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1. Changes in the business environment: Decreasing population

- After 2025, the population in Tokyo metropolitan area (Tokyo, Saitama, Chiba, Kanagawa) is expected to decrease gradually.
- In Tohoku region (Aomori, Iwate, Miyagi, Akita, Yamagata, Fukushima), the population is expected to decrease by nearly 30% by 2040.

![Graph showing population projections](image-url)

Source: IPSS (National Institute of Population and Social Security Research)
Population Projections by Prefecture (2018)
1. Changes in the business environment: Decreasing need for railway transportation

After 2020, due to decreasing population, changes in the working style, development of internet society and practical application of autonomous driving technologies, the need for railway transportation is expected to decline. Since our railway business has large fixed costs, we face a high risk of a drastic profit loss.

Transition of passenger-km (East Japan area)

Based on the 5th Tokyo metropolitan area person trip survey (Tokyo Toshiken Kotsu Keikaku Kyogikai, 2008), the no. of passenger-km is calculated by multiplying the expected population in 2030 and 2040 by the no. of trips/person by age group.
2. JR East Group’s strengths

While utilizing JR East Group’s strengths, we will continue to create new values through technological innovation and data integration for transportation, shopping and payment.
3. Basic Policies of “Move Up” 2027

Stories to create values: From the provision of services with railway infrastructure as our basis to the introduction of new values to society, focusing on the affluence of everyone in their daily lives.

30 years since the company’s establishment

- Railway infrastructure, technologies and knowledge
- Upgrading of services through the evolution of railways
- Rehabilitation and revitalization of railways

10 years from now

- **Affluent lives for all people**
- Creating new services by introducing technologies and knowledge from outside the company, by utilizing a multilayered “real” network and stations as hubs for interaction
- Offering new values to society by staying ahead of changes in the business environment

- Drastic changes and diversification in social structures due to the decreasing birth rate and population and aging of the population
- Changes and diversification in values related to what it means to work and be affluent
- Changes in our living environment due to technological innovations such as AI and IoT
- Acceptance of new values through globalization of economy and society
There is an urgent need to qualitatively reform, revolutionize and develop transportation services mainly by railways.

Further allocate management resources to lifestyle services and IT & Suica businesses, developing them as our new growth engine.
With people (“everyone”) as our base point, and with “Safety,” “People’s daily lives,” and “Happiness of our employees and their families” as keywords, we will continue to create values of “Trust” and “Affluence” in cities, regional areas, and around the world.

**Major efforts for the realization of the JR East Group Philosophy**

- **Making cities more comfortable**
  - Realizing seamless mobility
  - Making Suica a shared infrastructure
  - Offering new lifestyles and creating cities

- **Making regional areas more affluent**
  - Revolutionizing transportation services
  - Promoting tourism
  - Revitalization of regional industries

- **Developing businesses for the world**
  - Establishing business models for overseas businesses

**Focus points**

- **Safety**
  - Prevention of global warming and diversifying energy sources
  - Contribution to regional society
  - Service quality reform
  - Pursuing ultimate safety levels
  - Management of business risk and thorough compliance

**Values to be created**

- **“Affluence”**
  - Happiness of our employees and their families

- **“Trust”**

**Base point**

- Domestic and overseas customers
- “Everyone”
- Employees and their families
- People in communities

ESG stands for Environment, Social and Governance, important elements for the sustainable growth of a company.
Safety is the top priority of JR East Group’s management. This awareness needs to be shared thoroughly with all of our employees. We take concrete measures to further improve our ultimate safety levels through the concerted efforts of all group companies.

**Completely eliminating accidents due to internal causes**

- **Tangible measure**
  - Proper maintenance, management, strategic renewal and strengthening of facilities and rolling stock
- **Intangible measure**
  - Strengthening practical safety education and training
  - Not only learning from failures, but also recognizing things that go well

**Realization of safer station platforms and level crossings**

- Improving safety levels at station platforms
  - By the end of FY2033, the introduction of platform doors at all stations (330 stations) for major conventional lines in Tokyo metropolitan area
  - Development of high-precision Image Processing Type Fallen Passenger Detecting System

- Improving safety levels at level crossings
  - Warning road users (drivers) by using the Intelligent Transportation System
  - Introduction of highly functional 3D level crossing obstacle detectors
  - Installation of crossing gates or alarms to class 4 level crossings

**Evolution of safety management**

- Properly responding to new risks by actively utilizing new technologies

**Reducing risk of disasters and terrorist incidents**

- Efforts to further advance our safety culture
- Efforts to detect new risks and advance rules and systems
- Training personnel to respond to environmental change

- Accelerating plans for further seismic reinforcement against large-scale earthquakes
- Improving prediction accuracy for abnormal weather and serious disasters (wind gusts, heavy rain, etc.)
- Strengthening security against new threats such as terrorism, etc.
By further expanding the range of coalitions with external networks by joint use of data and use of field sites such as verification experiments, we will realize affluent lives for “everyone”.
4. (1) Practicing ESG management

JR East Group will strive to solve social issues through our businesses, contribute to the development of regional society, and deepen the trust that people in communities and customers have in us, leading to the sustainable growth of JR East Group.

[SUSTAINABLE DEVELOPMENT GOALS: 17 Sustainable Development Goals the world agreed upon for 2030]
4. (2) 【Making cities more comfortable】 Targets

By delivering seamless transportation and various services as part of our “one-stop” offering, we will provide an environment where customers can choose the optimal transportation, purchasing and payment services for their daily lives 24 hours a day.

**Offering new lifestyles**
- By using applications, making complete arrangements for the optimal route for the following day and making payment.
- Services to heighten the value of time usage.
- Placing an order via the internet and making payment. (The result is automatically reflected in household account books.)
- Services that make customers feel glad about living in the neighboring area.
- Picking up kids from nurseries.
- Picking up products purchased on-line from coin lockers at stations.

**Creating cities**
- Changing routes at times of transportation disruption and utilizing hire services.
- Gathering information around the destination and making a reservation for lunch.
- Services that make customers feel glad about visiting the neighboring area.
- Services that make people feel glad about working in the neighboring area.
- Working in spare time in shared offices at stations.

**Seamless mobility**

- **One-stop provision of various services**
  - **Suica as a shared infrastructure**
  - ** JR East Group’s business platform**
  - **Payment platform**

**Morning**
- Dropping kids at nurseries at neighboring stations.
- By delivering seamless transportation and various services as part of our “one-stop” offering, we will provide an environment where customers can choose the optimal transportation, purchasing and payment services for their daily lives 24 hours a day.

**Daytime**
- Changing routes at times of transportation disruption and utilizing hire services.
- Gathering information around the destination and making a reservation for lunch.

**Night**
- Picking up kids from nurseries.
- Picking up products purchased on-line from coin lockers at stations.

**Mobility linkage platform**

**Creating destinations**
- Making stations into more attractive places that are more fun.
- Qualitative reform of transportation services.

**Late afternoon**
- Working in spare time in shared offices at stations.
By widely connecting various services by JRE POINT, we will expand and accelerate the introduction of new services. At the same time, by carefully responding to individual needs and providing one-stop convenience for a variety of services, we help to create a stress-free living environment for customers.
JR East will undertake initiatives for the realization of seamless mobility by utilizing its mobility linkage platform, providing all-in-one-services that offer the necessary transportation information as well as purchasing and payment options to customers, enabling stress-free travel and a reduction in total travel time.
With the improvement of the safety and reliability of transportation as our foundation, we will qualitatively reform our transportation services by creating destinations for our customers, making stations more fun and attractive, and making transportation more fun, comfortable and convenient.
Introduce Smart trains by qualitatively reforming railways from various perspectives including operations and services.

**Services**
- Realization of next-generation ticketing systems and touch-less and gate-less ticketing
- Realization of next-generation Shinkansen (360 km/h)

**Safety**
- Improving security and safety by utilizing sensor technologies for platforms and level crossings

**Maintenance**
- Introduction of robots for maintenance
- Utilization of drones to understand situations at disaster and accident sites
- Realization of smart maintenance to respond to the condition of facilities and rolling stock

**Environment**
- Development of fuel-cell railcars using hydrogen as energy

**Train operations**
- Realization of driver-less operations
- Speedy recovery of train service delays by ICT at times of transportation disorder
Major effects
- Realization of seamless mobility by offering direct access from multiple directions (reduction in travel time and elimination of transfers)
- Responding to a further increase in transportation needs (between each section of the Tokyo metropolitan area and the airport) by reinforcing transportation capacity (by approx. 1.8 times the current level) and increasing redundancy to offer multiple options

### Between Shinjuku and Haneda Airport

<table>
<thead>
<tr>
<th>Route</th>
<th>Time required</th>
<th>No. of transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Via Tokyo Monorail</td>
<td>Approx. 48 min.</td>
<td></td>
</tr>
<tr>
<td>Via Keikyu</td>
<td>Approx. 43 min.</td>
<td>1 (Shinagawa)</td>
</tr>
<tr>
<td>West Yamanote route</td>
<td>Approx. 23 min.</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### Between Tokyo and Haneda Airport

<table>
<thead>
<tr>
<th>Route</th>
<th>Time required</th>
<th>No. of transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Via Tokyo Monorail</td>
<td>Approx. 28 min.</td>
<td></td>
</tr>
<tr>
<td>Via Keikyu</td>
<td>Approx. 33 min.</td>
<td>1 (Shinagawa)</td>
</tr>
<tr>
<td>East Yamanote route</td>
<td>Approx. 18 min.</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### To Boso Peninsula

- To Utsunomiya and Takasaki
- To Joban

### Airport access line

- Via Tokyo Monorail: Approx. 41 min., 1 (Tennozu Isle)
- Via Keikyu: Approx. 33 min., 1 (Shinagawa)

### Time required: No. of transfer

- Coastal area route: Approx. 20 min., N/A
Offering new lifestyles and creating cities that people feel are good to live in, good to work in, and good to visit. By further improving services, we will enhance convenience and comfort levels for citizens, workers, and travelers, etc.

**Services to improve the time value of our daily lives**

- **People in communities**
  - One-stop services: Clinics, nurseries, after-school childcare, libraries, municipal services, home-delivery, etc. which are directly connected to stations.
  - Residential services: Strengthening interaction between generations and reinforcing community.

- **Travelers**
  - Further improving safety levels at stations: Baggage service, AR guidance, automatic detection of people in need of guidance.

- **Workers**
  - Utilization of spare time: Workspace, employment assistance, etc. at Ekinaka (at stations).
  - Home-delivery pick-up services at stations: Proxy services for shopping, parcel reception, etc.
  - Strengthening coalitions between facilities and services: Parcel delivery services, etc.
Creating a new international hub where leading-edge companies and people from around the world come together, and new businesses and cultures are created through diverse interaction.

**Urban development of global standards**
The latest urban infrastructures, functions, and environments attracting attention from the world

- Vibrant plaza and pedestrian network
- Unique and quality space
- Hotels and residences

**Showcasing JR East’s new challenges**
Utilizing JR East’s resources and making various proposals to cope with social change

- Efforts to realize a hydrogen society
- Transfer between railways and secondary transportation modes at the new station
- Support for start-ups
- Laboratory functions to try new ideas
Making Suica a shared infrastructure by linking Suica with various other payment methods and applications so that Suica can be used in a full range of activities in our daily lives.

**Fintech connection**

- Easy-to-use Suica values become available in a variety of advanced payment services
  - New payment methods
  - Various financial services
  - Money transfers between individuals
  - Various mobile applications

**Verification services**

- Suica as a common key for all services
  - Digital tickets
  - Room keys for hotels, etc.

**A coalition with various transportation modes**

- Suica can be used for an optimal combination of various transportation modes

**Ticketless services**

- Realization of smooth railway usage

**Provision of substantial information related to transportation**

- Customers can easily check a variety of travel and transportation information
  - Watch over services
  - Provision of train operation information, etc.
4. (3) 【Making regional areas more affluent】 Targets

By promoting tourism, revitalizing communities, reforming transportation services, and undertaking town planning projects, we will achieve compact cities and networking.

Network to respond to characteristics of each region

Active interaction both between regions and inside regions

Affluent living

**[Reformation of transportation services]**
- Switching to transportation modes depending on characteristics of each region
- Realization of seamless and safe mobility
- Coalitions with other networks

**[Promoting tourism]**
- Finding new regional tourism resources and promoting the attractiveness of each region
- Operating Joyful Trains
- Developing sightseeing routes covering large areas
- Responding to inbound travel demand from overseas

**[Revitalization of regions]**
- Promotion of quality lifestyle services near stations
- Promotion in revitalization of central urban districts
- Strengthening gateway functions of stations

**[Suica]**
Making Suica a shared infrastructure

**[Toward compact cities and networking]**
- Promotion of tourism
- Finding new regional tourism resources and promoting the attractiveness of each region
- Development of sightseeing routes covering large areas
- Operating Joyful Trains
- Responding to inbound travel demand from overseas

**[As hubs (community, energy, disaster prevention)]**
- Promotion in revitalization of central urban districts
- Strengthening gateway functions of stations

**[Supporting regional cultural projects]**
- Supporting regional cultural projects
- Promoting the sextic industrialization of agriculture, forestry and fisheries including processing, logistics and marketing
- Expanding sales channels and distributing information on regional specialties
- Promoting renewable energy
4. (3) [Making regional areas more affluent] Promoting inbound tourism strategies

With the Tokyo metropolitan area as the base point, we aim to revitalize regional cities by expanding inbound travel demand and encouraging tourists to visit regional cities.

<table>
<thead>
<tr>
<th>Inbound travel revenue forecast (plan)</th>
<th>FY2019</th>
<th>FY2023</th>
<th>FY2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Railway Business</td>
<td>27 bil. yen</td>
<td>38 bil. yen</td>
<td>47 bil. yen</td>
</tr>
<tr>
<td>Lifestyle Business</td>
<td>15 bil. yen</td>
<td>22 bil. yen</td>
<td>27 bil. yen</td>
</tr>
</tbody>
</table>

**Strengthening promotions mainly for private travelers from Asia**

- Expanding hubs and networks
- Promoting and expanding digital marketing and direct sales via the internet
- VR (virtual reality)
- AR (augmented reality)
- IoT and AI
- Promotion
- QR codes, applications, internet
- Sales
- Big data
- GPS

**From Tokyo metropolitan area to Tohoku and Shinetsu regions**

- Improving stress-free environment to welcome guests
- Creating opportunities to experience customs and cultures
- Free Wi-Fi in Shinkansen, etc.
- Responding to various payment services
- Providing easy-to-use Suica services
- Providing various accommodation services
- Accommodation: Staying at old folk houses/farmhouses
- Eating: Local restaurants

**Changes in inbound tourism demands**

- FY2018 (result): 26.69 mil. persons
- Target in 2020: 40 mil. persons
- Target in 2030: 60 mil. persons

- Europe, US, Australia
- Southeast Asia
- East Asia

- Tokyo 2020 Olympic and Paralympic Games

- Reaching out to those not yet interested in visiting Japan
- Securing first-time visitors
- Establishing repeat visitors

- Destination Campaign and inbound
- Regional materials
- Experience-type products
- Finding new raw materials

- No. of overseas travelers to Japan

- Changes in inbound tourism demands
By packaging our transportation services, lifestyle services, etc. to match the needs of each country we will offer more affluent lifestyles for global markets.
With safety and reliability of transportation as our foundation, we will increase operating cash flow by offering new services to respond to needs of customers. We aim to expand the scale of our operating revenues.

By utilizing assets efficiently, maximizing profits

Investing the generated cash

Corporate bonds, loans, etc.

Consolidated accumulated operating cash flow 3.72 tril. yen

Deposit balance, etc.

Investment needed for the continuous operation of business 1.91 tril. yen

Shareholder returns

Priority budget allocation 400 bil. yen

Growth investment 1.44 tril. yen

Total capital expenditures 3.75 tril. yen

Money usage

Priority budget allocation (investment for innovation, etc.)

Promoting investment for technological innovation (5 years)

Growth investment

Based on new criteria for the judgement of investments, we actively invest for future growth.

Investment needed for the continuous operation of business

We flexibly invest at or close to an amount equal to consolidated depreciation expense.

Management index targets

- Consolidated accumulated operating cash flow
- Consolidated ROA (operating income rate for total assets = operating income ÷ total assets)

Mid- to long-term mindset

The balance of consolidated interest-bearing debt should correspond to the consolidated operating revenue and profit.

Total return ratio is targeted to be 40%. Dividend payout ratio is targeted to be 30%.

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To achieve our reforms in the coming 10 years, we will set numerical targets for the first 5 years (FY2023), i.e. for the first half of the period.

**Consolidated operating revenue**
- FY2019: 29,940 (100 mil. yen)
- FY2023 (target): 32,950 (100 mil. yen)
  - Transportation: 890
  - Retail & Services: 5,210
  - Real Estate & Hotels: 4,400
  - Others: 21,000

**Consolidated operating income**
- FY2019 (plan): 4,820 (100 mil. yen)
- FY2023 (target): 5,200 (100 mil. yen)
  - Transportation: 230
  - Retail & Services: 820
  - Real Estate & Hotels: 400
  - Others: 1,090

**Consolidated accumulated operating cash flow**
- FY2019: 37,200 (100 mil. yen)
- FY2023: 37,200 (100 mil. yen)

**Consolidated ROA**
- FY2018 (result): 6.0 (%)
- FY2023 (target): 6.0 (%)

**Values to create**

**Focus points**

**Numerical targets for specific actions (FY2023)**

- **Affluence**
  - Mobility Linkage Platform:
    - Service usage: 30 mil. transactions/month
  - Ticketless service usage rate for JR East Shinkansen: 50%
  - No. of childcare support facilities: 150 locations in total

- **Safety**
  - Accidents due to internal causes: 0
  - Serious incidents: 0
  - Railway accidents: 20% reduction (from FY2018 level)
    - Of which accidents on platforms involving personal injuries: 30% reduction (from FY2018 level)
  - Transportation disruptions due to internal causes (from FY2018 level):
    - Conventional lines within 100-km range of Tokyo: 50% reduction
    - JR East Shinkansen: 75% reduction
  - Total delay time for conventional lines in Tokyo metropolitan area: 20% reduction (from FY2018 level)

- **People’s daily lives**
  - Accidents due to internal causes: 0
  - Serious incidents: 0
  - Railway accidents: 20% reduction (from FY2018 level)
    - Of which accidents on platforms involving personal injuries: 30% reduction (from FY2018 level)
  - Transportation disruptions due to internal causes (from FY2018 level):
    - Conventional lines within 100-km range of Tokyo: 50% reduction
    - JR East Shinkansen: 75% reduction
  - Total delay time for conventional lines in Tokyo metropolitan area: 20% reduction (from FY2018 level)

- **Trust**
  - No. of shared offices: 30 locations in total
  - No. of JRE MALL members: 700,000 persons
  - No. of JRE POINT members: 16 mil. persons
  - E-money usage such as Suica: 300 mil. transactions/month
4. (5) Numerical targets (Capital expenditures)

Breakdown of capital expenditures

**Total capital expenditures:** 3.75 tril. yen

**Priority budget allocation:** 400 bil. yen

**Growth investment:** 1.44 tril. yen

(Investment in innovation, etc.)

**Priority budget allocation (Investment in innovation, etc.)**
- Smart maintenance (CBM, etc.)
- Next-generation ticketing system
- Revolution in transportation duties in the Tokyo metropolitan area
- Training simulators for train crews, etc.

**Growth investment**
- Shinagawa development project
- Introduction of first-class (green) cars to Chuo line rapid service, etc.
- Oimachi development project (provisional name)
- Yokohama station west exit development building (provisional name)
- Kawasaki station west exit development project
- Takeshiba waterfront development project etc.

**Investment needed for the continuous operation of business**
- Countermeasures for large-scale earthquakes
- Installation of platform doors
- Production of rolling stock for conventional lines (Series E235, etc.)
- Production of rolling stock for Shinkansen (Series E5 and E7, etc.)
- Renovation of stations (Shibuya station, etc.)
4. (5) Numerical targets (Shareholder returns)

Shareholder returns

- In the mid- to long-term, the total return ratio is targeted to be 40%. The dividend payout ratio is targeted to be 30%.
- We will stably increase a dividend and flexibly buy back our shares consistent with trends in our business results.

*Total return ratio for FY2018: In the case that the total 41 bil. yen of our own shares is acquired.
4. (5) Numerical targets (Interest-bearing debt)

Consolidated interest-bearing debt

- Considering ability to repay debt, the balance of consolidated interest-bearing debt should correspond to the consolidated operating revenue and profit.
- Net interest-bearing debt / EBITDA(*) should be about 3.5 times.

Forecast of net interest-bearing debt / EBITDA

Net interest-bearing debt / EBITDA should be about 3.5 times. (Net interest-bearing debt is expected to be between 3 tril. and 3.5 tril. yen.)

EBITDA (left axis)  Net interest-bearing debt / EBITDA (right axis)

(*) Net interest-bearing debt = Balance of consolidated interest-bearing debt – Balance of consolidated cash and cash equivalents
EBITDA = Consolidated operating income + Consolidated depreciation expense
Forward-Looking Statements

Statements contained in this report with respect to JR East Group’s plans, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of JR East Group, which are based on management’s assumptions and beliefs in light of the information currently available to it. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause JR East Group’s actual results, performance or achievements to differ materially from the expectations expressed herein. These factors include, without limitation, (i) JR East Group’s ability to successfully maintain or increase current passenger levels on railway services, (ii) JR East Group’s ability to improve the profitability of its railway and other operations, (iii) JR East Group’s ability to expand its non-transportation operations, and (iv) general changes in economic conditions and laws, regulations and government policies in Japan.