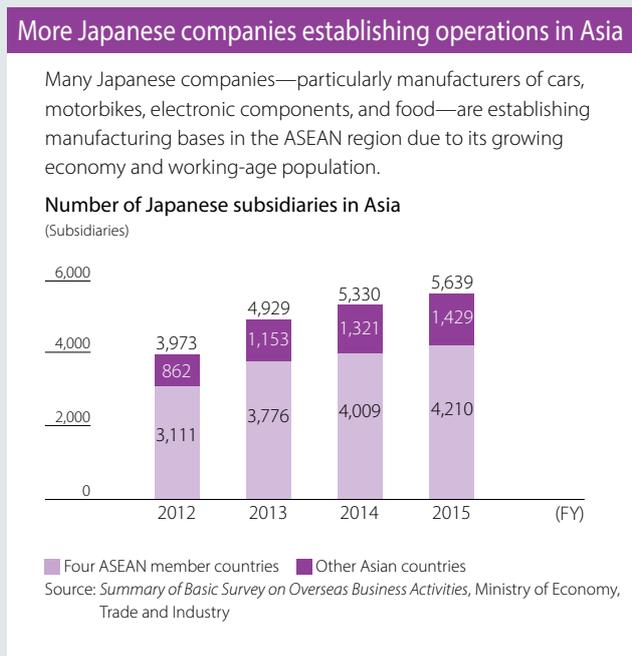
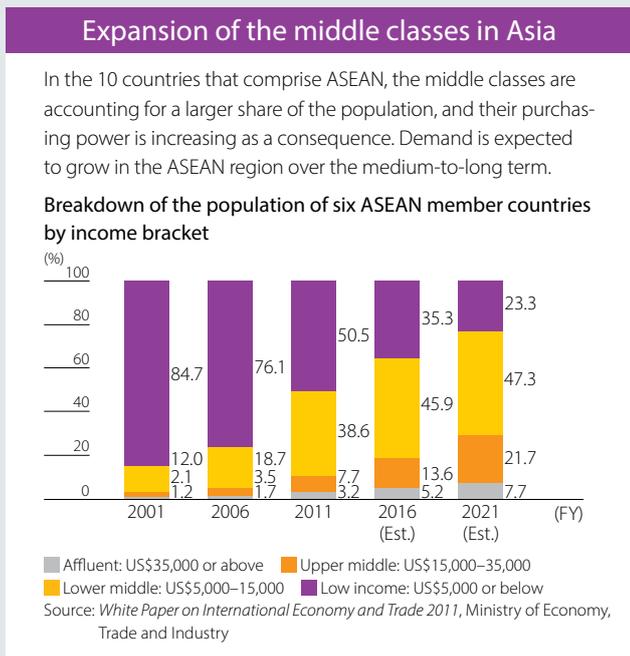
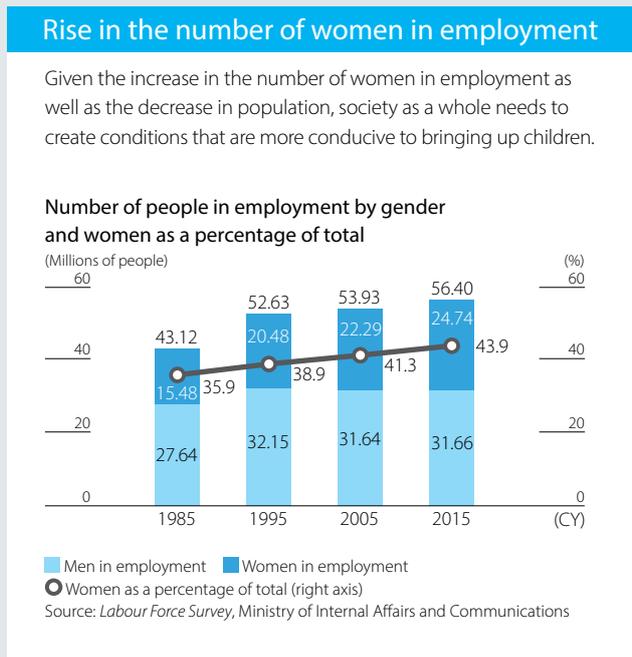
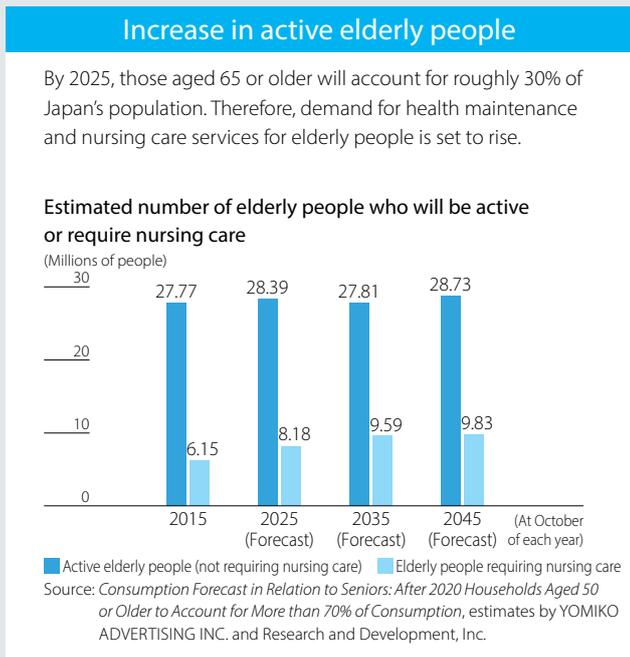


Emerging Needs and Social Trends

For more than a century, the Group has been heightening the value of line-side areas by anticipating the demand for easy commutes, quiet residential areas, and entertainment that can be enjoyed in the suburbs. As a leader in line-side area town development, we are analysing emerging needs and taking far-sighted measures in preparation for social change.



The Effect of Social Changes on the Group



Demographic change in Japan

Risks

- Natural decline in the working-age population (those aged between 15 and 65), the main purchasers of train and bus commuter passes
- Outflow of residents seeking conditions conducive to bringing up children and a corresponding decline in the working-age population

Opportunities

- Maintain or increase population through town development catering to a range of needs, including those of disabled and elderly people
- Develop new earnings sources and create value by developing and providing services related to safety and peace of mind, health, and bringing up children

Risks

- Loss of growth opportunities due to delay in or curbing of overseas business development
- Loss of existing customers to competitors with enhanced logistics services in Japan and overseas
- Increase in volatility of business results due to fluctuations in the economy, interest rates, or exchange rates

Opportunities

- Tap into demand in growth markets by participating in the real estate businesses that target middle classes
- Enhance overseas logistics services even further to develop business with existing customers and acquire new customers
- Disperse business risk by establishing presence in multiple countries

Economic growth in Asia

