

FY2025.3 3Q Financial Results Presentation Summary of Main Questions and Answers

Year-end and Full-year Forecasts

- Q. As the consolidated operating income is currently above the full-year forecast, is 4Q expected to be in the red?
- A. In the railway business, maintenance and other costs tend to focus on 4Q of each year. In addition, as costs related to repairing properties and openings of projects in Hiroshima will be processed this fiscal year, we expect 4Q to be in the red.
- Q. The Kansai Urban Area and Sanyo Shinkansen both seemed to perform favorably in 3Q. What is the forecast for the railway use in the next fiscal year?
- A. The Kansai Urban Area is performing well on both weekdays and holidays. Commuter pass use is also slightly above expectations. For Sanyo Shinkansen, usage has reached 99% compared to the pre-COVID-19 level in 2019 while 1Q and 2Q were about 90%. The usage in January (up to the 28th) was also at 94% of the 2019 level. As a forecast for the next fiscal year and beyond, we expect the shift of usage to autumn to avoid severe summer heat will become part of a seasonal trend, but impacts of natural disasters such as typhoons and the release of the Nankai thrust earthquake extra information, as well as the arrangement of days during the year-end and New Year holidays are to be considered as extraordinary factors.

Projects in Osaka

- Q. What are the quantitative effects related to the openings of projects in Osaka?
- A. We expect the costs related to the openings of projects in Osaka during the current year will be about ¥6 billion, including depreciation costs. We expect the positive effects on income to gradually appear from the next fiscal year and beyond. Currently, the status of office leasing and the sales of commercial facilities are trending above expectations. The balance at Osaka Station Hotel is somewhat challenging during its opening period, but it has garnered positive reviews, including its cuisine, and is progressing steadily as a whole.

Inbound

- Q. What is the progress of inbound revenue? What is the rippling effect on the Group's business?
- A. Inbound transportation revenue is favorable and may exceed the full-year plan of ¥37 billion if the current trend continues. However, currency exchange rates and other impacting factors continue to require careful monitoring. There are positive effects mainly from the increase in unit prices at department stores, shopping centers, and hotels, as well as a higher ratio of inbound revenues outside of the mobility segment. If inbound continues to increase, we can expect further rippling effects on the entire Group.

Q. Is inbound revenue for the next fiscal year and beyond expected to increase even considering the reactionary decline due to the Expo?

A. There may be a reactionary decline due to the Expo, but we are hoping the number of travelers to Japan will continue to increase. Considering that the number of departure slots at the Kansai International Airport will increase by 30% in the spring of 2025, we will continue to promote activities to draw visitors to the West Japan area and increase inbound revenue.

Impact of Osaka/Kansai Expo

Q. What is the impact of the Expo on the Company's balance? What is the Company's basis on the expected number of visitors, etc.?

A. The impact on the balance is currently being calculated, but we will base our assumptions on past event examples and the effects of our various activities. The forecast of the number of Expo visitors released by the Expo Committee was 28.2 million visitors, but the number of visitors tends to increase at the tail end of the Expo period and reservations becoming more short notice, it is difficult to make an accurate estimation at this time.

Medium-Term Management Plan 2025 Update

Q. There was a comment that achieving the income target for the next fiscal year in the Medium-Term Management Plan 2025 Update, excluding the effects of the Expo, is challenging. What is the progress of each segment?

A. Transportation revenue is trending in line with expectations in the mobility segment. Performances in the retail business and shopping center segments are exceeding expectations. However, there are also negative impacts such as the upfront costs of new businesses that are being promoted as part of the restructuring of the business portfolio and costs for securing human resources exceeding expectations.

Share Buybacks

Q. What is the situation regarding share buybacks?

A. Our policy to conduct share buybacks of the remaining ¥50 billion taking into account the progress of the Medium-Term Management Plan remains unchanged. Its determination needs to take into account whether cash flow is being generated as the Medium-Term Management Plan progresses, the balance with growth projects including capital investment, and financial soundness. Furthermore, we will also need to consider the level of the share price, EPS, and ROE as well as the balance between growth and shareholder returns when making decisions.