

Summary of Web Interviews about Financial Results in the First Quarter of Fiscal 2024.3

* 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.

[Railway fares and charges system]

Q: Discussions on how railway fares and charges system should be are ongoing at the Ministry of Land, Infrastructure, Transport and Tourism. What is your company's view on this matter?

A: The direction of revision was indicated at the 10th subcommittee meeting held in June, and we have a positive view on the specific discussions at the subcommittee on the inclusion in cost of investments for future. We will continue to watch the status of discussion closely and submit requests as a railway operator as appropriate.

[Inbound revenue results]

Q: How much are inbound revenue results and year-on-year increases in the Transportation and Life-style solutions?

A: Transportation business generated passenger revenues of approximately 7.0 billion yen. This represents a year-on-year increase of approximately 6.5 billion yen.
In the Life-style solutions, hotel business revenue was approximately 3.0 billion yen and the tax-exempt transaction volume at shopping centers was approximately 3.0 billion yen. As the corresponding results for the first quarter of the previous year were close to zero, the results above roughly represent year-on-year increases.

[Operating expenses (non-consolidated)]

Q: You told us that personnel expenses have exceeded the plan. Do you expect that they will also exceed the plan in the second half of the year and on a full-year basis?

A: Personnel expenses have exceeded the plan by approximately 7.0 billion yen due to the effect of bonuses. However, we plan to ensure that operating expenses as a whole will be in line with the plan on a full-year basis by reducing non-personnel expenses.
The level of bonuses for the second half of the year is to be determined going forward and may exceed the plan depending on the level of bonuses to be paid.

[Advertisement business]

Q: The results of the advertisement business have fallen short of the plan. Do you think that the value of transit advertising has fallen? Or do you think that this is a temporary impact of the delay in the recovery of advertising budget at clients?

A: The trend in transit advertising shows that the results for the first quarter are at about 50% of the results for Fiscal 2019.3. This means that the results have improved from the previous fiscal year. As the advertisement business tends to have more business in the second half of the year, we expected further

recovery going forward. On the other hand, we will also promote digitalization while carefully evaluating the changes in the value of transit advertising itself.

[Hotel business]

Q: I understand that the results of the hotel business have exceeded the plan mainly because of the rise in ADR. Is there room for the occupancy rate to recover further?

A: The occupancy rate is currently at around 80%. As the pre-COVID occupancy rate was around 85%, we think that there is room for further rise by a few percentage points. We will strive to make sure that the hotel business will contribute to profit by raising the occupancy rate while maintaining ADR at high levels.