

**Principal Questions and Answers from the Teleconference for Institutional Investors and Analysts (Financial Results) for the Third Quarter of the Fiscal Year Ending March 31, 2020**

Q1: About merchandising

Has the additional amortization of goodwill related to Shirohato Co., Ltd. (0.7 billion yen) recorded under operating income adjustments been factored into the forecast of financial results for FY2019?

- This is an accounting treatment arising from a decrease in the stock price as of the end of the quarter. Since whether to record additional amortization will be determined depending on the stock price at the fiscal yearend, we have not factored it into the forecast of financial results.

Q2: About the hotel business

The Company plans to achieve a profit increase in FY2020. In an environment in which room demand at competitors' hotels is declining, is there any change in the outlook for the FY2020 revenue contribution from new hotels?

- The plan is to achieve a revenue increase from the hotel business as a whole in FY2020. Hotels newly opened in FY2019 will make a full-year contribution to revenue, and we expect city hotels in the Shinjuku area to show strong performance, mainly during the Olympic Games.
- Although individual circumstances differ, new hotels are generally showing strong performance, and there is no change in the revenue contribution outlook at this time.

Reference information: Opening status of new hotels

	Hotel Name	Location	No. of Guest Rooms	Date of Opening
1	HOTEL LOCUS	Miyakojima	100	Jan. 2018
2	HAMACHO HOTEL	Nihombashi	170	Feb. 2019
3	MUJI HOTEL GINZA	Ginza	79	Apr. 2019
4	the rescape	Miyakojima	41	May 2019
5	ONSEN RYOKAN YUEN SHINJUKU	Shinjuku	193	May 2019
6	HAKONE YUTOWA	Hakone	72	Aug. 2019
7	HOTEL CLAD	Gotemba	182	Dec. 2019
8	HOTEL ANTEROOM NAHA	Naha	126	Feb. 2020 (scheduled)
9	HOTEL STRATA NAHA	Naha	221	Apr. 2020 (scheduled)
10	ONSEN RYOKAN YUEN SAPPORO	Hokkaido	182	Jul. 2020 (scheduled)
11	Onsen Hotel [Shimokita Senrogai] (name not yet finalized)	Shimokitazawa, Tokyo	35	Sep. 2020 (scheduled)

Q3: About the hotel business

What is the status of reservations for the period of the Olympic and Paralympic Games? Also, has the status of reservations been factored into the numerical targets?

- Demand for rooms at hotels in the Shinjuku area during the games is increasing, and there are other positive signs, such as receipt of a large order for combined guest room and banquet room use.
- Although we have factored a demand increase into the numerical targets, going forward we will carefully re-examine our projections based on the current situation and reflect the results in the targets.

Q4: About the impact of Typhoon No. 19

Calculation of fourth-quarter (January to March) revenue from operations in the Hakone area based on the results briefing materials indicates a decline of 1.0 billion yen year on year. Will a comparable impact occur until resumption of operation on the Hakone Tozan Railway in the autumn of 2020?

- Since factors other than the suspension of service affect the results, for FY2020 it's necessary to also take into consideration positive factors such as the Olympics and Paralympics.
- We will continue restoration work with the aim of restoring operation in the autumn of 2020 and implement measures to attract customers to the Hakone area.

Q5: About the impact of Typhoon No. 19

Why is the projected 1.0 billion yen year-on-year decrease in revenue from operations in the Hakone Area lower than the actual 2.6 billion yen decrease in the third quarter? Also, what is the impact of partial suspension of service on the Hakone Tozan Railway on the number of tourists visiting the Hakone area?

- The year-on-year revenue decrease in the third quarter includes the impact of suspension of service of Hakone Ropeway (from May 19 to October 26) due to raising of the eruption warning level in the vicinity of Hakone Owakudani.
- Although Hakone Freepass unit sales were down 35.4% year on year in the third quarter, some customers make excursions using routes that bypass the area where service is suspended, such as using the direct bus from Hakone-Yumoto Station bound for Ashinoko and paying with IC cards or other tickets.

Note: This document is not a word-for-word transcription of questions and answers at the results briefing, but a summary prepared by the Company that contains additions and revisions.