

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

Q1: About department stores

What are the Company's thoughts on the main reasons for the fall in duty-free sales in June?
Can the Company confirm whether this decline is expected to continue in and after July?

- One major factor is the impact of the strong Japanese Yen and weak Chinese Yuan resulting from the trade friction between China and the U.S.A., etc. As a result of this, consumer sentiment in China is depressed, and this seems to have led to a fall in the number of Chinese tourists visiting Japan. There is also likely to have been a fall in the number of Chinese buyers (Chinese people visiting Japan specifically to purchase large quantities of items from duty-free stores).
- Currently, it is hard to say what the situation in and after July will be like, but we will keep monitoring the situation.

Q2: About the benefits of multiple double tracks

The number of passengers rose year-on-year in both May and June. Can the Company confirm whether it expects this growth to continue in and after July?

- Regarding the number of passengers in the first quarter, the number of work commuter passengers was 0.1% more than originally forecast, while the number of school commuter passengers was roughly the same as originally forecast; the number of non-commuter passengers was 1.7% higher than forecast.
- We are using ongoing PR strategy implementation, etc. to gradually spread awareness of the enhanced convenience that multiple double tracks provide, and we believe that these efforts are successfully generating positive results.
- With regard to the increase in the number of non-commuter passengers, we believe that this is because of the reduced journey time to central Tokyo and the increased number of Chiyoda Line through trains, which has encouraged more consumers to start using rail travel and to start using the Odakyu Line instead of other companies' rail lines.
- We are working hard to realize a continued operating revenue increase by implementing PR etc. targeting areas where we anticipate potential for a continued increase in passenger numbers.

Q3: About department stores

The plan for the first half of the year forecasts an increase in profits. Can the Company confirm the reasons for this forecast?

- The Machida Store and Fujisawa Store were undergoing renovation work between June 2018 and March 2019.
- In the first quarter, profits grew by 60 million yen because of the reduction in personnel expenses and other expenses resulting from the change in the mode of store operation following the renovation work.
- In the second quarter, profits are expected to rise even more compared to the first quarter thanks to the rebound in sales in those segments where operation had temporarily been suspended during the renovation work.

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