilities by commercial rolling stock. We have the goal of reducing recurring costs by about 80 billion yen on a non-

consolidated basis over 10 to 15 years by pursuing new ways of working while also utilizing ICT and building an efficient business execution system, and the actual amount (cumulative) achieved in fiscal 2024 was about 18 billion yen. The target for FY2025 (cumulative total) is about 21 billion yen. Although we have already established a specific roadmap for achieving the initial goals of Reform of Business Operations, we are not complacent; we will continue to proactively adopt various technological innovations in the future to broaden the scope of the Reform of Business Operations and further expand and deepen the roadmap.

Our transportation revenues exceeded pre-pandemic levels by the end of FY2024, and our efforts have steadily produced results. However, the business environment is constantly changing, with inflation currently rising. The railway industry is subject to regulation that makes it difficult to respond flexibly to inflation, called the "ceiling approval system based on the total cost method," but we believe we will be able to cope for the time being by working on Revenue Expansion and reducing costs through Reform of Business Operations. On the other hand, as a more fundamental measure, we will continue to request the government to allow non-reserved seat limited express fees on the Shinkansen to be changed by notification and to introduce a system that allows flexibility in passing on cost increases due to inflation to fares and fees.



Steady progress on Chuo Shinkansen Project

Meanwhile, we are vigorously pushing ahead with the Chuo Shinkansen Project, as nearly 60 years have passed since the launch of the Tokaido Shinkansen, our revenue pillar, necessitating thorough preparedness against future aging deterioration and potential large-scale disasters. Regarding the risks of large-scale disasters, we have previously explained the necessity of the Chuo Shinkansen Project based on concerns about possible disasters, including the Nankai Trough Earthquake. Recently, however, we have been experiencing unprecedented types of torrential rains, such as those caused by linear rain bands. We have been working on measures against earthquakes and heavy rains for the Tokaido Shinkansen, but given these recent circumstances, we recognize that the need for the Chuo Shinkansen as an alternative for the Tokaido Shinkansen is increasing year by year. By introducing a superconducting maglev system to the Chuo Shinkansen, the overwhelming travel time reduction will turn the three major conurbations into a single megalopolis,

significantly contributing to the revitalization of the Japanese economy and society.

We are yet to start tunnel excavation work in the Shizuoka Section of the Southern Alps Tunnel, but we are exchanging opinions with Shizuoka Prefecture, among others, based on the report by the Ministry of Land, Infrastructure, Transport and Tourism's expert council on water resources and preservation of the environment. I myself am working diligently to gain the understanding and cooperation of the local communities. Since June 2024, I have regularly met with the governor of Shizuoka Prefecture and had meetings to exchange views with the heads of the eight cities and two towns in the Oi River basin.

At the meeting of the Geological Structure and Water Resources Special Subcommittee held on June 2, discussions were completed on all water resource-related items requiring dialogue with Shizuoka Prefecture. We will continue to hold discussions with Shizuoka Prefecture about

the remaining issues of environmental conservation of the Southern Alps and the disposal site for excavated soil, while proceeding carefully and swiftly and valuing two-way communication. At the same time, we aim to work diligently to gain the understanding and cooperation of the local communities by exchanging opinions with Shizuoka City and the municipalities in the Oi River basin.

We will continue placing emphasis on construction safety, environmental protection and coordination with local communities while keeping a close eye on the impact of inflation on total construction costs, and we are currently devoting our full efforts toward the commencement of service firstly to Nagoya.

Sustainability-conscious management

JR Central's idea of ESG management is a management style of pursuing growth of the company while simultaneously generating economic value, such as profits and cash flows, and creating social value, which is the realization of a sustainable and prosperous society, through business activities. We have been practicing ESG management by generating economic value and creating social value simultaneously based on solid governance to enhance the trust of all stakeholders as we aim for long-term development under our management philosophy of contributing to the development of Japan's main transportation artery

and social infrastructure while at the same time establishing a safety-first corporate culture and ensuring soundness of management.

We believe that going forward, we will need to manage our business with sustainability in mind from a broader, long-term perspective. In order to further develop our management style based on the knowledge we have cultivated through "ESG management," we set up the Sustainability Planning Office, a new organization specializing in sustainability, within the Corporate Planning Division in July 2025. Going forward, we will promote group-wide initiatives from a sustainability perspective.

Promoting transformation through personnel system reforms and digitalization to realize management strategies

Since joining JR Central in 1989, I have been long involved in human resource development and labor affairs in various divisions, from departments close to the front line to the head office. This is why I have a strong desire to maximize and utilize the power of "people." "People," "goods," "money," and "information" are often listed together, but it is "people" who think of and implement measures to generate cash flows, making human resources the greatest managerial resource. The basic philosophy of our human capital management is to invest effectively in the education and training of recruited human resources and make the most of their improved abilities.

In order to achieve the Revenue Expansion and Reform of Business Operations I mentioned at the beginning and move forward with the Chuo Shinkansen Project, it is essential that we think outside the box and boldly take on challenges. To foster a spirit of challenge and mutual growth, we revamped our personnel and wage systems in 2025. To address management issues, we are implementing measures such as providing more differentiated compensation and enhancing management training for executives, as well as reviewing our personnel evaluation system to place even higher value on initiating change and taking on

challenges. We have also made significant improvements to our childcare, nursing care, medical treatment, and job relocation systems so that our diverse workforce can work long with greater fulfillment and security.

In response to the arrival of an aging society with a declining birthrate and a shrinking labor force, we will continue to work to improve the abilities of our employees, establish a comfortable working environment, and build a lean and resilient organization capable of responding to changes, in order to be able to address this new situation with a lean organization with elite members. Furthermore, we will strive to realize a virtuous cycle in which the productivity of each employee is increased, corporate performance is improved, return to employees is achieved, and both the company and employees continue to grow.

In addition, in July 2025, we established the Digital Transformation Promotion Office as a department specialized in promoting transformation through digitalization using ICT. The new office will develop digital talent, develop and improve the digital environment, and support initiatives to utilize ICT in each division, including Group companies, and further accelerate efforts to achieve our growth strategies I mentioned at the beginning, namely Revenue Expansion and Reform of Business Operations.



Fulfilling our role as a railway company rooted in the local community

Our conventional lines centered in the Nagoya and Shizuoka districts serve as a means of daily transportation, including commuting to and from work and school, for local customers. Due to the development of road networks and the proliferation of telework, the environment surrounding conventional lines has become difficult. However, JR Central will fulfilled its role as a local infrastructure provider by improving its operating efficiency and services. In addition, there are many attractive tourist destinations along our conventional lines, and we will actively work to revitalize conventional lines through tourism demand.

Railway stations, where train passengers and many other people gather, are important hubs for local communities. JR Central has taken advantage of such favorable locations to develop offices, commercial facilities, and hotels, significantly enhancing the appeal of railway stations

and generating revenue. After the COVID-19 pandemic, we are making the most of our Group's assets to provide customer-centric products and services primarily targeting not only railway users but also tourists and residents along our railway lines, while collaborating and co-creating with local governments and businesses. In this way, we are increasing the value of cities along our railway lines and mobility, increasing the profits of our Group's businesses and pursuing initiatives aimed at creating synergies that will generate demand for railway transportation.

In August 2025, we opened the Courtyard by Marriott Kyoto Shijo Karasuma, and are working towards opening two new hotels (Courtyard by Marriott Kyoto Station and Hotel NEI Nara), hoping to create synergies with the Tokaido Shinkansen and the travel industry.

Promoting the use of environmentally friendly railways to contribute to global environment conservation

Railways have the excellent characteristic of higher energy efficiency and lower impact on the global environment than other means of transportation. I believe that railways can play a significant role in realizing a sustainable society. In order to further enhance this characteristic of railways, we have been implementing various measures, such as introducing energy-efficient rolling stock. Given the government's goal to realize carbon neutrality by 2050, we aim to reduce CO₂ emissions to net-zero to further increase the environmental superiority of railways.

In addition, in light of the growing awareness toward global

environmental conservation, we announced the per capita CO₂ emissions between stations on the Tokaido Shinkansen in September 2023. Based on this figure, we have added an optional service that offsets customers' CO₂ emissions for the "Chartered Shinkansen Package" since October 2023, and from April 2024, we started a service for Express Reservation corporate members that will achieve net-zero CO₂ emissions by utilizing CO₂-free electricity. Through these initiatives, we will not only contribute to solving environmental problems as a railway operator, but also capture needs associated with the transition to a decarbonized society, which will lead to expanding revenue.

Distributing profits to shareholders, who are important stakeholders

The railway business serves the public good and is supported by various stakeholders, but we also regard shareholders as important stakeholders and conduct our management accordingly. As for our policy for shareholder returns, we adhere to a basic policy of securing internal reserves to steadily promote projects, including the Chuo Shinkansen Project, and maintaining stable dividends, while maintaining sound management. And in addition to steadily and repeatedly increasing dividends until the COVID pandemic, we continued to pay a certain level of dividends even during the period when we recorded a net loss due to the pandemic. To demonstrate that we manage our business by

positioning shareholders as important stakeholders, at the 480th meeting on April 30 2025, the Board of Directors resolved to approve a plan to repurchase up to 100 billion yen of the company's shares.

Going forward, our basic policy of maintaining stable dividend payouts will remain unchanged, but the policy of stable dividend payouts does not mean that the amount will not change at all. We believe that the perspective of shareholder returns is also important. We will continue to strive to increase profits and cash flow through "Revenue Expansion" and "Reform of Business Operations" and consider various options to increase shareholder returns depending on the situation at the time.

Formulating JR Central Group's Vision

As I mentioned earlier, we aim for sustainable corporate growth and manage our business from a long-term perspective. However, looking to the future, we expect social changes such as technological advances and further population decline. Rather than being passive in response to these changes, we have formulated a "JR Central Group's Vision" to

move forward proactively, with a focus on employees of our company and Group companies, while also keeping in mind various stakeholders, including shareholders and investors. By continuing to fulfill our mission and growing sustainably as a company, we will continue to benefit all stakeholders, including shareholders and investors.