Message from the President



Evolving into a Corporate Group That Continues to Grow over the Long Term

We offer our deepest apologies for the considerable disruption and concern caused to so many people due to the impact of a system failure caused by the ransomware attack in September 2026. We take this matter extremely seriously and are thoroughly investigating the cause, while fundamentally strengthening our security framework and doing our utmost to prevent a recurrence.

Mission: Enhancing Regional Value Together with the People Who Live Along Our Railway Lines

A key mission of the Keio Group is to help the people along its railway lines lead fulfilling lives. I believe that one of the Group's core strengths lies in its ability to combine the functions of service operations, which support daily life, and development, which creates the cities of the future.

We place the highest value on our direct points of contact with customers at stations, commercial facilities, and elsewhere. Our role is to swiftly and reliably translate customer feedback and insights gained through our daily operations into efforts to create more appealing areas. At the same time, as a member of the local communities we serve, we place great importance on sharing the same perspective as those who live along our railway lines and on working together to enhance regional value.

To achieve this, we must never waver in our efforts to ensure the safety and stability of our railway operations, which form the foundation of all our businesses. This is how we build a strong relationship of trust with our customers. For a railway company, social value, as reflected in the prosperity of the communities along its railway lines, and financial value are inseparable. We will keep this fundamental principle in mind as we continue to promote our business activities.

Progress of HIRAKU2030: Transforming Our Business Portfolio for Long-Term Growth

The Keio Group is currently implementing HIRAKU2030, its medium-term management plan covering FY2025 through FY2030, and has now completed its first year. Consolidated operating profit reached 52.3 billion yen, exceeding the plan by 4.6%. Given the business environment, which

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continues to be affected by inflation-driven cost increases, we believe this represents a solid result.

In light of our FY2025 results, we have raised our FY2026 consolidated operating profit target by 7.0 billion yen from the level set in the original medium-term management plan. While the combined profit contribution of the Real Estate Sales and Hotels businesses previously accounted for less than 20% of total profit, it grew to 30% in FY2025. We are steadily transitioning to an earnings structure better suited to an inflationary environment.

In addition, we maintained our record of zero serious accidents in the Railway business. The number of co-creation projects, including open innovation initiatives, increased by 47 from the previous fiscal year to 139 projects. The total employee engagement score exceeded both the previous fiscal year's result and its target. Overall performance against non-financial indicators was also generally strong.

However, HIRAKU2030 was formulated with a greater emphasis on realizing a long-term growth story than on short-term annual results. Precisely because our performance remains solid, we must not lose sight of the fundamental themes outlined below and must continue striving to meet society's expectations as a resilient corporate group capable of sustaining growth over the long term.

Theme 1

Population Decline: Pursuing Safety and Productivity Through the Integration of Digital Technology and Human Capabilities

Addressing population decline is an unavoidable structural challenge facing Japanese society. By the 2030s, labor shortages are expected to reach a level that cannot be fully offset through measures such as the extension of retirement ages and increased workforce participation by women. From a demand perspective, railway companies have traditionally depended heavily on service development based on continued growth in the residential population along their railway lines. The reality of population decline therefore represents a major turning point that fundamentally alters the premises on which our business has been built.

In this era of labor shortages, the key to improving safety and sustaining our businesses lies in accelerating digitalization, including the use of AI. While areas requiring human judgment and oversight, such as customer service and responses to unexpected events, will continue to rely on people, we will proactively utilize systems for areas where digital technologies excel, including routine operations and data processing. This approach will create a virtuous cycle in which reducing the risk of human error enhances productivity, which in turn supports further improvements in safety. As a specific initiative, preparations are underway to commence driver-only operation on the Inokashira Line in FY2028. Autonomous operation equipment has already been installed on 24% of the fleet, representing seven of the line's 29 trainsets. Going forward, we will continue to appropriately incorporate technological innovation while providing safe and reliable transportation services.

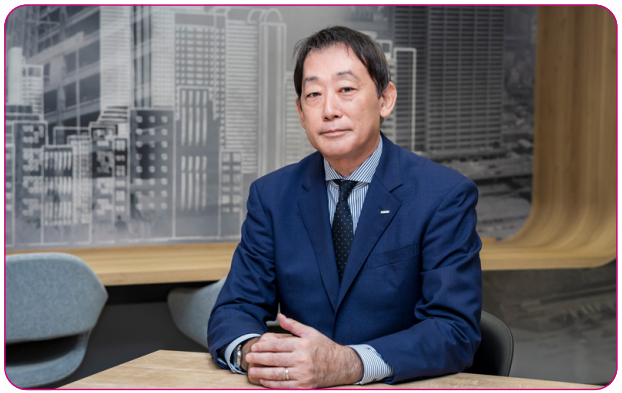
Theme 2

Inflation: Building a Financial Position Focused on Capital Efficiency

The Japanese economy is returning to an environment of rising interest rates and inflation for the first time in approximately 30 years. Historically, infrastructure industries, including railway operators, have maintained large balance sheets to support significant capital investment while benefiting from relatively low capital costs. Going forward, however, changes in the financial environment will subject companies to greater scrutiny regarding capital efficiency.

In response to these changes, the Keio Group must optimize its balance sheet and transition toward delivering greater returns to shareholders. To generate the greatest value from a leaner asset base, we must sharpen our focus on priority businesses, reassess assets and activities that are no longer needed, and pursue standardization wherever feasible.

In the Railway business, we will further advance discussions with the Tokyo Metropolitan Bureau of Transportation, with which we operate through services, regarding the standardization of maintenance methods and rolling stock components. In the Real Estate business, we are



progressing off-balance-sheet measures for low-efficiency assets while expanding capital-efficient areas such as real estate sales, hotels, and fee-based operations that generate earnings without owning assets.

Supported by growth in both the Real Estate Sales and Hotels businesses, we achieved a return on assets (ROA) of 4.4% and a return on equity (ROE) of 10.0% in FY2025. Our privately placed real estate fund, launched in FY2024, has already grown to assets under management of 50.0 billion yen. Looking ahead, we have begun considering the establishment of a private REIT with a view to FY2028 and will continue to develop this into an asset-efficient business.

Theme 3

The Rise of Digital Platform Operators: Redefining Physical Spaces and Building a New Economic Ecosystem

As digital economic ecosystems continue to expand, the physical advantages that have traditionally been our strengths, such as proximity to stations and prime locations, are becoming relatively less significant. In this environment, we must redefine the value of physical spaces.

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For example, in our shopping centers, simply offering products that can also be purchased online is no longer sufficient to attract customers. Facilities must provide experiences that cannot be found elsewhere. The same applies to station facilities. To enhance sustainability, they must evolve from mere transit points into destinations where people gather, stay, and engage in cultural and economic activities.

Rather than focusing solely on short-term profits, we will prioritize the creation of experiences that bring people together, distinctive facility concepts, and value that can only be found in specific locations. We will move beyond a model dependent on railway users and transform our facilities into destinations in their own right, generating railway demand by virtue of their own appeal.

At the same time, we are strengthening customer touchpoints in the digital domain. One of the greatest strengths of our railway and real estate businesses is our ability to stay closely attuned to our customers' lifestyles and maintain long-term relationships with them. Accordingly, we are redesigning our customer strategy with Keio NEOBANK at its core, with a strong focus on the lifetime value of customers living along our railway lines.

Theme 4

Diversifying Consumer Preferences: Promoting Marketing and Co-Creation That Reflect a Wide Range of Values

The business model historically developed by railway companies was designed for the mass market and centered on standardized services. Today, however, customer values and lifestyles are increasingly diverse, making it essential for companies to proactively create customers and markets through marketing.

Rather than viewing customers as a single homogeneous group, we must develop services that address a wide range of needs. This is why we place great importance on co-creation initiatives, including open innovation programs. We believe that avoiding reliance solely on internal perspectives and simultaneously pursuing multiple scenarios by incorporating external expertise is essential for success in a rapidly changing environment.

Building on programs such as JISOU, ROOT, and My turn, which have been rolled out since FY2022, we launched the corporate venture capital fund Keio Rail Fund in February 2026.

These co-creation initiatives are also beginning to take shape in our community development activities. Projects such as the Keio Tamagawa urban development project itonami, Seiseki-Sakuragaoka riverfront development, TAKAONE and KO52 TAKAO in the Takao area, and the MIKAN SHIMOKITA complex are fostering new community-driven activities led by diverse stakeholders in each area. We believe these initiatives, through which the Group serves as a platform for unlocking local potential, represent Keio's distinctive approach to community development.

To Our Stakeholders

The COVID-19 pandemic served as a catalyst for significant changes in society and the economy. Against this changing backdrop, we will avoid becoming overly focused on the short term. Instead, by remaining attentive to major changes and adapting with agility ourselves, we aim to continue being an organization that society values and depends on in the years ahead.

The Keio Group views itself not merely as a transportation operator, but as an organization that plays an important role in supporting people's daily lives and regional economies. Every employee across the Group takes pride in that role and is committed to meeting the expectations placed upon us.

With safety as our absolute foundational value, we will continue to open up new possibilities for Keio and create new value along our railway lines. We sincerely ask for your continued support and cooperation going forward.



Representative Director,
President and Executive Officer

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.