

KISE Yoichi

President and CEO



**Launching our Group management vision
“To the Next Stage” 2034 to build a new era**

Our fundamental approach on management and operations

Changing Today for a Better Tomorrow—An Unwavering Sense of Mission Since My First Day at the Company

In 1989, I joined JR East as one of the first administrative career-track hires after the Company's privatization. My first assignment after completing training was Ueno Station, the station captured in this photo. At that time, Ueno Station was a vibrant hub, bustling with passengers, and served as a key terminal for the Shinkansen, express trains bound for the Tohoku and Joshinetsu regions, as well as overnight express services. I worked as a ticket collector and ticket clerk at a JR Ticket Office here at Ueno Station. It was here that my journey as a railway professional began.

JR East was founded in 1987 through the division and privatization of the financially struggling Japanese National Railways (JNR). Despite being called the JNR reforms, the experience from a passenger's perspective was quite different. JNR staged strikes every spring with limited regard to its users, while restrooms and other station facilities were poorly maintained, leaving general users with deeply dissatisfied. The division and privatization brought about dramatic change—literally overnight—and undergo further transformation. My motivation for joining JR East was not

based on a clear vision of a bright future. Instead, I wanted to align my own career with the momentum of a founding that was driving major changes in a large organization, and I take part in the vast challenge of creating a new company.

While I recognized the importance of my assigned role as a ticket collector and ticket clerk at Ueno Station, I grew more convinced each day that the future of the railway depended on moving beyond the analog systems of that era. Although the station was bustling with users, the only concessions available at that time were KIOSKS and snack shops. Even back then, I was already thinking that transforming the way stations were used would create more diverse business opportunities. Indeed, Suica fundamentally transformed the ticket gate system, and ekinaka business model—retail spaces located inside railway stations—was launched at Ueno Station.

Since joining the Company, I have always cherished the will that I embraced at that time—to transform the present for the future— and I have consistently engaged in daily operations and management with a strong sense of

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responsibility—believing that it is up to us, not others, to take action. Amid a challenging business environment of increasing uncertainty, the JR East Group is accelerating structural reforms across all business areas of its operations.

Personally, this represents our second founding period for the company. At this time of transformation, I feel a profound sense of connection and destiny in being forefront as president.

Progress of Move Up 2027

Each employee embracing leadership—a mindset taking root across the Group

Move Up 2027, our previous Group management vision launched in 2018, was formulated under my leadership as General Manager of the Management Planning Department and person in charge of its implementation. As the name “Move Up” suggests, this Group management vision embodied our strong determination to carry out decisive structural transformation across our businesses, while maintain to safety as our top management priority. In this context, we set a medium- to long-term timeframe of 10 years—a first for the Group.

Since the launch of Move Up 2027, the past seven years have been marked by various transformations. The greatest transformation I have impressed during this time has been the remarkable shift in the awareness and behavior of our Group employees. Each and every employee in the JR East Group has firmly embraced the key concept, first proposed in Move Up 2027, that all employees playing a leading role in building a new era. Through integration and collaboration across workplaces, regions, and companies, each and every employee has taken on

various challenges to expand their fields of work and activities. Even amid the COVID-19 pandemic, our employees never wavered; instead, they continued to take on new challenges, transforming the workplace and strengthening the Group. This became the driving force behind our rapid recovery in the post-COVID 19 era. Today, the spirit of challenge among Group employees remains unwavering.

Safety has consistently been our highest management priority. However, since the year before last, we have experienced accidents and incidents that caused significant inconvenience and concern to our customers. The past year saw cases of misconduct and scandals that raised serious questions about the very nature of Group governance. I am determined to carry forward the lessons learned from deep reflection and hard-earned experience together with the achievements of Move Up 2027, to our new Group management plan “To the Next Stage” 2034.

Our goals for the “To the Next Stage” 2034 Group management vision

Undertaking bold challenges to elevate growth while adhering to safety as a top management priority

On July 1, 2025, the JR East Group launched a new Group management vision, “To the Next Stage” 2034. It expresses our strong determination to soar bravely to the next stage without fear of failure amid a social and business environment that is undergoing significant change.

This new Group management vision carries on three points

from the earlier “Move Up” 2027. The first is our unwavering commitment to pursue ultimate safety as the top priority of Group management. However, in our new Group philosophy, we have replaced “safety” with “security.” In light of the recent serious reflections and harsh lesson, we have reconsidered safety from the perspective of our customers who are users of

our services and products, and have set higher and stricter safety hurdles than ever before. The second is that all Group employees play a leading role in achieving the targets of “To the Next Stage” 2034. The third is that we aim to be a technical services corporate group that uses innovation through technology to enhance the level of safety and service while transforming its operations.

Under “To the Next Stage” 2034, we will go beyond the “norm” to build a resilient management structure supported by the dual axes of railway-centered Mobility and Lifestyle Solutions, empowering Group employees take on new challenges as key players. Our areas for value creation under this new management vision include cities, regional areas, the world, and now outer space, and our new initiative to develop and utilize fusion energy (nuclear fusion power generation) is just another example of going beyond the “norm.”

In addition to strengthening both railway-centered Mobility and Lifestyle Solutions, as symbolized by the development of TAKANAWA GATEWAY CITY, we will leverage the unique strengths offered by the JR East Group through these dual axes to create new business, significantly accelerating the growth trajectory outlined in the earlier “Move Up” 2027.

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Numerical targets and cash allocation of “To the Next Stage” 2034

Drawing a growth trajectory for operating revenue of ¥5 trillion in FY2035.3

To ensure significant acceleration of growth trajectory as outlined in “Move Up” 2027, under the new management vision “To the Next Stage” 2034, we set a target return on equity (ROE) of 10% or more in FY2032.3 as our KGI long-term management goal. To that end, we aim to achieve an ROA (operating income on assets) of 5% or more by optimizing assets and improving profitability as the foundation for growth. We are aiming for operating revenue of over ¥4 trillion by FY2032.3 and ¥5 trillion by FY2035.3, the final year of the plan. Through an increase in revenue of over ¥200.0 billion in railway-centered Mobility and by strengthening existing businesses, accelerating the real estate business, which is a growth engine, and promoting strategic M&A in Lifestyle Solutions, I am fully convinced that we can achieve our target of over ¥4 trillion by FY2032.3.

In terms of cash allocation through FY2032.3, we aim to maximize cash inflows by expanding operating cash flow driven by income growth in each business, as well as through asset

management, generating ¥850.0 billion from expansion of real estate sales and ¥50.0 billion by reducing cross-shareholdings by 30% or more. The cash obtained will be used for “Growth capital,” “Foundation maintenance and enhancement capital,” the new “LX capital” for groundbreaking innovations, and to enhance shareholder returns. We raised our shareholder return policy from a total return ratio of 40% and dividend payout ratio of 30% from the previous Group management vision “Move Up” 2027 to a dividend payout ratio of 40%, and we implemented flexible share buybacks. This reflects our approach to strengthen shareholder returns while focusing cash allocation on growth investments, particularly for Lifestyle Solutions, so we do not miss business opportunities and to support the Group’s medium- to long-term growth. As a result, profits will increase, leading to an increase in the volume of cash dividends. In addition, the “LX capital” was established to encourage employees to take on bold challenges with a sense of enthusiasm.

Expectations for employees to realize “To the Next Stage” 2034

Elevating the challenge mindset from “Move Up” 2027 and fundamentally revising our organization and the personnel and wage systems as two pillars to promoting “To the Next Stage” 2034

In May 2025, we announced our reorganization and fundamental revision of our personnel and wage systems as two pillars to promoting “To the Next Stage” 2034. This marks a change in the traditional systems inherited from JNR and represents systems befitting a new era.

We will restructure our business operations framework,

moving from a three-tiered structure—comprising frontline workplaces, the regional headquarters / branch offices, and the Head Office—to a two-tiered structure, eliminating regional headquarters / branch offices. Under this new framework, 36 area operation centers handle daily operations at the customer-facing frontline, while the Head Office focuses on Group-wide



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strategy development and supports the activities of the area operation centers. The area operation centers are organized based on usage by customers and local communities as well as the characteristics and challenges faced by each community and represent the basic unit of area management. By transitioning to an area operation center framework, we will be able to respond to community feedback and requests faster and in more detail than ever before. By transferring authority and roles that were previously handled by the regional headquarters and branch offices to area operation centers, employees will have greater opportunities to take initiative in broadening the scope of their work, and this is expected to foster further growth and job satisfaction.

Our personnel and wage systems will recognize the bold challenges, growth, and achievements of each employee, ensuring that wages will be assessed on an individual basis. In particular, we will eliminate the demerit system and instead proactively evaluate employees based on growth demonstrated

through their experience, regardless of failure, thereby fostering the creation of a new organizational culture.

Currently, approximately 100,000 employees including contract employees are engaged in daily operations in the JR East Group. Going forward, advances in innovation will inevitably lead to station operations being replaced by AI-powered systems, while train crew operations transition toward driver-only and driverless operations. However, innovation will not only drive greater efficiency and productivity but also create new business opportunities and areas of activity within the Group. The simple streamlining of personnel is not the mission of management. Because, ultimately, it is people who create new value.

New organization and workstyles to realize
the JR East Group Management Vision

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The dual-axis management strategy for realizing “To the Next Stage” 2034

Evolving Suica into a device for lifestyle to build a business foundation that generates synergy through a dual-axis management

Our evolving Suica platform is at the foundation of Group growth. The Suica Renaissance project announced in December 2024 will help realize upgrades to Suica within the next 10 years. In short, this project will transform Suica from a mobility and small payment tool to a lifestyle platform that is deeply integrated with customers' daily lives.

While Suica has steadily gained popularity among customers, with over 100 million cards issued of which over 3.5 million downloads of the Suica Mobile app, it faces three challenges to future growth: the need to physically touch the card to the ticket gate, the maximum balance of ¥20,000, and the need to preload the card before it can be used. We have plans to overcome each of these by realizing walk-through ticket gates, introducing a 2D barcode payment function in the Suica Mobile app in autumn 2026, and linking the card to a customer's bank account or credit card. In the future, we will use cloud-based ticketing to realize new services linking railway use with shopping center operations, such as offering return Green Car tickets on local trains to customers who spend a certain amount or more at station buildings. We will also offer new subscription products integrating railways, as well as a Community Suica card that reflects local needs, such as and Lifestyle Solutions as well as linking it with the Individual Number Card system. In the housing business, this will enable a wide range of unprecedented services, such as using ticket gate entry and exit data to operate home appliances in anticipation of your return home, as well as leveraging lifestyle data to provide medical suggestions, optimal sleep schedules, and personalized meal recommendations. In addition, the large

amounts of data stored in Suica can serve as the Group's unique marketing resources, enabling the creation of new businesses in the future. Furthermore, advancements in ticket-free technology will create profitable spaces for new business opportunities.

Meanwhile, in our railway-centered Mobility business, the slower-than-expected peak in the Tokyo metropolitan population, coupled with the rapid influx of inbound travelers, represents a major strength for the Group. For example, in March 2025, we introduced Green Cars to the Chuo Line to meet passenger seating needs. As a result, we expect to generate ¥8.0 billion in annual revenues. In June, we announced plans for direct service of the JR Musashino Line and Seibu Ikebukuro Line with a target of FY2029.3. By identifying the emerging needs of our railway customers and building a new network that leverages existing infrastructure in this way, we see significant potential for future growth. In addition, the Haneda Airport Access Line (tentative name) connecting Tokyo Station to Haneda Airport is scheduled to open in FY2032.3. This will not only dramatically improve airport access, but will also create significant benefits for hotels, commercial facilities, and other facets of our Lifestyle Solutions business by adding value to the Tokyo metropolitan area.

In Lifestyle Solutions, in addition to strengthening our existing businesses through the evolution of Suica, we regard the real estate business as one of our key drivers of growth. Regarding the real estate fund business, we are leveraging our strong pipeline that enables us to generate development land from our own sites to expand the asset management scale



target of our business from ¥400.0 billion targeted for FY2028.3 to ¥1 trillion for FY2032.3 under “To the Next Stage” 2034. Furthermore, we are building the JR East Transit-Oriented Development (J-TOD), railway network-based town development leveraging the strengths of the JR East Group,

and we will expand this to all parts of the country. Using this J-TOD model, we are looking into participating in town development in Southeast Asia and South Asia in the future.

Virtuous cycle with stakeholders for the “good of all”

Exploring ways to generate profits as a corporate group with a strong public mission

During my first address to the Group as president, I discussed the concept of management for the “good of all”.

As a company, without profits, we would be unable to invest in safety and service enhancements or improve the working conditions of our employees. However, in today's world, with the growing emphasis on achieving SDGs through ESG-driven management, it is becoming more important than ever for companies to think about “how” they generate profits.

Our Group's businesses, from railways to services closely connected to the daily lives of our customers and local communities, are inherently of high public interest. “Management for the good of all” reflects our strong awareness of the public nature of our Group's businesses, with the aim of conducting our business activities to create a better society. We will return the profits garnered from these business activities to our customers, local communities, shareholders, investors, and most importantly, to our Group employees and their families, to ensure

their happiness. Moreover, we will also use these profits for future growth of the Group. We will promote management that balances these four directions. Furthermore, we will become a highly aspirational corporate group that uses our business activities to contribute to solving various social challenges, such as population decline, declining birthrate and aging society, revitalization of regional industries and employment, and energy issues. My belief of management for the good of all has never wavered and never will.

For our shareholders and investors, we will pursue increasing profitability and asset optimization through management with a strong awareness of capital costs. In addition, we aim to deliver on medium- to long-term expectations by balancing enhanced shareholder returns with growth investment.

Group governance

Investigating the underlying causes behind the recurring fraud, scandals, and other inappropriate incidents to improve and strengthen Group governance

Over the past year, a series of fraud, scandals, and misconduct have come to light, undermining the trust that underpins JR East Group's business activities. Management acknowledges this as a matter of concern and is taking steps to respond with due diligence.

In our Railway Business, it was discovered in September 2024 that inappropriate handling—and even falsification—of press-fit force values had occurred during the wheelset assembly

process for railway vehicles at JR East and one of its Group companies. In our Lifestyle Solutions Business, it was discovered that a Group company committed misconduct by inflating personnel expenses in government-commissioned projects. While each incident had its own specific causes and background, we must acknowledge that this series of fraud, scandals, and misconduct reflects underlying issues that led to these incidents.



With the launch of “To the Next Stage” 2034, Management faces an urgent priority to reexamine and fundamentally restructure Group governance. To address this, in addition to

our own efforts and self-corrective actions, we established a committee including three external experts on July 1, 2025, on the same day To the Next Stage 2034 was announced. The committee was commissioned to review and provide recommendations regarding the Group’s compliance and governance framework. This committee will examine the Group’s internal control systems and operational practices and is scheduled to publish a report by the end of 2025 regarding measures to improve and strengthen Group governance. During FY2026.3, the Group will formulate and implement specific measures to improve and strengthen governance based on the recommendations of this report. Once these specific measures for improvement and strengthening are finalized, they will be communicated to stakeholders.

FY2025.3 Performance Review

Creating specific results as we move on the offensive toward a new era

In FY2025.3, the Group delivered solid results, achieving increases in both revenue and income. Operating revenue rose for the fourth consecutive year, and all segments recorded gains in both revenue and income. In particular, the railway passenger revenue has reached a level close to the planned target for FY2028.3 announced in “Move Up” 2027.

As I emphasized in my message to the Group when I became president on April 1, 2024, in addition to pursuing management for the “good of all,” our management approach marked a major shift from a defensive stance taken during the pandemic to a full-scale offensive one, as the Japanese economy entered a new post-pandemic era.

Looking back on FY2025.3 from this perspective, it was a year in which policies we had been examining until then were realized in concrete terms, and new medium- to long-term measures were made clear. Specifically, to demonstrate organizationally that safety and service are issues for the entire group, the Safety Management Dept., and Service Quality Improvement Dept., which had previously been within the

Railway Business Headquarters, were repositioned as independent departments that oversee the entire Group. We also launched Group Safety Plan 2028. In the railway business, we began operation of Green Cars in the Chuo Line and introduced the first driver-only operations on long-formation train lines, including the Nambu and Joban Lines. In Lifestyle Solutions, in addition to opening TAKANAWA GATEWAY CITY, we established a new company to accelerate the rotational business in the real estate business. Furthermore, as newly outlined medium- to long-term measures, we announced the Suica Renaissance concept as well as the launch of automated Shinkansen operations starting with the Joetsu Shinkansen in 2029.

While FY2025.3 included accidents and incidents that impacted railway safety and issues that required serious reflection in Group governance, it was also a year in which we realized key policies and made major announcements, marking a shift in our management stance to a full-scale offensive approach.

Management forecasts for FY2026.3

A strong start to “To the Next Stage” 2034, paving the way to a major leap forward over the next decade

In terms of our financial forecast for FY2026.3, we aim to achieve a record-high consolidated operating revenue of ¥3.023 trillion. The railway passenger revenue is expected to exceed our planned target for FY2028.3 announced in “Move Up” 2027.

First, in our railway business, in March 2026, we will revise rail passenger fares for the first time since the Company was founded, excluding the consumption tax pass-through and barrier-free surcharges. This fare revision will not solve all the issues related to fares, but we will continue to study ways to

make the fare and charge systems more flexible and engage in discussions with the government. In addition, as an immediate priority, we will aim to shift the Shinkansen express charges from an approval system to a notification system. Furthermore, we announced our medium- to long-term strategy for railway-centered Mobility, “PRIDE & INTEGRITY” in September 2025.

In Lifestyle Solutions, we will promote preparations for the grand opening of TAKANAWA GATEWAY CITY in Spring 2026. In addition, in March 2026, we will open the OIMACHI TRACKS

town development project over approximately three hectares at the site of the former company housing. With the opening of these two projects, we will complete the Greater Shinagawa Area, stretching from Hamamatsucho to Oimachi and including Shinagawa, with the aim of generating over ¥100.0 billion in annual revenue.

In terms of technological innovations, as part of the Suica Renaissance concept, we will conduct the first phase of demonstration experiments of walk-through ticket gates using facial recognition technology at Nagaoka and Niigata Stations on the Joetsu Shinkansen for the first time. In addition, we will promote transformation of the railway business by accelerating the utilization of generative AI.

We will also announce a new basic plan for our services across the Group, based on “To the Next Stage” 2034.

Finally, we will make preparations for the implementation of

the fundamental revision of our personnel and wage systems and the reorganization in April and July 2026, respectively, as the two pillars for promoting “To the Next Stage” 2034.

Regarding the state of Group compliance and governance, we will receive recommendations from the committee established to conduct reviews and provide advice, and will formulate measures to improve and strengthen Group governance within fiscal 2026, to be implemented across the entire Group.

In this way, in fiscal 2026, we will significantly improve profitability and achieve record-high operating revenue of ¥3.23 trillion while creating a strong start to “To the Next Stage” 2034 and building a foundation that paves the way to a major leap forward over the next decade.

My mission as president

Driving a cultural shift to open a new chapter in the Group’s history and demonstrate its true value

I joined JR East because of its appeal and potential as an organization in its early stages and because I wanted to take part in the various challenges involved in transforming JR East from a national railway to a truly private company. Since joining the Company, I have maintained a strong belief and determination that the status quo was unsustainable, that the change was indispensable, and that we needed take action, even through small, but meaningful efforts. Although I was only one part of a large organizational machine, I was determined to be a gear with sharp teeth, driving change forward. At times efforts did not mesh smoothly, but my unwavering belief in the need for change, my spirit of challenge, and my determination to take action have never wavered. Together, they continue to be the driving force that motivates me to this day.

By April 1, 2024, most of the senior employees hired by JNR, who had supported the JR East Group since its foundation reached their retirement age. On the very day when the generation hired by JR became the core of the JR East Group, I assumed the presidency as the first from that generation. At that time, I firmly believed that it marked a major milestone in the Group’s history and that it was my mission to fully fulfill my role to build a new era.

With these convictions at heart, I formulated “To the Next Stage” 2034. For the JR East Group, whose businesses range from railways to services closely connected to the daily lives of

our customers and local communities, the opportunities to take on challenges to elevate growth know no national boundaries. Achieving “To the Next Stage” 2034 will not be an easy journey, but I am firmly convinced that without its achieving, the Group cannot lay down a track toward its future. With this strong belief, I am determined to lead the Group at the front.

We truly appreciate your unwavering understanding and support going forward. As the JR East Group moves forward along new tracks toward greater heights, we hope you will witness each milestone with us and share in the energy as we grow, transform, and advance into the future.