

Message from the President

Based on the trust that we have earned from our stakeholders by making safety the top priority of business management and pursuing ultimate safety levels, we aim to address social issues through ESG management and create new value that enriches customers and local communities.

On Assuming the Position of President
I am committed to creating a new JR East Group using the insights and perspective I have acquired during my long tenure in positions that have given me an overview of the Group's businesses.

On April 1, 2024, I was appointed president and CEO of JR East, becoming the first president of the Company whose career began after its establishment. In 1989, I joined the Company as an administrative employee and served in frontline operations at Ueno Station, Shinjuku Station, and other locations. I was then engaged for many years in human resource- related duties and was also involved in corporate planning and investment planning. As general manager of the Management Planning Department, I contributed to the formulation of the current JR East Group Management Vision "Move Up" 2027 ("Move Up" 2027). Most recently, I served as director general of the Marketing Headquarters, where I was in charge of the preparation and implementation of growth strategies for Lifestyle Solutions. Many years of service in corporate planning and human resource positions have provided me with an overview of the Group and given me insights into its many different businesses. Moreover, I have developed a perspective on these businesses that is based on medium- to long-term changes in the business environment. I believe that these insights and this perspective will be an advantage in steering management as president. In addition, as director general of the Marketing Headquarters, I was involved in Lifestyle Solutions businesses,

which have a wide range of points of contact with customers' daily lives. In this capacity, I took on ambitious new initiatives aimed at greatly expanding Lifestyle and IT & Suica services. As a result, I have acquired insights and perspectives that will be useful for building the Suica economic zone.

As for my basic approach to business management, I strongly believe that our employees are the foundation and drivers of all growth of the Group and that we must steadily promote sound business management.

During my long career in human resources, I always emphasized employees' job satisfaction and personal growth. This emphasis stems from seeing how the growth of employees links directly to the development of the Group as a whole. Each Group employee plays a leading role. Together with our employees, I aim to create a corporate group that continues to address social issues through its business activities. To this end, we must create systems and organizations that empower employees and develop new types of jobs and fields of work. I realize that cultivating a new engagement between employees and management is one of my main roles as president. As a company established following the Japanese National Railways (JNR) privatization reforms, we must firmly uphold the principles of safety first, autonomy and self-reliance, and customers first, which are a legacy of the JNR privatization reforms. I have internalized these principles, which have been passed down over generations and become part of our DNA.

Yoichi Kise
President and CEO



Message from the President

The JR East Group's Value Creation

Based on the trust of customers and local communities, we will develop a wide range of businesses in a people-focused manner, thereby helping our customers and people in communities to realize enriched lives.

On a macro level, the JR East Group's raison d'être is to provide infrastructure that underpins Japan's economic activities. Further, on a micro level, it is to support the daily lives of customers and local communities. "Move Up" 2027 sets out making regional areas more prosperous as one of the main focuses of business development initiatives, alongside making cities more comfortable and developing businesses for the world. Heightening the convenience of Tokyo and other metropolitan areas even further and enhancing value is of course an important task. However, the foundations of our growth are vibrant regional communities that are interconnected throughout Japan by our multilayered networks, including our transportation networks. In this sense, I believe that our value as a corporate group lies in the ability to resolutely address the problems of regions. We must step up the pace of digital transformation to increase and diversify points of contact with customers even further. I am convinced that these efforts will become a milestone in the advancement of the Group's growth.

As a railway operator, we view safety as the top priority of business management. One of our major missions is to provide a variety of value based on the trust that our pursuit of ultimate safety levels has garnered from customers and local communities. We will forge ahead with day-to-day duties based on our three strengths: trust, employees, and networks.

The trust that our railway business has earned from customers, local communities, and other stakeholders is unmatched by other companies. Based on this trust, we will not develop in a railway infrastructure-focused way but instead develop a wide range of businesses in a people-focused manner by further deepening various types of integration and collaboration—among the Transportation, Lifestyle, and IT & Suica businesses; among Group companies; and with municipal authorities and many different external companies. In this way, the Group will grow by leveraging its combined strength to realize business development that is aimed at helping customers and people in communities to realize enriched lives.

"Move Up" 2027 calls on all Group employees to play leading roles in structural reform. To align the growth of each employee with the overall growth of the Group without being restricted by the narrow frameworks of human capital management, I believe that employees must be open-minded about the outside world. Through "internal globalization," I want to enable our employees to demonstrate their significant potential in a variety of business initiatives.

Meanwhile, our networks are multilayered, facilitating not only the movement of people but also the movement of goods and information. Amid a declining population, an aging population, and other structural changes in society, my mission is to rebuild *ekinaka* locations (inside railway stations) and other real-world assets that have been strengths of the JR East Group into business

advantages. To this end, we will combine our real-world multilayered networks with digital technologies, which are evolving with each passing day.

Fiscal 2024 Performance Review

Thanks to concerted efforts to realize "Move Up" 2027, the Group achieved increases in both revenues and income, posting higher operating revenues for the third consecutive fiscal year.

I would now like to review our performance in fiscal 2024, the year ended March 31, 2024. With post-COVID-19 and visitors to Japan as key themes, we implemented various measures to stimulate demand, such as launching the weekday-only discount railway pass, Let's Travel on Weekdays! Early Booking Discount Pass♥. We also encouraged travel by enhancing initiatives for visitors to Japan and increased revenues through revision of the prices of railway passes used by visitors to Japan. In addition, we advanced measures aimed at transforming our business portfolio through the expansion of businesses that help realize Lifestyle Solutions. For example, we established JR EAST Smart Logistics Co., Ltd. and strategically developed the real estate business. Thanks to such concerted efforts by all Group employees to realize "Move Up" 2027, railway usage rose and revenues from *ekinaka* stores, hotels, and shopping centers grew. Consequently, the Group achieved increases in both revenues and income, posting higher operating revenues for the third consecutive fiscal year. By business segment, the Transportation, Retail & Services, and Others realized increases in both revenues and income, while the Real Estate & Hotels segment recorded a rise in revenues but a decline in income. Excluding the real estate sales business, however, this business segment grew both revenues and income.

Growth Strategies to Achieve Our Vision

In addition to the favorable progress of the railway business, the finance business associated with the start of JRE BANK operations and the real estate business, which has TAKANAWA GATEWAY CITY at its core, are making steady progress.

When formulating "Move Up" 2027 in 2018, we were already incorporating changes in the business environment that would accompany population decline, such as market changes, the aging of society and other changes in the demographic structure, and labor shortages. Anticipating various other structural shifts in business conditions, such as changes in customer lifestyles, we prepared a management vision with a long time frame of 10 years. The concept is to realize a world that is not a continuation of the status quo by having Group employees play leading roles in transformation and ambitious new initiatives.

During the first half of the 10-year period, I believe that the railway business became structurally leaner as a result of steady progress in the introduction of condition-based maintenance (CBM), smart maintenance that utilizes drones, and driver-only operations. In addition, several projects that we have been undertaking will come to fruition in the second half of the 10-year period. For example, an ¥86.0 billion investment for the introduction of Green Cars (first-class carriages) to the Chuo Rapid Line in spring 2025 is expected to generate ¥8.0 billion in annual revenues. We are steadily enhancing the convenience of Suica. By the end of fiscal 2024, the Suica usage area had been expanded to include Aomori, Iwate, Akita, and Yamagata prefectures, with further expansion planned through the inclusion of Nagano Prefecture at the end of fiscal 2025. In addition, in June 2023 we began the construction of the Haneda Airport Access Line (tentative name), which is scheduled to open in fiscal 2032. We are also planning to phase in automated operations.

In the Suica and finance business, JRE BANK began operations in May 2024, and we plan to complete the ID integration of *eki-net*, Mobile Suica, and other digital services by fiscal 2028. Also, we plan to launch a new railway ticketing system through cloud migration by the end of fiscal 2028 and realize integration of these digital services through use of the Suica app (tentative name) by fiscal 2029.

As for the real estate business, which will be a major engine of future growth, we followed on from the establishment of JR East Real Estate Asset Management Co., Ltd. by establishing JREast Real Estate Co., Ltd. in July 2024 in order to monetize unrealized value. We are further expanding the rotational business model with the aim of developing a real estate fund business that has an overall scale of more than ¥400.0 billion by fiscal 2028.

Another important initiative common to all of our businesses is the advancement of comprehensive collaborations with various companies and academic institutions. "Move Up" 2027 calls for the promotion of open innovation. Accordingly, we have concluded numerous comprehensive collaboration agreements aimed at actively incorporating society's expertise and advanced technologies, thereby moving away from a self-sufficient approach that pursues initiatives in isolation. Our collaborations with a variety of startups are also progressing. We have already held nine DEMO DAY results debriefing sessions for companies selected by the JR East Startup Program, and further sessions are planned.

TAKANAWA GATEWAY CITY is a symbolic example of how we will create new services and value. This development initiative will serve as "an experimental site to create enriching lives for the next 100 years" where we collaborate with a large number of companies and academic institutions. Specifically, the University of Tokyo will establish the cross-disciplinary University of Tokyo GATEWAY Campus. In the new city, we will also partner with the National University of Singapore as well as Institut Pasteur, a French private research institute that is a world authority in research on infectious diseases. Through such collaborations, we will bring together many different types of expertise to develop TAKANAWA GATEWAY CITY into a base for the creation of new business value. We hope to realize a city that creates cycles in which the various ideas

originating from such efforts are introduced to society, with the results being disseminated throughout Japan and the rest of the world and feedback on the disseminated initiatives being received and then reflected. I believe that it will become a very exciting city. This urban development project is progressing well. THE LINKPILLAR 1, which is the name of the twin towers in front of Takanawa Gateway Station, is scheduled to open in March 2025, while the construction of THE LINKPILLAR 2, a residential building, and another building will be completed by the end of fiscal 2026. The project is expected to account for overall investment of ¥600.0 billion and annual revenues of ¥57.0 billion. On the former site of a rail yard, we created approximately 13 hectares of land for development. Of this area, we are using approximately 10 hectares to develop TAKANAWA GATEWAY CITY. The project has symbolic significance for us because our inability to fully monetize our assets has been an issue for the Group. Another example of our efforts to monetize our assets is the Beyond Stations concept, which entails the creation of various revenue sources through greater utilization of railway station space. We have already begun developing businesses that are becoming a "lifestyle platform" that is not limited to sales of goods, food, and beverages. These businesses include a hub that supports business matching for regional industries and clinics that can be used in combination with online services. The development of businesses in this way by using the Group's assets to create new value and maximize monetization is a major challenge for the growth of the Group. However, I am confident that we are equal to the task.

By steadily advancing the initiatives I have described, we aim to achieve the numerical targets of "Move Up" 2027. The entire Group will forge ahead with its sights firmly set on achieving ROA of approximately 4.0% and reducing the net interest-bearing debt to EBITDA ratio to approximately 5 times in the medium term and to approximately 3.5 times in the long term.



Message from the President

Initiatives Based on a Medium- to Long-Term Perspective
Viewing changes in the business environment as an opportunity to advance structural reforms and get onto a growth trajectory, we will take on the challenge of creating new value through business management based on the two pillars of Mobility and Lifestyle Solutions.

We are facing a transformation of the social environment the likes of which we have never experienced before. In addition to a declining population and an aging society and the labor shortages accompanying these trends, there is greater fluidity in human resources. Further, the social environment is evolving at an accelerating pace due to changes in values and lifestyles, technological innovations such as generative AI, and global climate change. I see these drastic changes in the business environment as an opportunity to make major structural reforms and get onto a growth trajectory. With respect to our aging society, we can create market-oriented businesses based on the concept of creating new markets for seniors. Through structural reform of business management, we will achieve our goal of establishing growth that is based on the two pillars of Mobility and Lifestyle Solutions.

The government has set the realization of 60 million visitors to Japan as a target to be reached by 2030. Without a doubt increasing numbers of visitors to Japan are a major factor supporting the growth of the Group. Including this trend, I believe that our growth will be driven by integrating the three elements of Transportation services, Lifestyle services, and IT & Suica services and by taking on the challenge of creating new people-focused convenience and value in the domestic market. The COVID-19 pandemic exposed the fragility of a management structure built solely on the pillar of Mobility. Therefore, I believe that to ensure our sustainable growth we need to develop Lifestyle Solutions into another management pillar and establish a business management structure based on the two pillars of Mobility and Lifestyle Solutions.

From a medium- to long-term perspective, we will continue to pursue ultimate safety levels and position safety as the top priority of business management. Safety is our unchanging mission and must never be undermined. Safety efforts never end. In our daily work, we are constantly raising levels of safety. This unrelenting effort is the meaning of the phrase “pursuing ultimate safety levels.” Clearly, this commitment to safety has been passed down as DNA from the days of JNR. With safety as a foundation, we must rapidly establish business management based on the two pillars of Mobility and Lifestyle Solutions. To this end, the Group will seek sustainable growth while further advancing integration and collaboration among its various businesses.

To date, our businesses have almost exclusively served customers who use railway stations. These businesses include *ekinaka* stores, shopping centers, and offices. While improving the services of these businesses, we need to broaden our field of vision to encompass areas outside railway stations and accelerate the development of businesses that target a wide range of customers, not just railway passengers. I believe we have to rebuild our

business model based on the premise of customers ordinarily gathering at railway stations.
In Mobility, we will not only actively incorporate a range of expertise and advanced technologies but also use our accumulated technological expertise to create and grow new businesses that offer leading-edge technological services. The trusted brand that we have built up is fundamentally supported by a safe, reliable transportation system. By continuing to promote digital transformation and use machines and systems for tasks that can be performed without humans, we will become a highly productive business and strengthen our profitability. For the Group, the railway business is very significant in that it provides real points of contact with customers. This business will provide a base for creating a competitive edge that no other company has, thereby contributing to the growth of the entire Group. Sustainable business operations will be achieved in Mobility through stability and growth.
In Lifestyle Solutions, we aim to increase profits through our medium- to long-term business growth strategy “Beyond the Border.” With an eye on the future, we will further heighten the growth potential of existing businesses through market-oriented business strategies based on customer data and other information. In conjunction with these efforts, we will design new strengths by creating purposes (destinations) of travel and strengthening points of contact with individual customers through digital transformation. We will concentrate the investment of management resources on building the Suica economic zone through the evolution of Suica into a digital platform and the use of JRE POINT as a hub that links the Group’s diverse businesses. In this way, we aim to double operating income over the next 10 years.

Initiatives in Fiscal 2025
In the current fiscal year, we are shifting management from the defensive mode of the COVID-19 pandemic to an offensive mode. We aim to create unprecedented new value by realizing synergies through integration and collaboration that takes advantage of our strengths in Transportation services, Lifestyle services, and IT & Suica services.

Fiscal 2025 will be a major milestone year as post-COVID-19 economic activities begin in earnest and a generational shift takes place in-house as the generation hired by JNR reaches retirement age. I view this significant social and economic transformation as an opportunity to further accelerate the Companywide structural reforms we have been undertaking. Beginning from the current fiscal year, I want to usher in a new era by setting out new growth strategies and boldly advancing them. With the aim of operating under a new framework for consolidated cash flow management in the current fiscal year, we have defined strategies and KPIs for each of our four business segments and 14 businesses as well as for the foundations of growth, which comprise human resources; digital transformation and intellectual property; finance and investment; and environmental, social, and governance (ESG)

factors. Based on these strategies and KPIs, Group employees will create value through integration and collaboration, maximize cash flows (economic value), and advance business activities that contribute to the solution of social issues (social value).
Regarding specific measures in fiscal 2025, in Mobility we will further increase driver-only operations while continuing to streamline maintenance work through the utilization of digital transformation. In addition, we will work to increase tourism, including initiatives to attract more visitors to Japan, and implement growth investments for the introduction of Green Cars to the Chuo Rapid Line and the construction of the Haneda Airport Access Line (tentative name). Further, as the Revenue Cost Calculation Guidelines were partially revised in April 2024, we are carefully examining revenues and cost in light of this guideline, and if the conditions are met, we will promptly apply to the Ministry of Land, Infrastructure, Transport and Tourism for approval of a train fare revision. We hope to further popularize off-peak commuter passes by lowering their prices in October.
We will also continue dialogue with local communities regarding local lines. About 30% of all conventional lines had a traffic density of less than 4,000 passengers per day when JR East was established. As of fiscal 2023, the percentage of lines with this density reached about 50% due to the continuing decline in population and a shift to automobile use. The business environment for local lines is expected to become even more challenging in the future due to population decline and other factors. We recognize that it is extremely important to find ways of sustainably maintaining local transportation under conditions in which we are not able to realize the distinctive benefits of railway services, which transport large numbers of passengers to their destinations safely and reliably. In conjunction with efforts to promote management efficiency by streamlining facilities and simplifying operations, we will work together with local communities to gain the understanding and cooperation of the people living in line-side areas and examine how



best to achieve sustainable transportation systems. While building sustainable transportation systems, we must also engage with local communities through various businesses, such as tourism, Lifestyle services, Suica services, and Mobility as a Service (MaaS). By enhancing tourism resources so that customers become fans of specific regions and visit them repeatedly, we are increasing the number of people engaging with regions while promoting all kinds of regional industries, including agriculture and fishing industries and industries selling products that are unique to particular regions. The Group as a whole is engaged in collaborative regional development efforts that involve a range of different industries, such as *Hako-byun* train-based freight transportation service, which utilizes our high-speed transportation network to connect regional industries with the markets of the Tokyo metropolitan area. Going forward, the entire JR East Group will continue tackling the challenges of regions.
In Lifestyle Solutions, we will focus on real estate as a business that enables our future growth. We will move forward with development to increase revenue-producing real estate, and we will strengthen the operational capabilities of existing shopping centers and other facilities. At the same time, the Group will develop the rotational business, which is based on the real estate fund business, to improve capital efficiency and yields. In the current fiscal year, we have already opened many newly developed facilities. For example, we have opened EATo LUMINE, which is inside Shinjuku Station and comprises 28 stores, including new-format stores; the JR Aomori Station East Exit Building, which consists of a hotel, commercial facilities, and a hub aimed at providing medical care locally and attracting medical tourism; and CoCoLo Niigata, where the leasing of approximately 140 stores is progressing. Also, the retail business will further improve profitability by installing more Multi-Ecube lockers, which enable locker functions to be used as part of logistics networks, growing the revenues of JRE MALL, and implementing measures to further commercialize *Hako-byun*.
The promotion of MaaS is also important. By combining our railway network with local public transportation, we can significantly increase customer numbers in regions. The Group will accelerate MaaS initiatives to establish systems that optimally combine these transportation networks, thereby encouraging their use and helping enrich customers’ lifestyles. Aiming to heighten the experience value of not only transportation services but also various aspects of our customers’ lives, we will pursue alliances with municipal authorities and a range of businesses in the transportation and tourism fields and promote digital transformation.

Message from the President

Initiatives for the Establishment of Growth Foundations
ESG factors are fundamental to our business management.
Based on our strengths of trust, employees, and networks, we will create value in relation to various social issues and help to build a sustainable society.

Society faces a variety of challenges, and we have to focus our efforts on addressing these social issues through our businesses. While our activities as a private company are premised on earning money, I think how we earn this money is the question. ESG factors are fundamental to the Group’s business management, and the Group must fulfill social responsibilities in ways that are consistent with the characteristics of each of its businesses. The purpose of the JR East Group will be augmented if it uses its strengths of trust, employees, and networks as advantages to lay the foundations for the creation of many different types of value that build a sustainable society by reflecting increasingly complex and sophisticated social issues.

Specifically, we will accelerate initiatives aimed at the realization of a decarbonized, circular economy, which is a global task for all humankind. Although railways enjoy environmental superiority as a means of transportation, their operation consumes large amounts of energy. With the need for environment-friendly mobility growing, we will actively work to make railways an even more preferred means of transportation. Announced in 2020, our Zero Carbon Challenge 2050 long-term environmental objectives are a 50% reduction in CO₂ emissions by fiscal 2031, compared with their fiscal 2014 level, and net zero CO₂ emissions by fiscal 2051. Further, in August 2023 we submitted a commitment letter with a view to acquiring Science Based Targets certification. Science Based Targets are emission reduction targets for greenhouse gases that companies set in line with the Paris Agreement goals. The source of the environmental superiority of railways is their extremely high energy efficiency per unit of transportation. Modal shifts to railways are particularly effective for urban and intercity transportation. Given that railways have the lowest CO₂ emissions and energy consumption per unit of transportation, I believe that the environmental superiority of railways in such areas will remain unassailable, even if progress toward zero emissions is made in other modes of transportation.

On the social front, we will advance regional revitalization by strengthening ties with local communities and customers, engaging in collaborative community building, advancing regional and tourism-oriented MaaS, and pursuing co-creation with local startups. We will also strengthen business activities that are aimed at respecting human rights, conduct activities in accordance with the JR East Group Policy on Human Rights and the JR East Group Policy on Customer Harassment, and promote sustainable procurement. In particular, to enhance employee engagement, we will create a system for business management that integrates ideas from the senior management team with opinions and ambitious proposals

received from employees. We will create a new relationship between the senior management team and employees in which each person can make significant contributions to our operations and have a sense of participation in business management. I believe that this approach to business management will enable us to meet the growth expectations of Group employees and build strong engagement. To continuously increase their corporate value while adapting to changes in the business environment, companies must build human resource portfolios that anticipate the evolution of business portfolios. In addition, it is important for human resource strategies to complement management strategies aimed at such goals as the construction of organizations and the development of personnel that generate innovation and added value. The JR East Group needs flexible human resource policies. We have to create a flexible personnel system that is capable of catering to employees’ diverse ambitions and that is suited to business management based on the two pillars of Mobility and Lifestyle Solutions. We will develop a training system that enables employees to play important roles in an array of business fields, including overseas fields.

I also want to promote initiatives aimed at invigorating communication between the senior management team and Group employees. I regularly visit our workplaces with a view to creating opportunities for direct conversations between executives and employees. For example, we hold Breakthrough Communication



sessions in which head office executives talk with junior employees who are embarking on ambitious initiatives. In-house messages that I issue are always directed to all Group employees, and we establish new systems and training programs and implement health and productivity management with the entire Group in mind.

The messages I issue to employees constantly emphasize that I am fully cognizant of the whole Group.

Corporate governance and internal control are very important elements of our efforts to grow as a Group. We will implement original internal control initiatives that, rather than simply stopping because there are risks, manage identified risks while enabling them to be optimally leveraged for the advancement of the Group’s development. The Company has established Corporate Governance Guidelines to ensure that it makes transparent, fair, firm, and timely decisions. We strive for genuine collaboration with our stakeholders, including customers, local communities, shareholders and other investors, business partners, and Group employees. In this way, we will endeavor to achieve sustained business growth and enhance our medium- to long-term corporate value.

In June 2023, JR East transitioned to a company with audit and supervisory committee corporate governance structure. Under this structure, the authority to make important decisions on operational execution has been transferred from the Board of Directors to the executive directors to expedite decision-making and operational execution. Also, by strengthening the supervisory function of the Board, we intend to further enhance governance and pursue defensive and offensive risk management that promotes the Group’s development.

We have been reforming jobs and our organization to adapt to dramatic changes in the business environment, heighten job satisfaction, and strengthen management operational efficiency. These reforms are based on a management policy of increasing the fields of work available to employees and thereby aligning their personal growth and job satisfaction with the Group’s growth. Day-to-day issues that become management problems occur in the operations closest to customers and local communities. The Company has undertaken reorganization to transfer roles and authority so that employees who are closest to customers can solve day-to-day issues in the course of their duties. We hope the reorganization will allow employees to demonstrate creativity in operations close to customers and further heighten employees’ motivation to take on the challenge of achieving personal growth and creating new value.

Management That Is “Good For All”
By achieving steady growth, we will offer all our stakeholders enriched, cheerful lives.

The JR East Group creates opportunities for constructive dialogue with its shareholders and other investors to further their understanding of its businesses. Our goal is to build long-term relationships of trust so that we sustain business growth over the medium to long term. In deepening communication with our various shareholders and investors both in Japan and overseas, we will always disclose information in a timely and appropriate manner and facilitate constructive dialogue with these stakeholders based on a

good understanding of their expectations, requests, and criticisms. The Group has to grow profits by creating a better world through its business activities. We must then use the earned profits to provide customers, local communities, and shareholders and investors with returns. Moreover, we must not forget to further the happiness of all Group employees and their families. Of course, as a company, we need to grow. Accordingly, we will also use our profits to realize our next stage of growth. We call this management that is “good for all,” and we will conduct well-balanced business management that keeps both corporate growth and stakeholders firmly in mind. Furthermore, we have a strong desire to work together with our employees to create a highly aspirational corporate group that is able to help with the resolution of various social issues, such as environmental problems, regional revitalization, and population aging, by constantly considering how our business activities can benefit society. By achieving steady growth, we will offer all our stakeholders enriched, cheerful lives. As we begin a new chapter, I would like all stakeholders to understand our activities and view the future of the JR East Group with optimism.

A handwritten signature in black ink, reading "Yoichi Kise". The signature is fluid and cursive, with the first name "Yoichi" and last name "Kise" clearly distinguishable.

Yoichi Kise
President and CEO
September 2024

Capital and Strengths We Have Built Up

The JR East Group is creating new value by utilizing and integrating its diverse capital and strengths to advance strategies and businesses.

Capital

Human Capital



- Employees who prioritize safety, creating trust and new value
- Systematic human resource development programs that improve employees' capabilities
- Systems that motivate employees

Consolidated employees:	Average training hours per employee:	Applications received for the ON1000 new business creation program:
Approx. 70,000	Approx. 33 per year	502 per year (Total number selected to be new businesses: 13)

Social and Relationship Capital



- Contact with customers and customer base
- Strong, long-standing relationships and partnerships with local communities and municipal authorities that have been sustained through initiatives to increase tourism, develop towns, and exchange personnel
- New businesses

Suica cards issued:	JR EAST STARTUP PROGRAM applications:
103.11 million	1,507

Intellectual Capital



- Technology capabilities and operational know-how that underpin safety
- Intellectual property that enables the creation of new value

R&D and IT investment:	Patents, utility models, design patents, and trademarks:
¥79.9 billion per year	1,602

Manufactured Capital



- Property, plant and equipment and wide-ranging business bases

Railway stations (including BRT):	Hotel guest rooms:
1,681	10,305
Shopping centers:	Leasable office space:
169	568,000 m²

Natural Capital



- Efficient utilization of diverse energy
- Tourism resources based on the rich natural environment of eastern Japan

Railway business energy use:	Railway forest area:
19.2 billion MJ per year	approx. 3,900 ha

Financial Capital



- Capital expenditures based on medium- to long-term perspectives and a strong financial base that supports these expenditures

Equity ratio:	Ratings: Domestic bonds:	Foreign bonds:	Capital expenditures:
27.8 %	AA+	A+	¥713.7 billion per year

Strengths

Networks

Networks that connect regions, cities, and local communities, and extend worldwide

Connecting railway networks, sales networks, logistics networks, and human networks to create synergy

- We will strengthen area-wide links between the regions of eastern Japan and the Tokyo metropolitan market.
- We will extend business development to regions outside eastern Japan and to overseas cities.
- We will build a new business model particularly in Asia.

Railway operating kilometers (including BRT):
7,418.7 km

Tokyo metropolitan networks that are based on railways and railway stations

Establishing a revenue base in the Tokyo metropolitan market

- We will transform stations, the largest junction with customers in the Metropolitan area, where people, goods, money, and information meet, into a 'platform for daily life' to connect all with the customers.
- We will link our customers to services, digital technologies, and safety and security that support daily life to create connections among customers.

Number of passengers:	Number of passengers using Shinjuku Station:
Approx. 15.57 million per day	Approx. 1.3 million per day

Networks that interlink people and connect the JR East Group to local communities

Creating a flow of people and vibrancy in companionable community development

- We will deepen our relationships with local residents even further and strengthen ties among them.
- We will work together to address local issues and create new value and services through co-creation that combines our assets and solutions with those of regions.

Number of municipal authorities with which comprehensive cooperation agreements or cooperation agreements concluded: 43

Digital networks that utilize data to connect a wide range of businesses

Developing Suica into a shared infrastructure and expanding the living sphere covered by the JRE POINT reward program

- We will widely and finely increase digital and real-world contacts with customers and enhance customer experience.
- We will create value by integrating our services and building personalized relationships with customers that last a lifetime and cover a wide range of day-to-day needs.
- We will enhance lifetime value and help everyone accelerate lifestyle enrichment.

JRE POINT reward program members: 15.01 million

Trust

Ultimate safety levels are our top priority and we operate our business in keeping with our five Basic Principles.

The trust resulting from the customer safety and community development provided by our business forms the core of our brand.

Trust in turn provides the foundation for all of the JR East Group's business activities, including Lifestyle Solutions, and it supports the creation of added value.

Employees

With a strong sense of mission, each of our employees steadily carries out their day-to-day duties to deliver safety and reliability to our customers, thereby earning their trust.

Every employee also feels actively involved in the management of the Company and plays a central role in improving the quality of their work and creating new value and services by taking on ambitious challenges with originality and ingenuity.

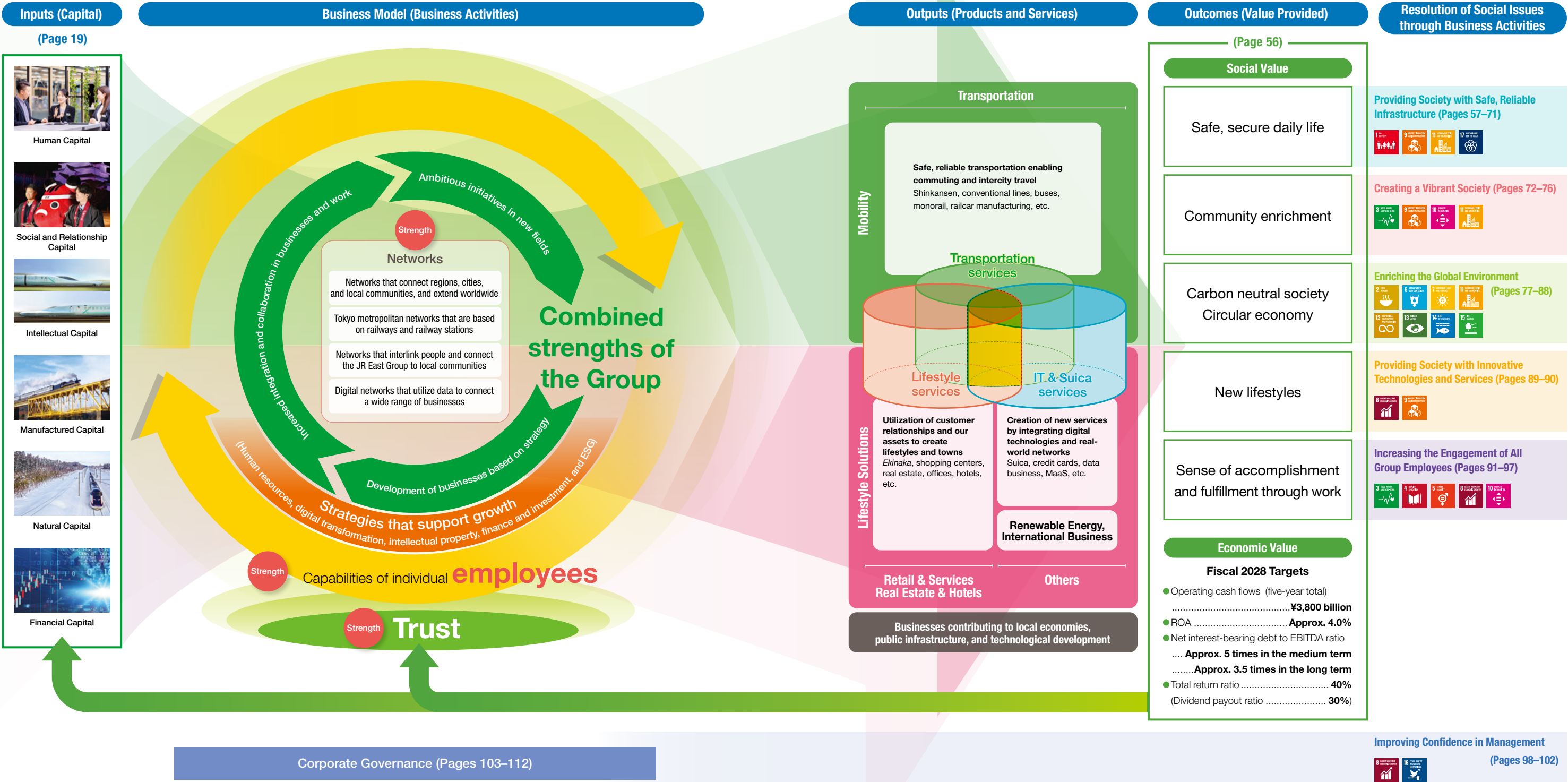
Increasing employee engagement will ensure the continued growth of the Group and its employees.

Value Creation Model

Based on the trust of our customers and local communities, the JR East Group has been developing a wide range of businesses: one related to Mobility and others leading to Lifestyle Solutions for customers by utilizing the Group's capital and strengths. The Group's business has three aspects: developing businesses based on strategy; increasing integration and collaboration in the Group's businesses and work; and undertaking ambitious initiatives in new fields. These three aspects contribute to the combined strengths of the Group and create new and unique value. Through these value creation efforts, we will focus on helping our customers and people in communities to realize enriched lives and addressing social issues to realize sustainable growth.

JR East Group Philosophy

We will earn the trust of our customers as a whole group by aiming for ultimate safety levels as our top priority.
We will strengthen our network capabilities focusing on technologies and information, and we are committed to helping our customers and people in communities to realize enriched lives.

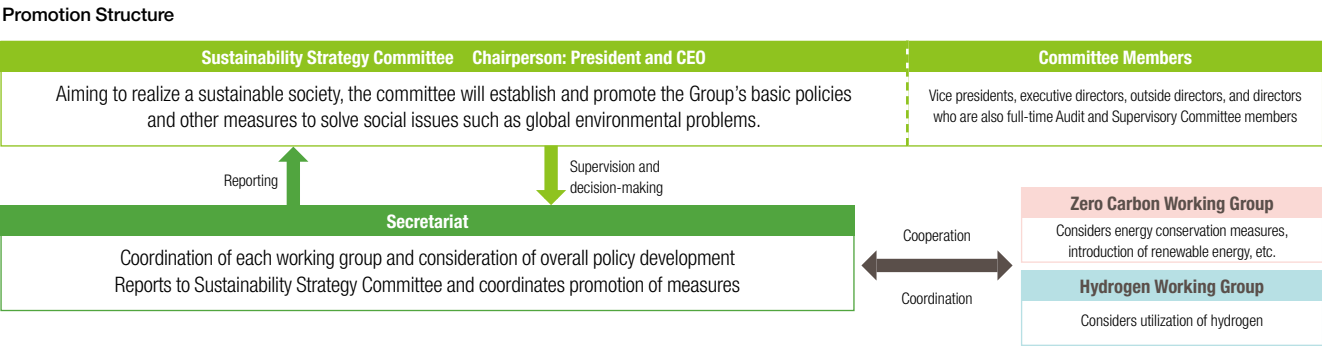


Our Approach to Sustainability

The JR East Group’s businesses fulfill a wide range of important functions in the daily lives of customers and are indispensable to local communities and society. While ensuring appropriate profits, we will practice environmental, social, and governance (ESG) management, implementing necessary measures from a medium- to long-term perspective and addressing social issues through our business. Through this approach, we aim to contribute to the sustainable development of local communities, achieve the Sustainable Development Goals (SDGs), earn even more trust from customers and local residents, enhance corporate value, and grow sustainably as a group.

Promotion Structure

With respect to the management system for implementing sustainability strategies, the Sustainability Strategy Committee, which is chaired by the president and CEO, has been established to set and promote the Group’s basic policies and other measures with a view to addressing various social issues and realizing a sustainable society.



Materiality Identification Process

To realize the JR East Group Philosophy and the target profile of our vision, we have identified six material issues.

Aiming to realize fundamental change in the post-COVID-19 era and become a corporate group that grows sustainably over the long term, in 2023 we reanalyzed and discussed the impact of various factors on corporate value enhancement and business foundations.

We then backcast from specific goals that reflect our purpose and vision and revised the material issues of business management.

In revising the material issues, the Integrated Report Review Subcommittee, which was established under the Sustainability

Strategy Committee, held discussions on materiality revision; the senior management team fully discussed the subcommittee’s proposals in light of stakeholder opinions; and the final decision was made by the Sustainability Strategy Committee.

The Sustainability Strategy Committee will consider on an ongoing basis whether environmental changes merit further revision of the material issues. Goals and achievements are reported to the Sustainability Strategy Committee and then disclosed. (Please see page 55 for details.)

Participation in Initiatives and Advocacy Activities

With the aim of realizing a sustainable society, the JR East Group promotes sustainability initiatives both within the Group and in cooperation with external parties. We actively participate in domestic and international initiatives and endorse related statements, on environmental issues in particular, working with other companies to energize such initiatives as climate change countermeasures and realize a sustainable society.



Materiality

Mindful of its medium- to long-term vision, the JR East Group has established the following six material issues and is addressing social issues through its business activities.

Providing Society with Safe, Reliable Infrastructure

We will provide society with safe, reliable infrastructure by placing safety at the top of management.

Risks and Opportunities

- The occurrence of an accident or other incident is a risk that could have a serious impact on business management.
- Safety inspires and increases trust, which is the foundation of all our businesses.

1 SAFETY **9 ENERGY SECURITY** **11 SUSTAINABLE CITIES AND COMMUNITIES** **17 PARTNERSHIPS FOR THE GOALS**

Reinforcement of Business Foundations

Creating a Vibrant Society

We will provide quality services that are inclusive and convenient. We will work in partnership with the local communities to develop vibrant towns.

Risks and Opportunities

- Given the risk of continued decline in Japan’s population and other factors, we will work with local communities to increase usage of our transportation services by growing the number of people engaging with regions.
- We will increase usage and help create vibrant communities by promoting understanding of diversity, equity, and inclusion (DE&I); enhancing accessibility; and catering to demand for convenient, contactless services.

3 GOOD HEALTH AND WELL-BEING **9 ENERGY SECURITY** **10 JUST SOCIETY** **11 SUSTAINABLE CITIES AND COMMUNITIES**

Enhancement of Future Corporate Value

Enriching the Global Environment

We will realize carbon neutrality and secure stable energy supplies, taking into account the effect of climate change on our businesses. We will lead efforts to realize a circular economy and conserve biodiversity.

Risks and Opportunities

- Mindful of the risks posed to railway operations and businesses by climate change, we will reduce energy consumption, ensure stable supplies of energy, enhance our environmental advantages, and continue to provide services that are the preferred choice of customers.

2 CLEAN WATER AND SEWERAGE **6 CLEAN WATER AND SEWERAGE** **7 AFFORDABLE AND CLEAN ENERGY** **11 SUSTAINABLE CITIES AND COMMUNITIES** **12 RESPONSIBLE CONSUMPTION AND PRODUCTION** **13 CLIMATE ACTION** **14 LIFE BELOW WATER** **15 LIFE ON LAND**

Enhancement of Future Corporate Value

Providing Society with Innovative Technologies and Services

We will create new services and expedite their introduction to society by actively advancing new technologies and digital transformation in all of our businesses and by taking on ambitious initiatives that go beyond the boundaries of existing businesses.

Risks and Opportunities

- In addition to providing solutions that improve our responses to disasters and accidents, we will improve labor saving and efficiency.
- While improving services and adding value in all our businesses, we will secure earnings and maintain levels of employment through business creation.

8 GOOD WORK AND ECONOMIC GROWTH **9 ENERGY SECURITY**

Enhancement of Future Corporate Value

Increasing the Engagement of All Group Employees

We will make our Group companies places where each of the Groups’ diverse employees can demonstrate their abilities in a challenging and rewarding environment.

Risks and Opportunities

- We will attract personnel who have diverse values and can think flexibly.
- We will fundamentally reform businesses through integration and collaboration; realize innovation; and heighten productivity through the upgrading of work practices.

3 GOOD HEALTH AND WELL-BEING **4 QUALITY EDUCATION** **5 GENDER EQUALITY** **8 GOOD WORK AND ECONOMIC GROWTH** **10 JUST SOCIETY**

Reinforcement of Business Foundations

Improving Confidence in Management

We will build a solid governance system that is resilient to changes to facilitate new challenges, while respecting human rights and conducting trustworthy corporate management.

Risks and Opportunities

- We will transform into a corporate group that gives each employee a sense of participation in management and which realizes bottom-up, people-focused value creation.
- We will distribute the added value that we create to a wide range of stakeholders, thereby increasing corporate value.
- We will build an effective management structure and create a corporate culture that supports and heightens trust.

8 GOOD WORK AND ECONOMIC GROWTH **16 PEACE, JUSTICE AND STRONG INSTITUTIONS**

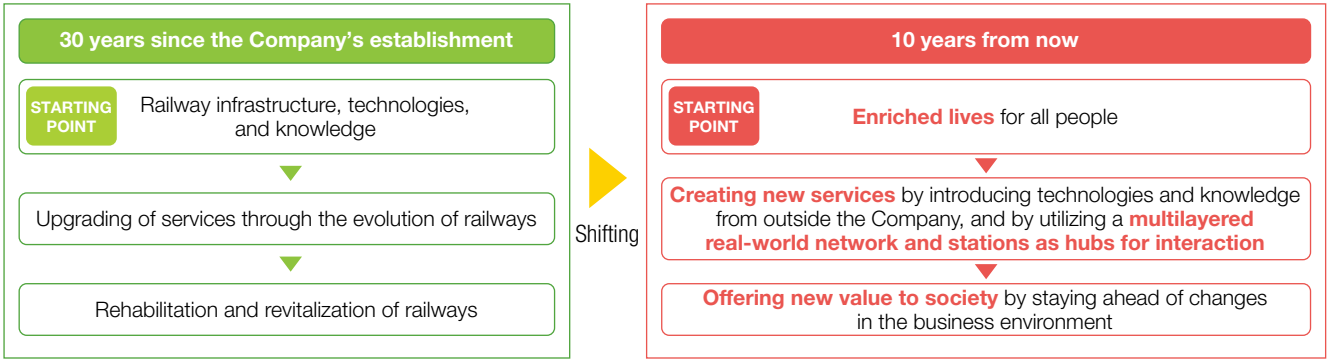
Reinforcement of Business Foundations

JR East Group Management Vision “Move Up” 2027

Basic Policies of “Move Up” 2027

Transition from Railway-Focused to People-Focused Value Creation

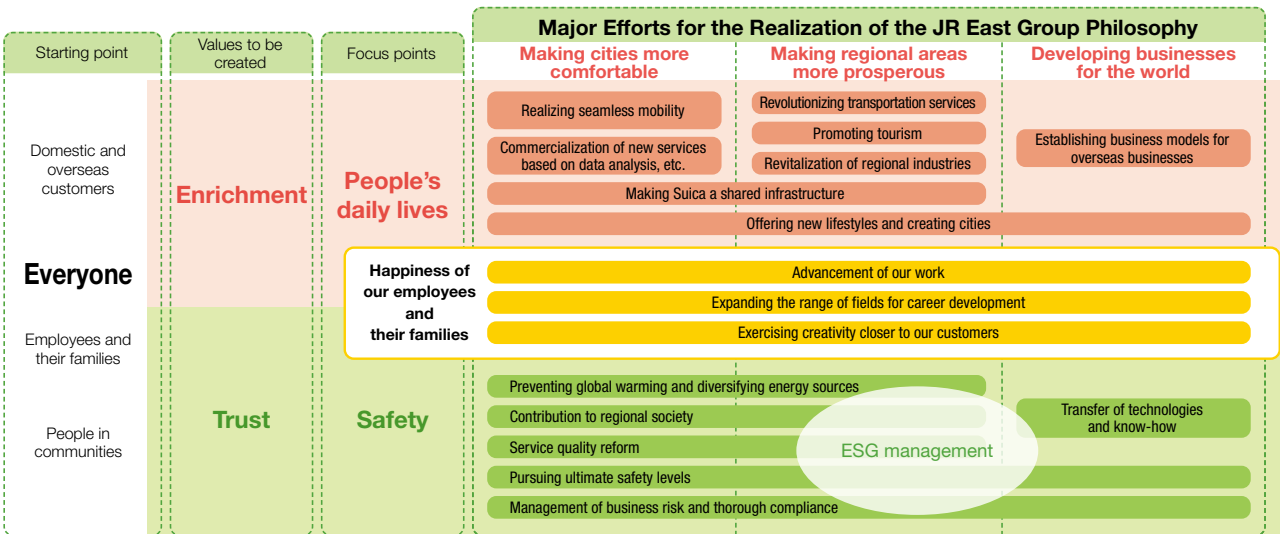
During the 30 years following its establishment, JR East developed a business model that generated revenues by encouraging many customers to use railway services and railway stations through the enhancement of their convenience. From now onwards, with the enrichment of everyone in their daily lives as our starting point, we will create new services and provide them to society by utilizing a multilayered real-world network and introducing technologies and knowledge from outside the Company.



Our Vision in “Move Up” 2027

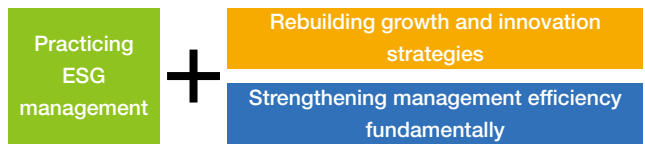
Creating Value through Trust and Enrichment

Focusing on people and advancing initiatives in cities, regions, and the world at large, we will offer value by realizing safety, enriching people's daily lives, and contributing to the happiness of our employees and their families.



Speed Up “Move Up” 2027: Increasing the Pace and Level of Initiatives

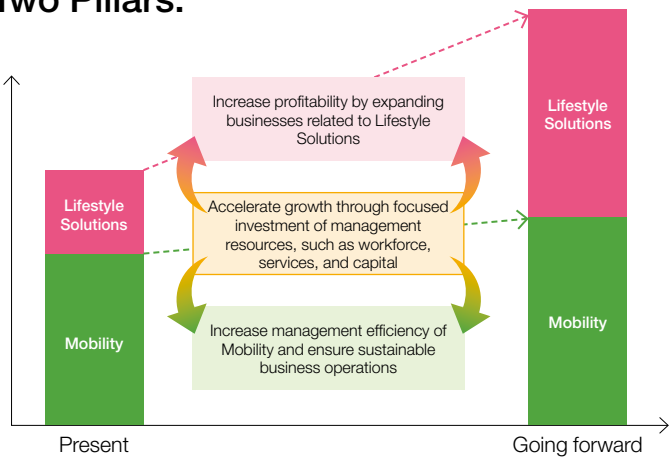
In response to the dramatic changes in the business environment caused by the COVID-19 pandemic, in September 2020 JR East developed Speed Up “Move Up” 2027. This sets out the priority strategies shown on the right with the aim of accelerating the realization of “Move Up” 2027 by increasing the pace and level of initiatives.



Business Management Supported by Two Pillars: Mobility and Lifestyle Solutions

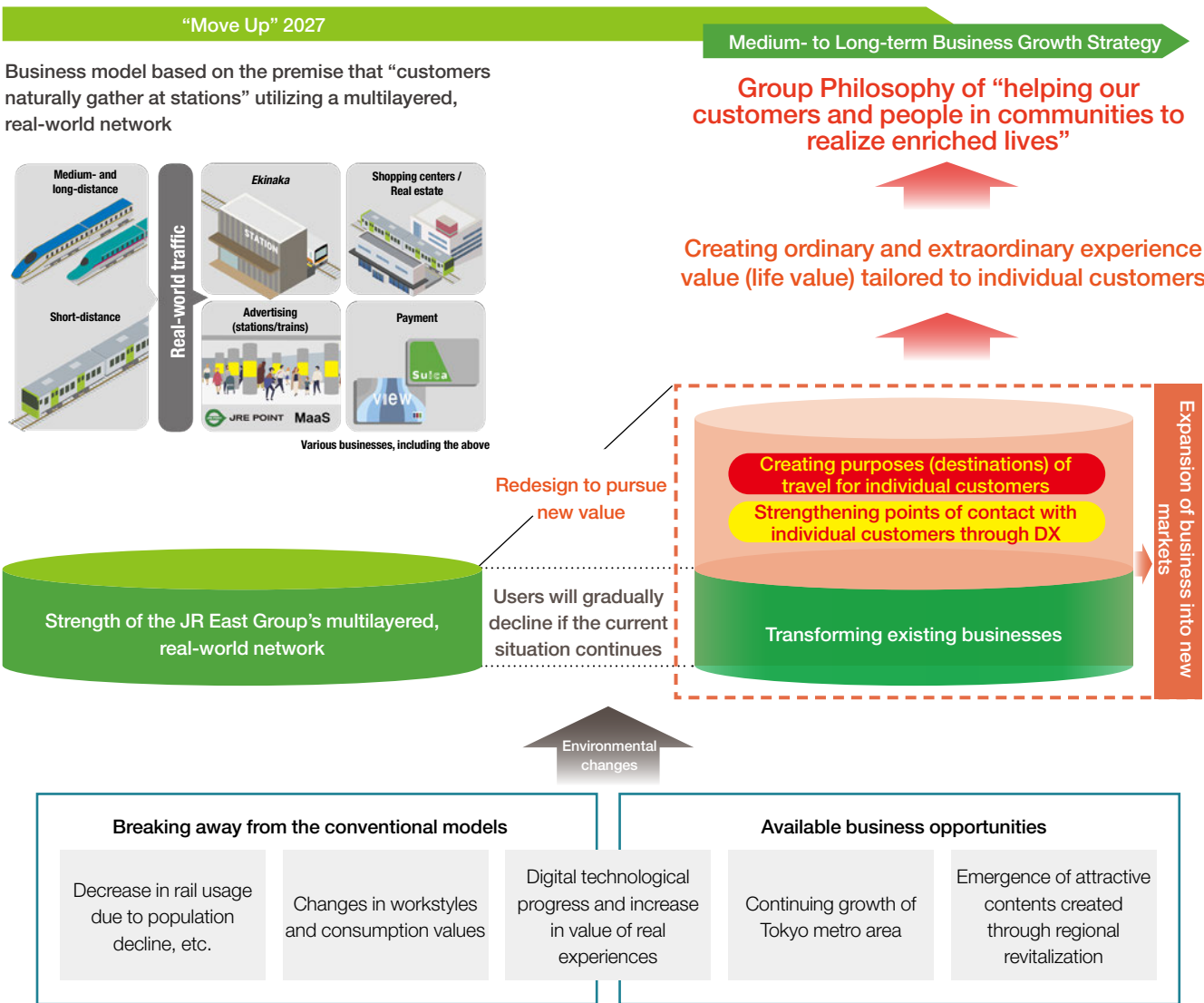
In response to a declining population, the increasing fluidity of human resources, changes in society's values since the COVID-19 pandemic, and other marked changes in the business environment, we will step up the pace of structural reform to build robust business management that is supported by the two pillars of Mobility-related businesses centered on railways and businesses focused on Lifestyle Solutions for customers. This structure will sustain growth even in the face of changes in the business environment.

The Group will maximize corporate value by leveraging the strengths of its diverse businesses and by realizing the Group's combined strengths through further integration and collaboration.



Medium- to Long-term Business Growth Strategy, Beyond the Border

To further accelerate sustainable growth based on the two pillars of Mobility and Lifestyle Solutions, in June 2024 the JR East Group formulated a new medium- to long-term business growth strategy, Beyond the Border. The Group will redesign into a new strength the multilayered, real-world network that covers both Mobility and Lifestyle Solutions and that has been a strength to date. We will build this new strength by evolving Suica to create travel destinations and realize digital transformation (DX) that strengthens points of contact with individual customers.



Financial and Investment Strategies



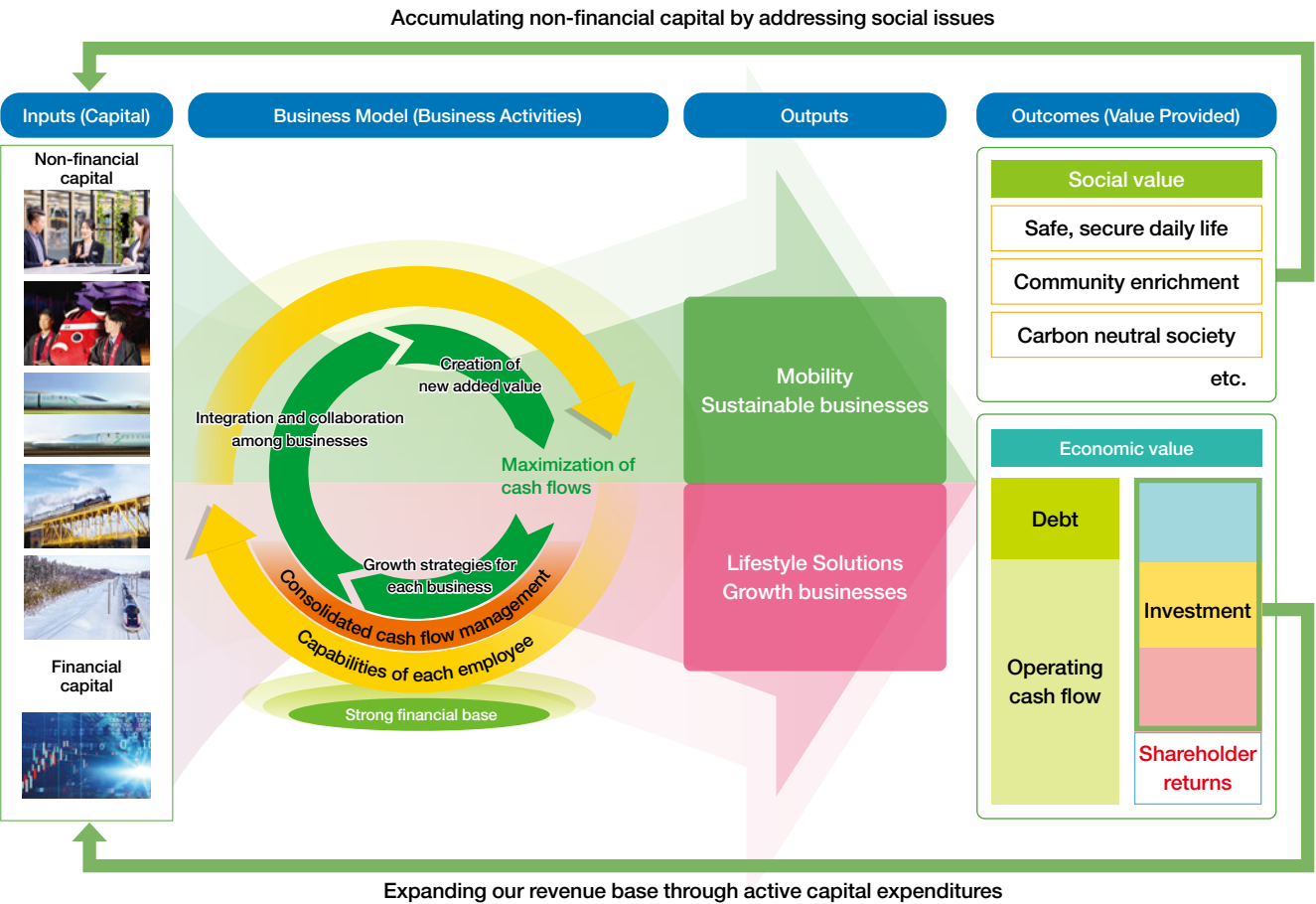
By formulating strategies for each business and ensuring the participation of each employee in management efforts, we will advance consolidated cash flow management from a medium- to long-term perspective and further enhance corporate value.

Atsuko Itoh
Executive Director
Director General of Corporate Strategies Headquarters

Q1 Could you please explain your financial and investment strategies?

A1 As cash allocation for value creation shows, financial and investment strategies are integrated into the value creation model of the JR East Group. The Group has actively implemented capital expenditures supported by a strong financial base. In addition to this financial capital, we have abundant non-financial capital. Specific types of non-financial capital include the trust that the Company has cultivated over the 150-year history of Japan's railways, technological and operational experience that supports safety, close relationships with local communities, and a network that links various stakeholders with real-world assets. Our financial capital and non-financial capital are the sources of cash flow, which is economic value, and they also create social value, such as safe, secure daily life, community enrichment, and a carbon neutral society. Our goal is to create a virtuous cycle in which economic value and social value are used to accumulate further financial and non-financial capital. To cyclically link value with capital accumulation, we will actively implement capital expenditures and address social issues.

Financial and Investment Strategies in the Value Creation Model



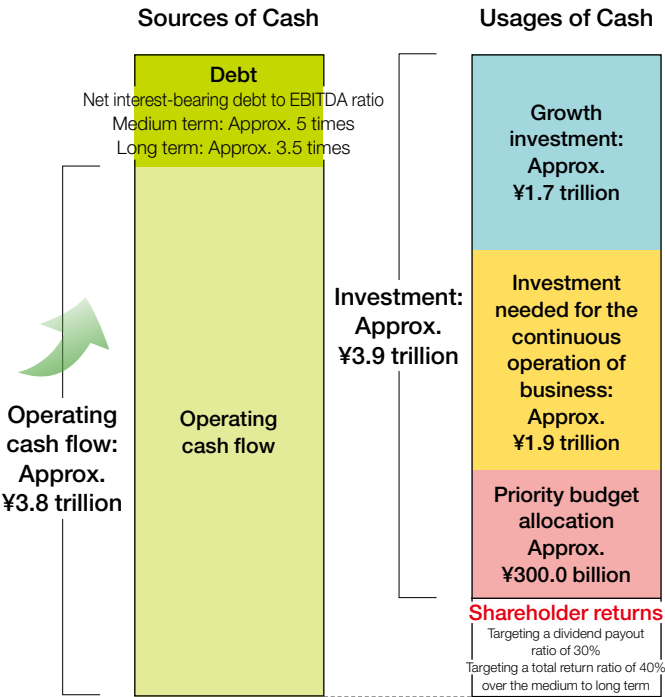
In advancing the above value creation process, the cornerstone of our financial and investment strategies is consolidated cash flow management from a medium- to long-term perspective. The businesses operated by the Group, such as the railway business and large-scale real estate development, have a significant social impact and generally recover investments over long periods. For this reason, we are more focused on maximizing cash flows on a consolidated basis over the medium to long term than on profit in specific fiscal years. We will further enhance corporate value by achieving both sustainable growth and financial soundness.

With respect to the use of cash over the medium term, we plan to invest approximately ¥3.9 trillion during the five years from fiscal 2024 through fiscal 2028, which is more than the approximately ¥3.8 trillion in operating cash flow that is expected to be generated during this period. Of this investment amount, approximately ¥1.7 trillion has been earmarked for growth investment. In particular, fiscal 2026 will see investment peak due to the full opening of TAKANAWA GATEWAY CITY and the opening of the Oimachi development project. Therefore, we will engage in up-front investment until fiscal 2026. Partly as a result of the contribution to revenues from these large-scale development projects, free cash flow is expected to become positive from fiscal 2027 onward.

As for shareholder returns, we are aiming for a dividend payout ratio of 30%. Although in the near term we will give priority to the allocation of cash for growth investment, our aim is to achieve a total return ratio of 40% by fiscal 2028, when growth investment is expected to stabilize. In light of trends in capital expenditures and business performance, we will steadily enhance shareholder returns.

In the near term, an increase in interest-bearing debt is planned. However, we will steadily restore financial soundness by controlling interest-bearing debt in line with cash flow. Our policy is to reduce the net interest-bearing debt to EBITDA ratio, which we use as a management indicator for interest-bearing debt, to approximately 5 times in the medium term and to approximately 3.5 times in the long term. At the same time, we will strive to maintain our credit rating through sincere dialogue with rating agencies.

Cash Allocation (from Fiscal 2024 to Fiscal 2028)



Q2 What are your policies with respect to “cash flow management optimized for business characteristics?”

A2 The business management of the JR East Group is supported by two pillars: Mobility and Lifestyle Solutions. Our cash flow management is optimized for the characteristics of each business.

Mobility is a sustainable business that provides stability as well as growth. Based on safe and reliable transportation, we will work to increase revenues even further by capturing demand from visitors to Japan and by stimulating tourism demand. Regarding the revision of railway fares in the railway business, following discussions with the Ministry of Land, Infrastructure, Transport and Tourism, the Revenue Cost Calculation Guidelines were partially revised in April 2024. Therefore, if conditions are met, we will promptly submit an application for fare revision. With respect to the operations and maintenance of the railway business, we will utilize AI and other new technologies to build work systems that anticipate a 20% decrease in the working-age population. We will proceed with structural reforms aimed at achieving a further ¥100 billion reduction in the operational costs of the railway business by fiscal 2028 (compared with those of fiscal 2020). Through these efforts, we will raise the level of EBITDA. By ensuring that

investment needed for the continuous operation of business and growth investment are within the scope of EBITDA, we aim to achieve sustainable business management. Our financial policy is to reduce the net interest-bearing debt to EBITDA ratio.

Lifestyle Solutions are growth businesses that swiftly anticipate change. As symbolized by TAKANAWA GATEWAY CITY, our foundations and potential for revenues are significant. Going forward, we will accelerate our digital strategy by evolving Suica from travel and payment toward day-to-day life. In addition, through a marketing strategy that makes full use of the vast amount of data and information we gather, we will create a growth engine. Our financial policy is to focus on EBITDA growth in order to secure investment capacity that will lead to a stronger earnings base. Particularly in the Real Estate & Hotels segment, we will actively utilize interest-bearing debt to implement growth investment that advances many large-scale development projects, including projects that will contribute to earnings from fiscal 2029 onward. In the future, we will consider setting a target for the net interest-bearing debt to EBITDA ratio that is separate from the overall target.

Growth Investment Pipelines and Returns (As of April 2024)

Under construction In operation

Names (including tentative names)		2025	2026	2027	2028	2029	2030	2031	2032	2033 (FY)	Assumed revenues during stable operations	Assumed investment amount
Mobility	Introduction of Green Cars to Chuo Rapid Line											
	Tohoku Shinkansen speed increase (320 km/h) between Morioka and Shin-Aomori											
	Haneda Airport Access Line (tentative name)											
Lifestyle Solutions	TAKANAWA GATEWAY CITY											
	Development of the Hiromachi area around Oimachi Station (tentative name)											
	Funabashi Ichiba-cho Project (tentative name)											
	Station building development at Nakano Station											
	Shibuya Scramble Square (Central and West Wing)											
	Redevelopment project around Itabashi Station Itabashi Gate District 1 Urban Area											
	Development project around Shinjuku Station Southwest Gate Area											
	Development project around Nakano Station New North Entrance											
	Development project around Hamamatsucho Station West Gate Area											
	BLUE FRONT SHIBAURA											
	Tokyo Institute of Technology Tamachi Campus Redevelopment project											
	Improvement around Shinagawa Station North Gate and maintenance of station building											
											Approx. ¥120.0 billion per year*	Approx. ¥1,450.0 billion

* Not including the Funabashi Ichiba-cho Project (tentative name), which is a source of non-recurring revenue

Q3 Regarding specific initiatives for the advancement of consolidated cash flow management, what are your objectives and direction when formulating strategies for each business?

A3 To realize consolidated cash flow management, we will further categorize the wide range of businesses in our four business segments into 14 businesses. Cash flow will be maximized both by generating cash through the addition of value in each business and by keeping transactions and the resulting cash within the Group. The first objective of establishing 14 businesses is to formulate and implement medium-term strategies from a consolidated perspective. Rather than proceeding on an individual Group company basis, JR East divisions and Group companies that belong to the same type of business will work together to formulate and execute flexible and bold growth strategies. The second objective is to achieve sustainable growth. By setting key performance indicators (KPIs) that emphasize medium-term cash flow and by optimally allocating the resources necessary for business operations, we will realize business growth and enhance the productivity of the entire Group. Our third objective is to advance a portfolio strategy. We will identify the strengths and weaknesses of each business through comparisons with other companies in the same industry. We will clarify priority fields, fields that should be strengthened, and fields where approaches to businesses need to be reviewed, and we will then realize an optimally structured business portfolio, taking into consideration external collaborations and M&As.

Of course, we must consider overall optimization rather than pursuit of optimization for individual businesses. We have always engaged in projects that straddle businesses, such as projects that organically link the establishment of new railway stations, the installation of new automatic ticket gates, transportation improvements, and urban development. Going forward, we will accelerate the integration of different businesses more than ever and strengthen collaboration among them.

Two Pillars, Four Segments, and 14 Businesses

Mobility		Lifestyle Solutions		
Transportation		Retail & Services	Real Estate & Hotels	Others
Shinkansen		Retail	Real estate ownership and utilization	Suica and finance
Conventional lines		Advertising and publishing	Real estate rotation	Overseas railway
Bus				Energy
Railcar manufacturing		Overseas	Real estate management	Construction

Q4 How will the Group's employees be involved in promoting consolidated cash flow management?

A4 The sources of sustained growth for the entire Group are its abundance of assets that produce revenues as a network, and its diverse personnel who have grown by overcoming the COVID-19 pandemic. Given the long periods that the Group often requires to earn returns on capital expenditures, the rapid generation of cash by realizing the potential of existing assets without being restricted by their past uses is required. This is because the rapid generation of cash will enable the establishment of a virtuous cycle in which generated cash is allocated to further investment, thereby generating even more cash. To ensure that each Group employee is more engaged in addressing such management tasks as enhancing asset efficiency, we have created two systems.

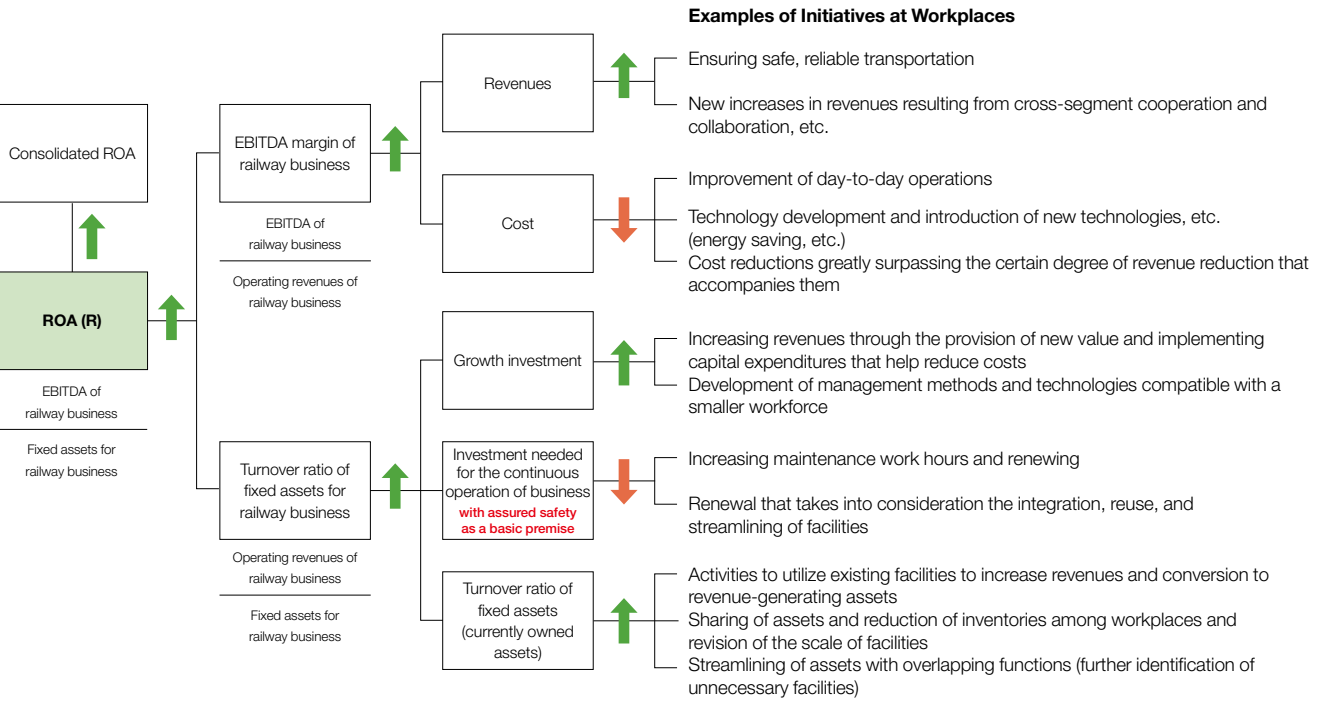
The first system is the ROA(R) System. The “(R)” stands for railway, and “ROA(R)” refers to the ROA of the railway business, which has a particularly large volume of assets. The denominator of ROA(R) is the fixed assets of the railway business. To emphasize cash generation, we have made the numerator EBITDA rather than operating income. Further, through the use of a ROA(R) Tree, we have subdivided this indicator into elements related to the railway business, including revenues, cost, capital investment, and the turnover ratio of fixed assets. Also, we have developed the system so that an EBITDA KPI showing the cash to be generated is set for each headquarters and branch office. Under the system, these targets can be achieved by increasing revenues, reducing costs, and enhancing asset efficiency. In addition, the system shows how the specific initiatives at each workplace contribute to ROA(R) and enables the Companywide sharing of ideas and good case studies from respective workplaces. We hope that the continuous generation of cash resulting from workplaces' efforts to use this system to enhance of profitability and asset efficiency will create a significant wave.

The second system is referred to as the Area Management System. Particularly in the railway business, collaboration among workplaces is essential in daily operations. Accordingly, we promptly quantify the results of steady day-to-day measures and initiatives, such as measures to increase revenues and reduce costs in areas that encompass and unite workplaces. By visualizing the numerical results of measures and visualizing area revenues and costs in this way, we are enabling personnel to proactively consider how to heighten the value of their own areas and providing strong support for bottom-up efforts that improve area value. We have established the Area Management System and ROA(R) System in an integrated, Companywide manner, creating a structure that allows each employee to participate in management.

In Lifestyle Solutions, we will adopt a consolidated viewpoint in efforts to optimize real estate, one of our key management resources. We will not only utilize assets effectively through such measures as repurposing company housing sites for commercial and residential purposes but also improve profitability by strengthening existing assets for which issues have yet to become apparent when the assets are viewed from the perspective of individual Group companies. We will also enhance asset efficiency through the utilization of the real estate rotation business. Under the this business, we sell our own properties to private real estate investment trusts (REITs) and funds to secure development profits promptly. We then reinvest the resulting capital in areas with high growth potential.

In addition to our previously established consolidated ROA target of 4.0% for fiscal 2028, we set new ROA targets for business segments in April 2024. We aim to achieve the ROA targets by realizing business management in which all employees participate.

ROA(R) Tree



Q5 What is your message to JR East shareholders and investors?

A5

Shareholders and investors are important stakeholders for the JR East Group. In March 2024, we analyzed and evaluated our current situation with regard to action to implement management that is conscious of cost of capital and stock price and formulated a policy for future efforts toward improvement.

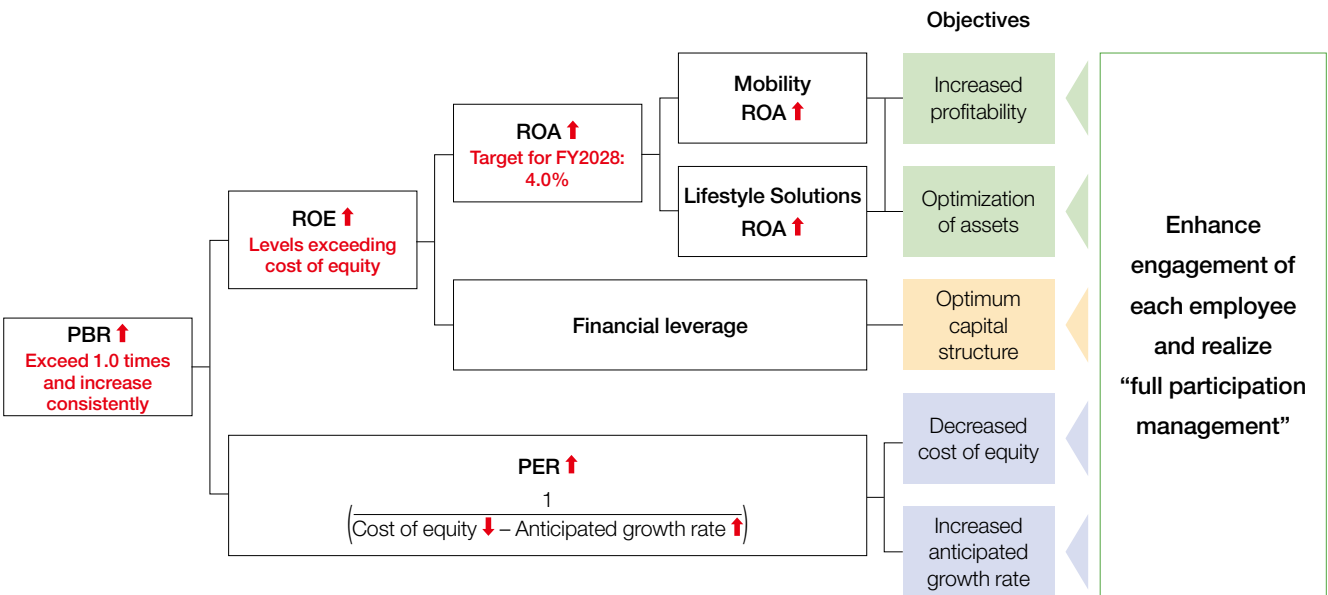
With respect to the price-to-book ratio (PBR), which indicates the stock market's evaluation, our goal is to realize a PBR that exceeds 1.0 times and increases consistently. PBR is the product of return on equity (ROE), in other words the rate of return, multiplied by the price-earnings ratio (PER), which reflects anticipated growth. Therefore, we need to increase PBR through both rate of return improvement and growth expectations. Since we have a huge volume of fixed assets for railway operations, the previously explained enhancement of ROA through efforts to improve profitability and increase asset efficiency will directly lead to the enhancement of ROE and PBR. For this reason, raising ROA beyond the 4.0% target will also raise the level of ROE. We recognize that the cost of equity is around 5% to 6%. Even if the cost of shareholders' equity rises in the future, we will aim for ROE that

consistently exceeds the cost of equity. Further, we will enhance growth expectations by ensuring active dialogue between our senior management team and shareholders and investors; by enhancing disclosure of business information and environmental, social, and governance (ESG) information; and by communicating business-specific strategies.

We place paramount importance on practicing ESG management. The source of the Group's growth is human resources. The growth of employees is the driving force behind the Group's growth. We will provide new value to society by realizing the potential of each employee and enhancing employee engagement. We will also work together with our various business partners to address increasingly complex and sophisticated social issues through our business activities. Going forward, we will endeavor to earn the long-term trust of our shareholders and investors. In conjunction with these efforts, we aim to meet the expectations of stakeholders by pursuing the enhancement of corporate value.

<https://www.jreast.co.jp/e/investor/taiwa/>

PBR Tree



Environmental Investment and ESG Bond Issuance

We place paramount importance on practicing ESG management, and we plan to invest approximately ¥130.0 billion in such initiatives over the five years from fiscal 2024 to fiscal 2028. For us, environmental investment means decarbonization investment that contributes primarily to the reduction of CO₂ emissions. Specifically, it includes the introduction of high environmental performance rolling stock, LED lighting in stations, and the development of high-efficiency air-conditioning.

Since January 2020, we have issued six sustainability bonds*1 in Japan and three green bonds*2 overseas. Further, in February 2024 JR East received the Silver Prize (Minister of the Environment Award) at the ESG Finance Awards Japan (Fund Procurement Category), organized by the Ministry of the Environment.

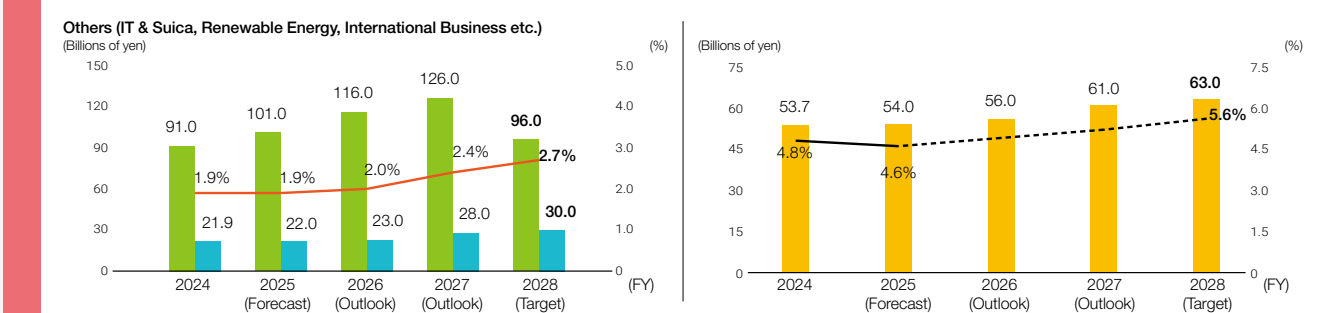
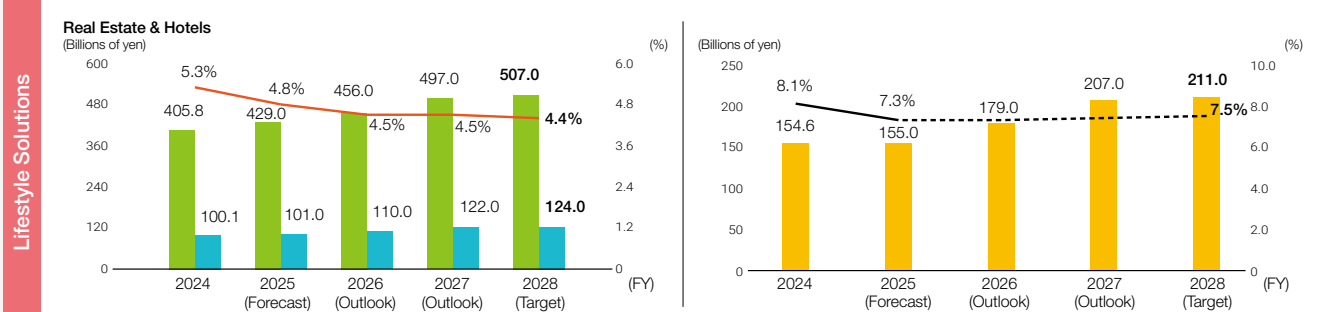
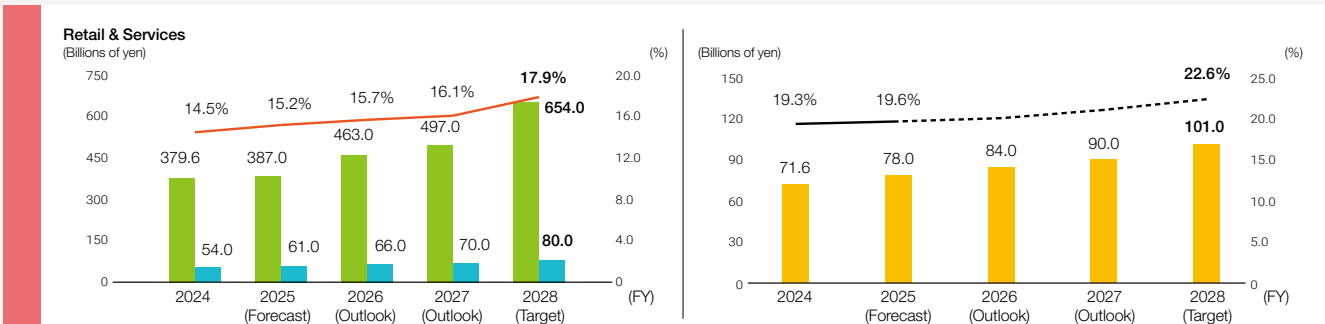
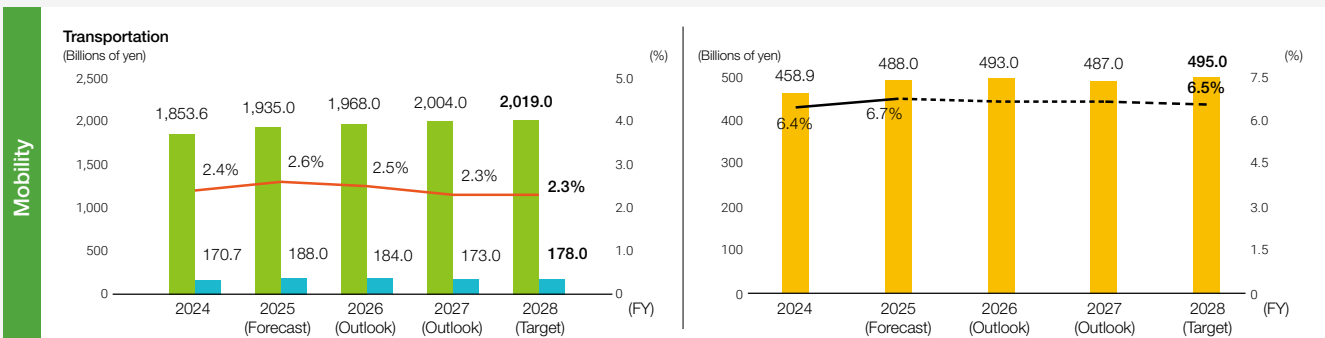
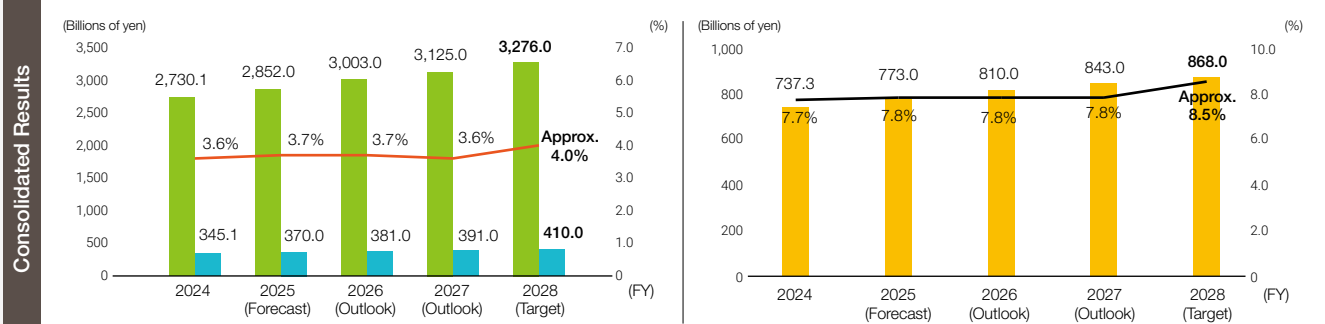
*1 Sustainability bonds: The proceeds of these bonds are used for projects that contribute to the resolution of environmental problems and social issues.

*2 Green bonds: The proceeds of these bonds are used for projects that contribute to solutions to environmental problems.



Fiscal 2028 Numerical Targets

Operating revenues Operating income ROA (R = Operating income) EBITDA ROA (R = EBITDA)



Note: The calculations of "2025 (Forecast)," "2026 (Outlook)," and "2027 (Outlook)" reflect the following changes, which came into effect in the first quarter of fiscal 2025.

• The classification of JR East Sports Co., Ltd. and GALA YUZAWA Co., Ltd. was changed from the Retail & Services segment to the Real Estate & Hotels segment.

• The classification of JREFU Hotel Management & Consulting Co., Ltd. was changed from the Real Estate & Hotels segment to the Retail & Services segment.

• The recognition of JR East's revenues from rent of the space under elevated railway tracks was changed from the Transportation segment to the Real Estate & Hotels segment.