

**Main Questions and Answers during the Briefing on Earning Results**  
**for the Year Ended March 2024**

\* Please be aware that this document is not a verbatim account of everything that was said during at the question and answer session held during the briefing. The Company has made additions and modifications, and summarized the content as it judged appropriate.

\* Please also note that the information presented here is based on the briefing held on May 21.

**[ Questions about the Company in general ]**

**<<Long-Term Management Vision>>**

**Q With regard to the financial targets outlined in the long-term management vision, you describe a target interest-bearing debt/EBITDA ratio of between 5x to 6x. Could you provide more detail on the rationale for this target? Is there not room to increase the amount of leverage further?**

A The long-term management vision is currently under careful review. While we aim for an interest-bearing debt/EBITDA ratio of between 5x and 6x, achieving an ROE of 8% or higher requires a certain degree of leverage. With this in mind, we will further consider the appropriate interest-bearing debt/EBITDA ratio while balancing financial soundness and capital efficiency.

**Q With regard to the business targets outlined in the long-term management vision, you have raised capturing inbound demand as an example of efforts to attract new customers to existing business models. Can you describe how you are going to go about this?**

A While inbound travel is often used to refer to tourism, the Group has been promoting initiatives to enhance the international competitiveness of the Osaka-Umeda area under our Umeda Vision. With this, we believe that by broadening our focus beyond just tourism, such as, by attracting leading overseas companies to the Osaka-Umeda area, we can enhance the value of the Osaka-Umeda area in a sustainable manner. In addition, we believe the flow-on effects of this will lead to the revitalization of line-side areas through increased visitors traveling to the area on business, and increased residential use in line-side areas by people working at the offices of these overseas companies. Progress is currently being made on plans for new rail links, including the Naniwasuji Line, and the Naniwasuji Connection Line/Shin-Osaka Connection Line. This would significantly improve access to the gateways to Kansai, including the Kansai International Airport and Shin-Osaka, and Osaka-Umeda greatly enhancing the value of the Osaka-Umeda area. Amidst these circumstances, we are looking at further ways to capture inbound demand across a number of different avenues.

**Q When are you looking at announcing your long-term management vision, and when do you expect to achieve an ROE of 8% or higher?**

A We are looking at outlining some of our thinking on our long-term management vision at next year's briefing on earning results.

With regard to the timing on achieving our target ROE of 8% or higher, discussions are ongoing with our long-term management vision still under review. Unfortunately, I cannot give specific guidance at the current time, but will look to do so at the earliest possible juncture.

**Q What is your thinking on the cost of capital? As the degree of risk varies by business, shouldn't the cost of capital and ROIC be considered on a per-business basis?**

A While the Company does not set ROIC targets for individual businesses, we do make cost of capital calculations for the entire Group and take this into account when setting targets for internal rates of return when making investment decisions. Additionally, we have set an ROE target in the 7% range in our long-term vision, exceeding the cost of equity capital. We are currently in the middle of making plans to achieve an ROE of 8% or more, which will include further consideration of how to more effectively utilize ROIC, and our thinking on the cost of capital, a prerequisite to this.

**Q Do you have any plans to achieve further growth in asset-light businesses to improve ROE?**

A We are involved with flow businesses that do not have a heavy reliance on assets, such as the Entertainment business and Travel business. We will look to consider further ways to incorporate business strategies to achieve further growth of these businesses as part of deliberations on our long-term management vision.

**Q Asset sales are described as part of cash allocation in the medium-term management plan. Could you provide any details on assets you intend to sell? Do you anticipate selling the major real estate assets to REITs or private funds?**

A We are considering sales of cross-shareholdings under the current medium-term management plan, and we are looking to review the specifics of such going forward.

Further, while we do not have a specific policy in place concerning the sale of real estate assets at the current time, we will consider our approach to our real estate portfolio from the perspective of improving capital efficiency as part of discussions toward framing our long-term management vision.

## **[ Business-specific questions ]**

### **<< Real Estate >>**

**Q How is your office real estate in Osaka Umeda performing?**

A We have improved occupancy rates and delivered strong performance at Osaka Umeda Twin Towers South. In general, this segment is performing well, with other office space in the Osaka-Umeda area maintaining high occupancy rates, and the conditions are being set to allow for revisions in rental rates. Inquiries concerning GRAND GREEN OSAKA are also proceeding well.

### **<< Entertainment >>**

**Q Could you provide more detail on the future outlook of the Stage business and the Sports business?**

A With regard to the Stage business, we have accounted for increases in miscellaneous expenses associated with efforts to overhaul the business management system employed for the Takarazuka Revue in FY2025. In addition to ensuring that these structural reforms are implemented, we will consider further ways to enhance the value and level of service we provide to our customers.

While the value provided by the Sports business is centered around the entertainment provided with professional baseball, there is a fixed capacity to how many fans a baseball stadium can cater to, and attendance at games is already fairly high. With this in mind, there is a need to further drive profitability by leveraging digital entertainment in the future. Looking ahead, we aim to develop and grow new business opportunities using digital technologies, including e-commerce sales of merchandise, and delivering TORATELE video services.

**<< International Transportation >>**

**Q How do you expect the International Transportation business to perform in FY2025?**

A Market conditions are expected to recover somewhat heading into the second half of the year.

**Q In which industries do you expect a market recovery in the second half of the year?**

A The Company has a competitive edge in the automobile industry. If trends pick up in the transportation of automobile-related products, this should have a positive impact on our business performance.