

Summary of Q&A: Financial Results Briefing
Q2 Fiscal Year Ending October 31, 2026
Date & Time: Friday, June 12, 2026, 16:30 – 17:05 (JST)

Q1 : Current Booking and Cancellation Trends in the Travel Industry Amid the Deteriorating Situation in the Middle East, and the Outlook for the Future

Regarding our current booking situation, demand is somewhat subdued, particularly for overseas travel by Japanese travelers. While the daily pace of new bookings remains below last year's level, bookings for the summer vacation and the long holiday in September have been steadily building up thanks to early demand stimulation efforts. As a result, our fourth-quarter (three-month) transaction volume is currently at approximately 120% of the same period last year.

As for cancellations, while some occurred from March through April, the situation has now largely stabilized, and we currently see no cause for concern regarding significant future cancellations. Moving forward, we will closely monitor the situation to ensure we capture the recovering demand and identify regions where we can strengthen our sales efforts, thereby securing solid profits.

Q2 : Assumptions Regarding the Duration of the Impact of the Situation in the Middle East on the Earnings Outlook and Related Measures

Regarding the situation in the Middle East, we recognize that there are still many uncertainties in certain regions, and the situation remains unpredictable. At the same time, customer demand for travel is showing signs of recovery, albeit gradually. While it is extremely difficult to gauge the timing of future prospects at this stage, we will continue to develop attractive products and ensure efficient procurement to build a resilient structure that is not swayed by external conditions. Furthermore, even should the impact persist for an extended period, we are advancing preparations for risk management and recovery—including prompt cost-cutting measures—and believe we can manage the situation within the scope of our current earnings forecast.

Q3 : Reasons for the Downward Revision of the Hotel Business in the Revised Second-Half Earnings Forecast

While the hotel business as a whole continues to perform well, we have revised our earnings forecast for the second half of the fiscal year based on more conservative assumptions. The main reasons for this are a decline in sales in certain overseas regions (such as Turkey and Uzbekistan) due to the impact of geopolitical risks and other factors, as well as a decrease in the number of travelers at our various overseas locations.

The reason the decline in profit is relatively large compared to the decline in revenue is that we implemented measures to maintain and increase occupancy rates despite a slight decline in average rates across the market. As a result, costs associated with occupancy and operating expenses increased relatively, putting pressure on profits; we have therefore factored this into our forecast for the second half of the fiscal year.

Q4 : Reasons for Recognizing an Extraordinary Loss (6 billion yen) at the Guam Reef Hotel and Related Management Decisions

The reason for recording a 6 billion yen extraordinary loss at the Guam Reef Hotel is that, due to sluggish local tourism demand, the property continues to fall short of its originally projected revenue. The property is subject to a long-term land lease agreement extending through 2069; if the agreement were to continue as is,

1. approximately 8 billion yen in capital expenditures would be required by 2030
2. the property would incur a long-term annual lease payment burden of approximately 400 million yen
3. There is a risk of incurring a significant impairment loss in FY2028 when the new lease accounting standards are scheduled to be adopted

and other factors, which posed the possibility of massive future cost burdens and impairment losses. To mitigate these risks, we have decided to acquire the land and terminate the contract early. Although this will result in the recognition of a one-time extraordinary loss in our current fiscal year's financial results, we believe this is the best course of action to eliminate potential future risks at an early stage. We are currently in final discussions with our auditing firm regarding the specific accounting treatment.