

Summary of Telephone Interviews about Financial Results in the First Quarter
of Fiscal 2023

* Please note that this document is not a word-for-word transcript of the actual Q&A session, but a condensed transcript prepared by the Company by summarizing the actual interactions as appropriate.

[Progress of the Transportation segment against the plan]

Q: The profit of the Transportation segment as of the end of the first quarter has already exceeded your full-year plan. What is your view on future outlook?

A: The change in the timing of revenue recognition with regard to the unused balance of Suica to a more reasonable timing has contributed to segment profit significantly, which gives an impression of fast progress against the plan. However, this change had been taken into consideration in the full-year plan and has a significant impact only on the first quarter. As the railway business is structurally destined to record more expenses in the second half of the year, we have not changed the full-year plan.

[Latest status of passenger revenues]

Q: What is the latest status of passenger revenues? How do you evaluate the change in demand that has occurred since the beginning of July?

A: Due to the significant increase in the number of new COVID-19 infections, the pace of recovery has slowed down since the beginning of July. In particular, passenger revenues are on a declining trend after the three-day holiday.

[Progress of the Retail & Services segment against the plan]

Q: What is your evaluation of the progress of the Retail & Services segment against the full-year plan? Do profit levels have any seasonal characteristics by quarter?

A: The progress of the retail & restaurant business in the first quarter has largely been in line with the plan, although the advertising business has slightly underperformed. We have not revised the full-year plan because the advertising business tends to generate a larger portion of its revenues and income in the second half of the year in which corporate clients will place more advertisement.

[Progress of the Real Estate & Hotels segment against the plan]

Q: What is the progress of the Real Estate & Hotels segment against the full-year plan? Are you going to liquidate assets as planned under the rotational business model in the real estate business?

A: The progress of the Real Estate & Hotels segment in the first quarter has largely been in line with the plan. As for liquidation, we plan to record 20 billion yen in operating revenues and 16 billion yen in operating income in the second half of the current fiscal year.

[Railway fare and fee systems]

Q: What is your reaction to the interim report prepared by the MLIT's Subcommittee on Improvement of Railway Fare and Fee Systems?

A: We understand that the Subcommittee's recommendations on the "Revision of the total cost method", "Improvement and flexibility in the operation of the current system", etc., as near-term responses have incorporated our requests as their elements.

On the other hand, as the Subcommittee views the "Creation of flexible and resilient fare and fee systems" as a topic to discuss in the future, we will continue to request the creation of more flexible fare and fee systems.

[Disclosure of operating results by line segment]

Q: Do you have any comment on your disclosure of operating results of line segments whose passenger volume is low?

A: The purpose of the disclosure is to share information on specific management conditions and help the local communities understand the current situation accurately. Based on this understanding, we would like to proceed with discussion on the optimal transportation systems for each region by using these data.