Summary of Q&A: Medium Term Business Plan (FY2027 to FY2030)
Date & Time: Friday, June 12, 2026, 17:15 – 18:25 (JST)

Q1：Industries and Sectors of Interest for M&A in the "Growth Area" Under the New Medium Term Business Plan

With regard to M&A investments in Growth Area, we plan to focus our consideration and investment efforts primarily on the "financial services business"—which is expected to generate synergies with our core travel business—the "temporary staffing business" (including the placement of foreign workers in various industries within Japan), which we are currently expanding, and the "food and beverage business," for which we are currently conducting proofs of concept.

Furthermore, regarding corporate venture capital investments, we are focusing on businesses in the space sector, AI, and internet technology—areas where strong future market growth is anticipated—and we will actively allocate resources to these growth sectors.

Q2：The background and challenges behind reducing reliance on the overseas travel business for Japanese customers (Core Area) and shifting the focus toward the Next Core Area and Growth Area

In reviewing the three-year period of our previous Medium Term Business plan, we determined that—due to changes in the external environment—the number of Japanese travelers abroad has not recovered to the level we had anticipated, and that we need to assess the market environment more critically. While we continue to aim for the No.1 position in overseas travel for Japanese travelers, given the issue of Japan's declining population and the fact that consumers' discretionary time is being diverted to other industries, continuing to rely solely on the travel business poses a management risk.

Therefore, while our current stable cash engine—the travel business—remains strong, we have decided to actively pursue M&A investments and the reallocation of human resources toward our "Next Core Area" and "Growth Area" in order to swiftly establish our "next revenue pillar." By FY2030, we aim for the four businesses classified as "Next Core Area"—"Hotel Business," "Global Travel Business (Inbound Tourism, Third-Country Travel)," "Corporate Business (MICE, BTM, Local Government Projects, etc.)," and "Growth Area"—to grow in a well-balanced manner, with their combined operating profit exceeding that of Core Area (Overseas Travel Business).

Q3：Guidelines for Allocating the 100 billion yen Total Investment Portfolio and the 40 billion yen M&A Budget Across Each Business Unit

The total growth investment of 100 billion yen (including investments in systems, facilities, and AI, as well as hotel investments) will be funded primarily from the estimated annual operating cash flow of 25 to 30 billion yen. Of this amount, the 40 billion yen allocated for M&A

investments will be distributed across business segments (portfolio) as follows: in principle, 20% to Core Area, 50% to Next Core Area, and 30% to Growth Area, with the aim of maintaining a disciplined, balanced investment allocation. However, these figures are merely guidelines, and we will respond flexibly based on the importance and timing of actual deals. For example, if a large-scale M&A deal arises in Core Area (travel business) due to industry consolidation, we will exercise flexible management judgment, such as significantly increasing the allocation to Core Area. Additionally, separate from this 40 billion yen M&A budget, we plan to make ongoing capital and development investments of at least 10 billion yen annually in the hotel business, funded by cash generated by the hotel business itself. While our response to the COVID-19 pandemic has focused primarily on repaying interest-bearing debt, we now intend to redirect operating cash flow toward investment activities and use the resulting profits to strengthen our equity base.

Q４：Reasons for Disclosing the New Medium Term Business Plan Half a Year Earlier Than Usual (as of the Second Quarter)

Given the nature of our business, which relies on advance bookings, activities for the next fiscal year have already effectively begun; therefore, we do not believe that disclosing this information currently is in any way premature. The primary reasons for announcing this carefully crafted plan as early as the second quarter are “emphasizing speed” and “securing time for implementation.” We chose to disclose it at this time so that we can quickly instill the new policy throughout the company and begin taking concrete steps toward transformation for the next fiscal year and beyond, leading up to FY2030, in order to achieve our performance targets.

Q５：A roadmap for increasing operating profit in Core Area (overseas travel services for Japanese customers) by 5 billion yen, and a vision for improving productivity through AI and technology

To achieve a 5 billion yen increase in profit in our Core Area, we will pursue a two-pronged approach: moderate revenue growth and significant efficiency gains using technology.

In the current travel market, many competitors are shifting toward specific segments (such as high-priced products and B2B businesses), leaving a gap in the market for travel agencies capable of stimulating demand among the mass market. We believe this presents an opportunity. Even if the overall market recovers only gradually, we will secure operating revenue by steadily expanding our market share in our strength: comprehensive leisure travel. Furthermore, we view the adoption of AI and technology as a prime opportunity to move away from our traditional, labor-intensive business model. In addition to the overhaul of our core systems, which we began some time ago, we will proactively introduce rapidly evolving AI and technology into our sales and administrative operations. We believe this is a robust plan that will enable us to significantly reduce selling, general, and administrative expenses and cost of goods sold, thereby fundamentally improving our profit margins.

Q６：The Feasibility of the 300 billion yen Transaction Volume Target for the Global Travel Business by FY2030 and a Differentiated Approach to Capturing the Non-Japanese Market

In our Global Travel business (travel on routes other than those originating in or terminating in Japan, as well as overseas customer acquisition operations), transaction volume has already reached approximately 240 billion yen this fiscal year. Our targets of 300 billion yen in transaction volume by FY2030 and a 5:5 profit allocation ratio between the "Japanese Customer Acquisition Business" and the "Global Travel Business" are highly realistic and in line with our projections.

Until now, we have faced challenges such as not fully capitalizing on effectively cross-sell the strengths of our extensive global network and lacking sufficient customer reception systems at some locations. We will resolve these issues and strengthen our robust customer reception systems across all locations, including our inbound tourism business.

In addition to our traditional strengths in B2C (consumer-facing) services, our Group includes companies that serve the global B2B (Business-facing) market. To further expand our market share, we have established a new "Global Sales Division." Furthermore, by developing and enhancing highly distinctive original tourism content—such as the launch of the "XR Bus" service in New York—and focusing on our content business, we aim to clearly differentiate ourselves from competitors and expand our profitability.

Q７：Future Investment Plans for the Hotel Business and Changes to the Development Model in Response to Rising Construction Costs

While there are no changes to our expansion strategy targeting Southeast Asia, European regions where we have yet to establish a presence, or major cities within Japan, we are flexibly adjusting our development approach in light of the recent sharp rise in construction material and labor costs, as well as declining yields on new properties.

Rather than relying solely on the pre-COVID approach of "building large-scale hotels with 100 or more rooms from scratch as standalone properties," we are shifting toward the development of apartment hotels that are well-suited to market conditions, as well as adding small-scale apartment buildings in the vicinity of existing hotels already in operation within Japan. Furthermore, we are actively pursuing conversion development, in which we acquire existing buildings (such as existing hotels and commercial buildings) and renovate them to rebrand them under our own brand.

Meanwhile, we are proceeding as scheduled with the two properties in Naha City, Okinawa Prefecture, and Hiroshima City, for which opening plans have already been finalized, and they are expected to open by 2030. Regarding overseas expansion, we will continue to carefully evaluate projects while closely assessing geopolitical risks, focusing on major cities where we have a competitive advantage—such as South Korea—where we anticipate strong guest synergy with Japanese travelers.

Q８：While other companies are shifting toward "high-priced, high-net-worth clients," here's why we're deliberately focusing on "Low Price" and what our strengths are

Our “Low Price” philosophy does not simply mean “sacrificing quality for price”; rather, it represents a value proposition where customers feel they are getting a good deal for the services and experiences provided. We believe that consistently providing affordable, high-value tours that make overseas travel accessible to everyone has been our core identity since our founding, and that this is our key strength in securing an overwhelming market share and a solid No.1 position in a market where the competitive landscape is constantly changing.

Q９：Our View on Current Stock Prices and Measures Aimed at Future Market Valuation (Capital Gains)

Regarding the current stock price level, we believe the market is viewing it somewhat too negatively in light of the unprecedentedly rapid changes in the external environment and the emergence of geopolitical risks, and we consider it to be below our intrinsic corporate value. However, we sincerely acknowledge this as a reality.

To raise our current valuation, our top priority is to transform our business model into one that is less susceptible to fluctuations in the external environment. By steadily implementing the actions outlined in the Medium Term Business Plan we have just announced—securing an overwhelming market share in our Core Area, improving profitability through technology adoption, and demonstrating the growth of our second, third, and fourth revenue pillars (Next Core Area and Growth Area) to the market in the form of concrete “operating profit” figures—we believe the stock price will naturally recover significantly to a fair level.

Q10：Regarding the gap between President Sawada’s pre-appointment perceptions and his actual experiences approximately six months after taking office (strengths and the need for future transformation)

Since taking office, I have visited many of our branch both in Japan and overseas. I have come to realize once again that our business foundation—a system capable of generating stable profits, centered on leisure travel—is far more robust than I had initially anticipated, and I feel a strong sense of positive traction. Even when looking across the current domestic travel industry, companies with such a solid customer base and brand strength are rare.

On the other hand, I am acutely aware of the significant challenges we face in improving profitability. Currently, our operating profit margin as a percentage of total sales is less than 2%, and we must dramatically turn this around. Fortunately, we are in a period of transformation marked by the explosive evolution of generative AI and digital technologies. I am increasingly confident that by proactively moving away from a labor-intensive business model, we can significantly reduce selling, general, and administrative expenses and cost ratios, thereby raising our profit margins.

Furthermore, in light of macro-environmental risks such as population decline and the diversification of consumers’ leisure time, we believe the most critical transformation toward FY2030 is to thoroughly sow the seeds for our second, third, and fourth revenue pillars—including “areas outside the travel business” (such as hotels, corporate services, and growth initiatives)—with a five- to ten-year outlook, while our robust travel foundation remains strong.

Rather than imitating the moves of other companies, we aim to achieve further growth by thoroughly refining our unique strengths.