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Roundtable Discussion with Outside Directors

The JR East Group will aim for even greater heights under its new Group Management Vision, “To the Next Stage” 2034. Outside Directors Kawamoto, Iwamoto, Noda, and Ohashi discussed the process of formulating “To the Next Stage” 2034, and the expectations and challenges for realizing this vision.

Priorities during Discussions on the Formulation of the Group Management Vision, “To the Next Stage” 2034

Ohashi The new Group Management Vision was formulated amid a series of incidents over the past year that have damaged trust in management and caused concern, and once again, safety and security have been positioned as major pillars of the Vision. I believe that dual-axis management can only lead to profit growth if it is based on a foundation of safety and security. In addition, I participated in the discussions to formulate the vision while placing great importance on whether it would inspire Group employees to undertake business in a positive manner.

Noda I participated in discussions on the formulation of the vision while placing importance on two perspectives. The first had to do with strategies that take into account market changes such as depopulation in regional areas and expanding overseas markets. Regional areas are becoming increasingly impoverished. Rather than just looking at city centers, we need to think about how we can improve convenience through ingenuity and innovation without cutting off access to regional areas. I mentioned that the achievement of the Group Philosophy, Enriching Lifestyles of All People, will not be easy, and that it must be implemented without contradictions. At the same time, we discussed the kinds of measures we should take in response to the world’s ever-increasing

population, and how we should incorporate robust inbound demand into our strategies.

The second perspective was the pursuit of the environmental value of railways. I mentioned that the environmental value of railways is greater than that of other forms of mobility, and that one of the key points of our strategy should be to get customers to understand this in order to encourage them to use railway services.

Iwamoto Having experienced the harsh environment of the COVID-19 pandemic, I believe that the concept of dual-axis management has become more refined than in our previous Group Management Vision, “Move Up” 2027. I believe that the direction we are aiming for should be clear, and I am very pleased with the plan to chart a growth trajectory towards operating revenues of ¥5 trillion in FY2035.3. “To the Next Stage” 2034 is centered around dual-axis management, but the railway business remains the foundation of our business. Therefore, the number one thing we must provide to customers is safe transportation, and we should pursue this point with unwavering commitment.

Kawamoto One of the major endeavors in “Move Up” 2027 was to shift the starting point of value creation from railways to people. During this period, the COVID-19 pandemic acted as an external pressure, causing not only top management, but also employees to feel a sense of crisis about the future of the business and forcing everyone to make changes. The keyword for “To the Next Stage” 2034 is “Going Beyond the Norm”. In the past, changes have been caused by external pressure, but now I think the key is to go beyond the norm through our own efforts. What will be important for this is human capital, or in other words, the power of employees. The

most important point when participating in the discussions was that “To the Next Stage” 2034 must be a unifying force to ensure that each individual finds fulfillment in their work. As Director Ohashi said, if it is not accepted by employees, it will be nothing more than empty words. President Kise has also taken the lead to convey this message to employees. It is important that not only the Company and Group companies, but also our partner companies and affiliated companies all be on the same page.

Key Points for Realizing “To the Next Stage” 2034

Ohashi While the railway business has been the core of our business to date, Group companies, which have expanded into a wide range of businesses, have not necessarily been moving in unison with us toward the same goal. However, going forward, I believe it will be important to strengthen governance to enhance unity across the entire Group and maximize consolidated cash flows. It is extremely important to consider how we can maximize the value of the entire Group while also allowing each Group company to fully demonstrate its individuality, and this is the direction we are aiming for in “To the Next Stage” 2034.

Kawamoto In order to maximize consolidated cash flows for each business, a strategy for restructuring the Group will be extremely important. The key will be to consider how to restructure the Group to achieve greater efficiency without relying on the current structure,

and to seize business opportunities by effectively utilizing M&As, including cross-border M&As.

Iwamoto I believe the following three points will be key to realizing “To the Next Stage” 2034. The first point is the most important one: Mobility. Mobility will likely remain the Company’s main business for the next 10 years. However, I do not think that things are good enough as they are now. For example, what should we do about unprofitable local lines? We need to have broad discussions without assuming that railways are the only option. Over the next 10 years, I think we should try things that do not necessarily lead to immediate profits, such as working with local communities to combine new mobility technologies, like the eVTOL that was unveiled at the Osaka Expo. During the 10 years of “To the Next Stage” 2034, I believe it is essential to not only strengthen our current Mobility business, but also to create new seeds through technological development that will carry our dreams into the next 10 years and beyond.

The second point is expansion of the real estate business. Urban development such as TAKANAWA GATEWAY CITY, which is possible only through the JR East Group, is extremely important. By utilizing the abundant assets possessed by the Company, we can expect to achieve a certain level of growth. However, I believe that linking this to urban development, something that only the Group, which operates both a railway and real estate business, can do, will create new value. I believe that the 10 years of “To the Next Stage” 2034 will be a period in which we lay the foundation for this.

The third point is overseas business expansion. The domestic population is declining, and if no measures are taken, it is inevitable that passenger revenue will also decline. The Company is already involved in integrating overseas companies as Group companies and exporting railway technologies overseas. I believe that another thing we must do over the next 10 years is create a master plan to determine in which countries, in which areas, in what form, and over what timeframe we wish to develop these global businesses.

Noda I believe that a major factor in the market’s evaluation of the Group is the expected growth of Lifestyle Solutions. In this regard, I believe it is important for the dual axes of Mobility and Lifestyle Solutions to truly integrate and collaborate. Stations are assets of the Mobility business, and considering how to leverage these assets in the most valuable way possible for the Lifestyle Solutions business is essential to gaining a competitive advantage. Furthermore, because Lifestyle Solutions require a completely different kind of expertise than that for railways, we need to hire external human resources to enhance expertise. Meanwhile, rather than thinking about real estate alone, we must always be considering how to combine it with Mobility to increase value. I see the development of human

resources within the Group who possess these qualities and who can think comprehensively about management as a challenge we must face in achieving our plan going forward.

Expectations for the New Business Management Structure and Personnel and Wage Systems

Noda I highly commend the organizational and personnel system reforms, as they will increase the motivation of all employees. It is not easy to change one’s mindset and try new things, but it is important to foster a good culture by changing the personnel system. I feel that this is the first step in developing human resources who can think comprehensively about how to work with various regions for their revitalization, as well as how to increase regional convenience with a focus on mobility.

Kawamoto When business models and work methods change, it is important for each individual to understand the importance of the measures and feel involved. Therefore, measures to strengthen relationships with organizations are becoming increasingly important. Some measures are already being implemented, such as the promotion of personnel exchanges within the Group, the provision of opportunities for employees of all ages to participate in the management of Group companies, and the provision of chances for employees to gain experience outside the Group through temporary assignments and secondments to other companies. However, I would like to see these measures promoted more dynamically.

Iwamoto In my opinion, an organization is, simply put, a way of doing work, and restructuring an organization means changing the way of doing work. It is important that new organizations and workstyles are filled with passion and purpose, therefore I will be closely monitoring the operational status. At the end of the day, it is people who drive an organization. We are currently able to secure manpower, but going forward it is going to become very difficult. We will soon see a world where areas unable to find human resources will use AI and hardware instead. I hope that the Group will stay ahead of such a world and strive to create a work system in which employees can work with genuine enthusiasm and happiness.

Ohashi I see the recent series of measures as an attempt to make the workplace more appealing. I believe that human resources are developed through the multiplication of enhancing expertise in specific fields and having a wide range of potential. With the new personnel and wage systems, I feel that we have taken the first step



towards linking the process of striving to continuously hone one’s expertise with evaluation, so that each individual can continue to shine with their expertise.

Promotion of Consolidated Cash Flow Management by Business Unit

Noda I commend the fact that discussions have begun within the Group on the efficiency of each business. At the same time, it is also important to consider how to create Groupwide advantages and conglomerate premium in the future. It is extremely important to make accurate judgments about the total synergies and value that can be achieved, rather than judging solely on the profitability of each individual business. I believe we have reached a point where we can move forward with these two goals simultaneously.

Kawamoto As I briefly mentioned earlier, I think it is necessary to make judgments such as whether something is really possible within the current business unit, whether we need to expand something a bit more, or conversely, whether there are areas that need to be narrowed down a bit more. This is something that I would like to see continued while promoting consolidated cash flow management by business unit.

Iwamoto We may need a mechanism to evaluate progress over a period of, for example, about one year. If any areas where progress is not going well are identified in this evaluation, we must not hesitate to review them. I think it is a good idea to have such a level of flexibility.

Ohashi From the perspective of regional transportation, the Group is not only involved in a Mobility business, but also a town development business. I believe that we have reached a point where we can start to make management decisions on how to best revitalize entire regions by fully utilizing the Group’s know-how. To implement this in society, cooperation not only with the Company, but also with local governments and various related organizations is essential. I really hope that we can achieve this.

Expectations for the JR East Group Going Forward

Kawamoto TAKANAWA GATEWAY CITY, for example, opened in 2025, but it took many years of discussions by senior colleagues to make it a reality. We are involved in the realization of grand undertakings. With this in mind, I would like for all employees to continue sharing their dreams, and I myself would like to incorporate my own dreams into the conversation. In addition, the enjoyment of travel is a fundamental human desire. I want us to be a presence that helps bring the excitement and dreams of enjoying various

regions to people. To achieve this, I hope that we can be the kind of group where each and every employee can work with excitement.

Iwamoto I feel the same way as Director Kawamoto. I am happy to be working for a great company that helps people enjoy the joy of traveling by train. Mobility is a combination of various technologies. I hope that over the next 10 years, the Group will work to realize dream-inspiring next-generation mobility with a technology-oriented approach. The Company’s business model requires constant substantial investment, but in “To the Next Stage” 2034, we have clearly set out a dividend payout ratio of 40% as our target for shareholder returns. I have no doubt that the Company will continue to grow in the future, therefore I hope that it will work towards achieving operating revenues of ¥5 trillion in FY2035.3. Moreover, I hope that by reading this Group Report, many people will gain a solid understanding of the potential for such growth within the JR East Group.

Noda For most people in the world, the infrastructure industry is something that is taken for granted, so our fate may be to receive little praise. In such an environment, it can be extremely difficult for employees to work with high levels of motivation and engagement. Nevertheless, I hope that employees will have dreams and a spirit of challenge, and take pride in supporting and improving Japan’s social infrastructure. As mentioned earlier, the advantage of building not only railways, but also urban developments makes our model a rare one that is scarcely seen anywhere else in the world. I believe that this is a model unique to Japan, and that we are a one-of-a-kind corporate group that possesses integrated solutions, including Suica. I hope that all employees can maintain an awareness of the fact that JR East is a company and business that they can be proud of on a global scale. I also hope that employees will work with the ambition to one day make a serious entry into the global stage.

Ohashi The railway business is not necessarily as profitable as the real estate business, but that does not mean that the railway business should be viewed as inferior. The dual axes of Mobility and Lifestyle Solutions as one, as the benefits of the real estate business are passed on to the railway business, and vice versa. I believe that this relationship is the essence of dual-axis management. Although railways are physical infrastructure, they can be integrated with the digital world to go beyond the norm and create new business areas, such as by introducing walk-through ticket gates that use satellites to confirm customers’ locations. I hope that efforts will be made to develop such human resources and foster such mindsets. Furthermore, I hope that the Group will, as a leader among Japan’s railway operators, demonstrate what the future of Japanese railways should be. I believe that we can play a pioneering role by bringing together the accumulated experience of Japan’s railway history, including safety, and taking on new challenges overseas. To that end, we can say that “To the Next Stage” 2034 is the starting point for solving both the business challenges facing our Group and the social issues facing Japan as a whole.

