

**Main Questions and Answers during the Briefing on Earning Results  
for the First Half of Fiscal 2024 (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 November 9.

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

**<<Long-term vision>>**

**Q. At the Briefing on Earning Results held in May, the President mentioned the need for a transformation within the Group, including striving for an ROE of 8% or more, in order to achieve sustainable growth amidst an increasingly aging society. Could you provide more details as to what is being currently considered to achieve this with regard to the review of the business portfolio? Is the announcement pertaining to the restructuring of Hankyu Hanshin Hotels part of this business portfolio review?**

A. We are still in the process of considering our options for delving deeper into existing markets and identifying new growth markets as part of a comprehensive review and discussions on areas that may drive further growth in each business. We are still not at a stage where we are able to discuss any specifics regarding the review of the business portfolio.

Further, the recent restructuring of Hankyu Hanshin Hotels is aimed at splitting off the hotel asset holdings arm of the business from hotel management and operation, allowing the company to further specialize in hotel management and operation to bolster its competitive strengths. This follows on from a review into the division of roles within the Real Estate business, and does not constitute a change to the business portfolio.

**Q. How are you looking to grow profits in order to achieve an ROE of 8% or more?**

A. In addition to expanding the Real Estate business and other business lines overseas and delivering growth in the Information Services business, which is a growing market in Japan and elsewhere, we also see progress in the Hankyu Hanshin DX Project as another key factor for driving growth across the Group. In addition, we still see potential growth markets within Japan. Looking ahead, we will pursue further reviews and deliberations of specific strategies while identifying growth areas.

**Q. Now that business performance has recovered to pre-COVID levels, is there any consideration for the potential for using financial leverage to further boost ROE?**

A. We see the first step to improving ROE as being based primarily on improving returns (the “numerator” in the ROE equation), and we are currently reviewing our options in this regard. We are also conducting simulations based on the level of financial leverage and other factors in parallel, and will update you on our findings following further deliberation into this matter.

[ **Business-specific questions** ]

<< **Real Estate**>>

**Q. What has been the impact of the rising cost of construction and building materials on real estate development? Can the increased cost be passed on?**

A. As project investment decisions are made while factoring in potential increases in construction and building material costs up to a certain amount, no projects have been put on hold or undergone review at the current time.

While passing on the cost of these price increases (through rent) is a potential solution, it is not easy to do. When taking a long-term view, it is important to improve the value of the area as a whole by creating a bustling urban environment through these projects. If this is achieved, we believe it will lead to successive improvements in rental rates.

When taking this into account, we see questions on “how can we help stimulate the Kansai economy” as an important perspective to consider when promoting Group projects. In particular, it is important to make a serious effort towards attracting overseas companies and tenants to Kansai, such as by leveraging the current depreciation in the yen to give the sense of the region being a value play, in order to capture the vibrancy of overseas markets. To achieve this, Kansai must stand out as a potential choice for overseas players. The Group is currently considering infrastructure development opportunities, such as the Naniwasuji Connection Line/Shin-Osaka Connection Line, in addition to large-scale projects in and around the Osaka-Umeda area. We believe that these initiatives will improve the recognition of Kansai overseas, and increase the number of overseas visitors to the region. Looking ahead, we hope to continue to work with a broad range of partners in promoting initiatives that help stimulate the Kansai economy.

**Q. What is the state of the office market in the Osaka-Umeda area?**

A. Our properties in the Osaka-Umeda area continue to demonstrate steady performance (although active leasing activities have been put off in some properties in preparation for future development projects, such as the Shibata 1 Project). In particular, Osaka Umeda Twin Towers South has been held in high regard by tenants. With the potential for the supply of office space to increase in the Osaka-Umeda area in the future, we will endeavor to maintain high occupancy levels without resting on our laurels.

**Q. What are the reasons for the expected decline in profits for the real estate sales business and others provided from the full-year forecasts announced in May? Has there been a deterioration in the market for condominiums?**

A. This is related to changes in the sales period for short-term-return condominiums, and is not caused by any deterioration in the market for condominiums for consumers.

**Q. With the overseas Real Estate business expanding to the ASEAN region and the U.S., are there any other regions being considered for further expansion in the future?**

A. We view the selection of local business partners as the most important aspect to consider when pursuing an overseas expansion of the Real Estate business. In addition to this, we also base these decisions upon considering the advantages offered by each country or area. For example, the ASEAN market continues to expand through population growth, while in the U.S. market, we are pursuing further growth leveraging the size, transparency, and stability of the market (in terms of properties for asset rotation). In the future we will consider further opportunities for expansion should the opportunity arise, while also carefully considering the state of each area.

Further, while the Group does focus on the expansion of its overseas Real Estate business, we also view line-side investment as vitally important. Looking ahead, we hope to strike a balance between line-side and overseas investments.

**<<Entertainment>>**

**Q. Could you provide more detail on the future outlook, by segment, for the Entertainment business? Additionally, what is the outlook for the Sports business over the next period?**

A. <Sports>

With regard to the Sports business, the Hanshin Tigers performed well from the start of the season, packing out nearly all games held at Hanshin Koshien Stadium, which helped drive an increase in income and revenue year-on-year for the second quarter of the year. This, along with other factors, prompted the Company to revise its full-year forecast upwards. It is important to consider, however, that while this forecast accounted for the Hanshin Tigers advancing to the Japan Series, it did not account for the Hanshin Tigers winning the championship (with the expected boost to revenue from merchandise sales) as the revised forecast was announced at the end of October while the Japan Series was still ongoing.

With regard to FY2025, while it is difficult to expect further increases in spectators at Hanshin Koshien Stadium, which had a capacity crowd for most games, we will consider ways to control costs to drive profit levels.

Entertainment lies at the heart of professional baseball, and we believe that maintaining a strong Hanshin Tigers team as a core pillar of this business. With the planned completion of a new farm stadium in Amagasaki in spring 2025, we will look to leverage these facilities to continue to build a strong team.

We also see the importance of expanding the fanbase. We hope to further develop the Tigers Academy schools project for children as part of efforts to grow the future Tigers' fanbase.

We are also focusing on digital initiatives. We hope to strengthen our revenue base by bolstering merchandise sales on our e-commerce store, T-SHOP, and by increasing subscribers to our Toratele video services.

### <Stage>

I would also like to take this opportunity to express our deepest regret for the recent passing of a student at the Takarazuka Revue Company, and offer our sincerest apologies for the concern caused to our customers and all involved. We have established a team of outside attorneys to investigate the matter, and are conducting interviews with all concerned while paying due care to the mental wellbeing of the students. We will receive a report on the results of this investigation in the coming days, and will be making the necessary changes as per the recommendations in said report.

Further, the forecast for the full-year results for the Stage business has taken the effect that the recently announced cancellation of show into account.

### << Travel >>

#### **Q. What are the underlying factors driving the strong performance of the Travel business?**

A. This is primarily driven by orders for municipality support services in relation to the COVID-19 pandemic (hereafter, COVID) and other services continuing to perform above expectations, coupled with strong performance of high unit price domestic travel packages (although customer traffic is still not yet back to pre-COVID levels).

A reasonable number of domestic travelers were sent to Japanese inns and hotels that had suffered under COVID, which helped us form relationships of trusts with these institutions and, in some cases, led to further product planning. Further, we feel that the warm reception travel plans received targeting people looking to travel at a relaxed pace – a movement that became pronounced during COVID – also played a part. Looking ahead, we will endeavor to continue to develop better product offerings in line with customer needs while maintaining good relationships with our partners.

Further, while overseas travel has nearly recovered to the level initially expected, a challenging environment is expected to persist with recent instabilities in the international situation, and rising prices due to external factors such as the depreciation in the yen and rising air fares. Despite these factors, we will continue to work to further the recovery of this business line.

### << International Transportation >>

#### **Q. What is the forecast for the second half for the International Transportation business?**

A. Scale is of vital importance in the International Transportation business. As we are such a small player compared to the big three firms, we are currently facing an extremely challenging business environment, and this trend is expected to continue into the second half.

Amidst these circumstances, we are looking into parts of our International Transportation strategy in need of further review, including tapping into growth markets. We will provide further details into the direction we are looking to take as it comes into view.

<< Others >>

**Q. There is an expectation that inbound travel will be dispersed to regional areas in the future. What effect would this have on the Company?**

A. We see any increase in the number of overseas visitors to Japan as having a positive effect on our business, even if inbound travel is dispersed to regional areas.

We see our ability to capture foreign economic vitality in line-side operations as a major challenge facing the Company, and our ability to develop line-side areas and attract overseas visitors remains vitally important.

Further, in the Travel business, we are considering what products we can offer inbound customers. For example, the World Expo 2025 Osaka, Kansai is also known as the “Marine Expo”. One potential travel plan for inbound customers visiting the Expo proposes a route that links the islands jutting out over the Seto Inland Sea with the art event that the Group is involved in, Rokko Meets Art. We will continue to look for other ways to further capture inbound demand.