

# **Hankyu Hanshin Holdings Group Results Briefing Materials for Financial Results for Fiscal 2023 (Ended March 2023)**

May 23, 2023

Hankyu Hanshin Holdings, Inc.

9042 <https://www.hankyu-hanshin.co.jp/en/>

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## **Separate Document: Reference Data**

- (1) Progress in Each Project**
- (2) Sustainable Management**
- (3) Other**

The information is also available on our corporate website:

<https://www.hankyu-hanshin.co.jp/en/ir/library/presentations/>

Business forecasts and other projections herein are based on information available at present and logical assessments and do not represent any promise by the Company. The actual results may differ significantly from these projections due to various factors.

# **I . Executive Summary**

## **II . Performance Highlights for Fiscal 2023 (Ending March 2023)**

## **III. Summary of the Medium-Term Management Plan**

## **IV. Forecasts for Fiscal 2024 (Ending March 2024)**

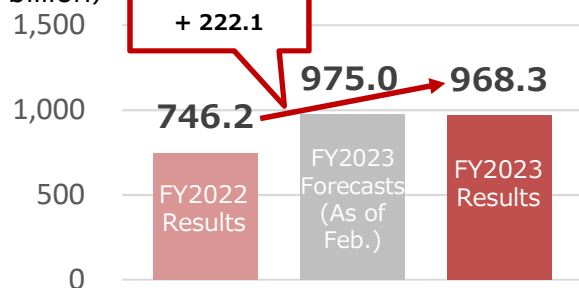
# Executive Summary ①

## ■ FY2023 performance (comparison with FY2022)

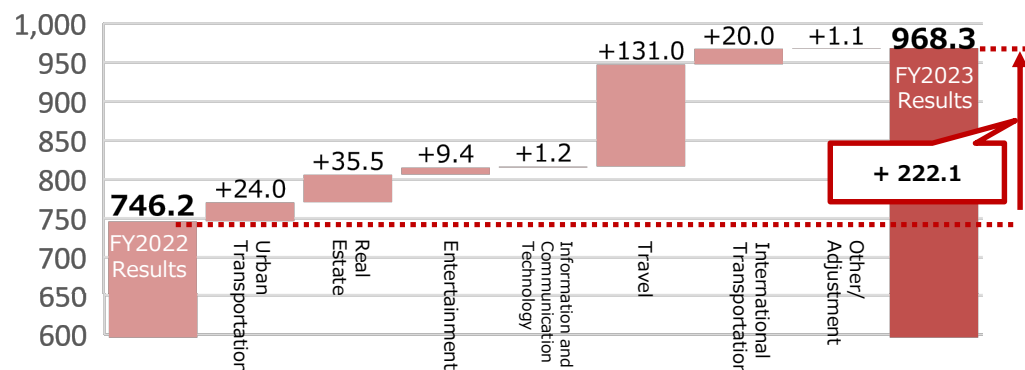
Revenue and profit grew. Although the Covid impact persisted, most segments experienced recovery to some extent. Additionally, the Travel segment experienced a surge in orders, with many requests from local authorities to provide services to Covid patients recuperating at home.

### <Operating revenue>

(¥ billion)

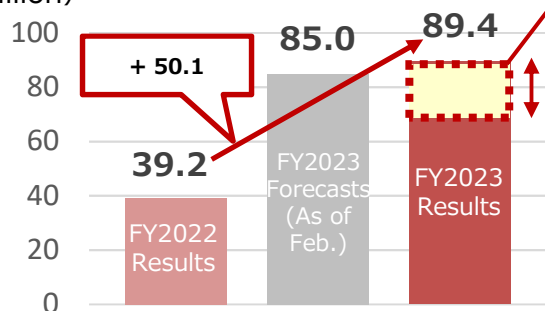


(¥ billion)



### <Operating profit>

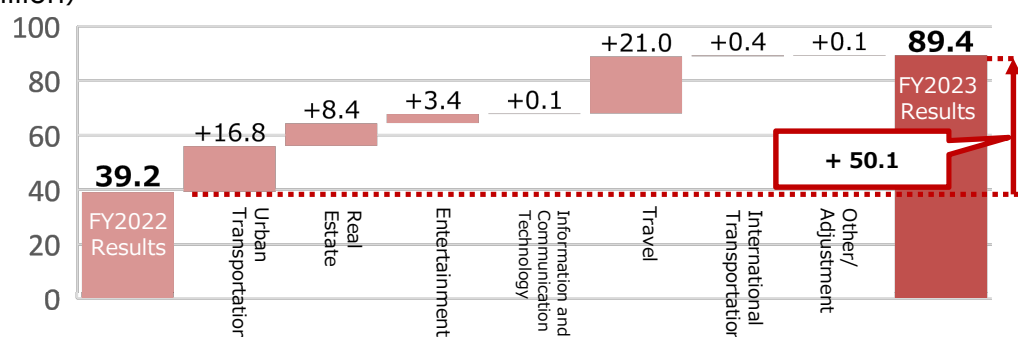
(¥ billion)



#### <Bumper businesses>

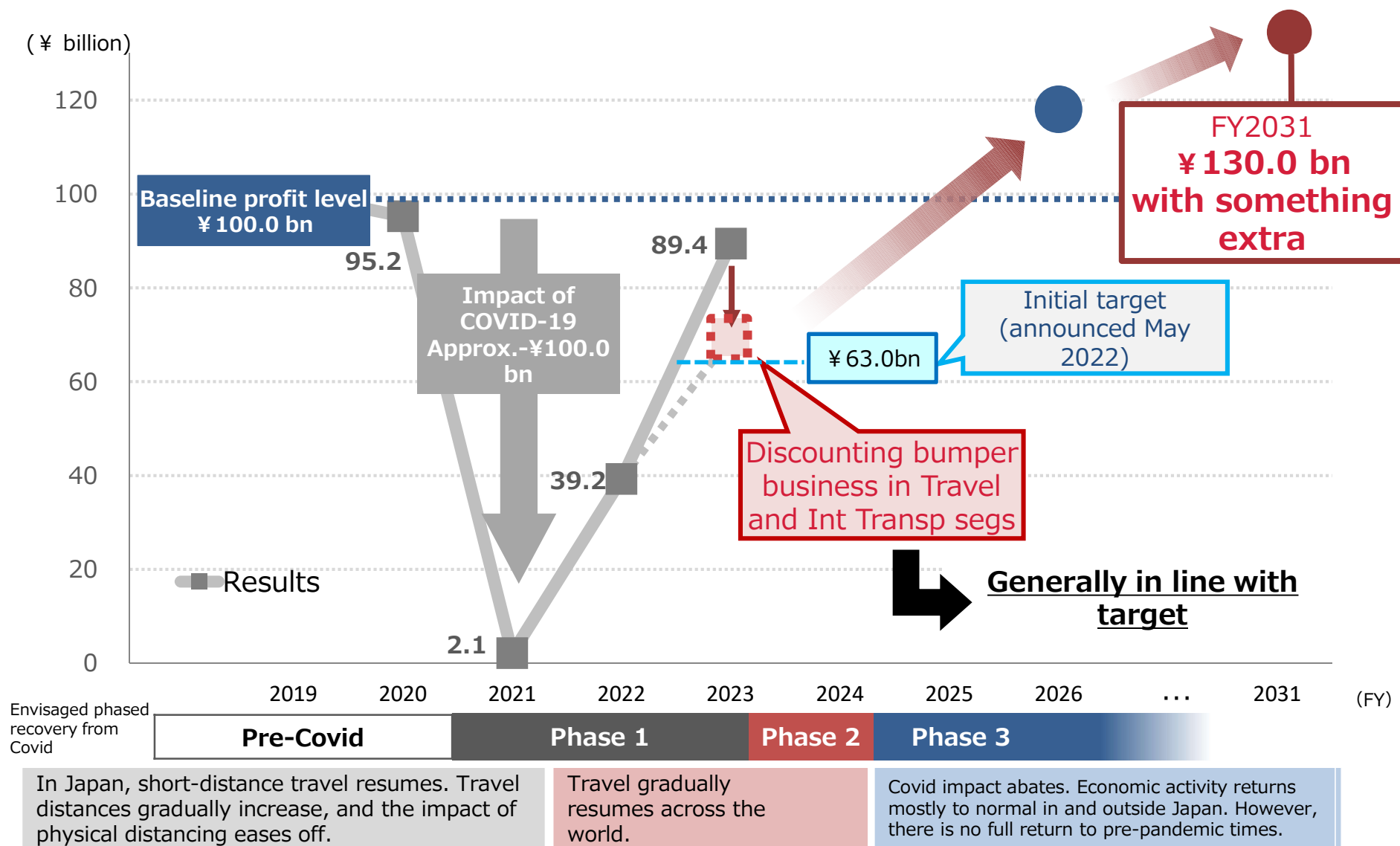
- Services for local governments related to Covid in Travel segment
- Supply crunch in International Transportation segment

(¥ billion)



# Progress in Medium-Term Plan: Profit Level

In FY2023, profit, at ¥63.0 billion, was largely in line with our initial target (announced in May 2022) if we discount the response to one-off demand spike in the Travel and International Transportation



# Rolling Plan for Medium-Term Plan (FY2023–FY2026)

## ■ Extra ¥70.0 billion in growth investment (for FY2023–FY2026 period)

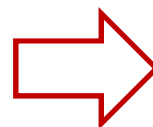
See p. 37 for more details.

To improve our prospects of achieving the profit goal set out in our long-term vision (¥130.0 bn + extra in FY2031), we will **increase investment in condominium sales and also in overseas real-estate**, in which we are building a track record and in which we identify bright growth prospects.

Previous budget (announced May 2022)

Total CapEx (and lending)  
**560.0**

Strategic investment framework	30.0
<b>Growth investment</b> (includes investment in for-sale property and equity)	<b>290.0</b>
Maintenance CapEx (investment in maintenance and renewal of existing infrastructure)	<b>240.0</b>



Extra  
70.0

Latest budget

(¥ billion)

Total CapEx (and lending)  
**630.0**

Strategic investment framework	30.0
<b>Growth investment</b> (includes investment in for-sale property and equity)	<b>360.0</b>
Maintenance CapEx (investment in maintenance and renewal of existing infrastructure)	<b>240.0</b>

## ■ Decision to use business profit as profit indicator

See p.40 for more details.

- We decided to start using business profit (Operating profit + Equity-method gains/losses related to overseas business investment) as a profit indicator.
- This allows us to report our business progress accurately.

**Business profit** = Operating profit + Equity-method gains/losses related to overseas real-estate (which is non-operating profit)

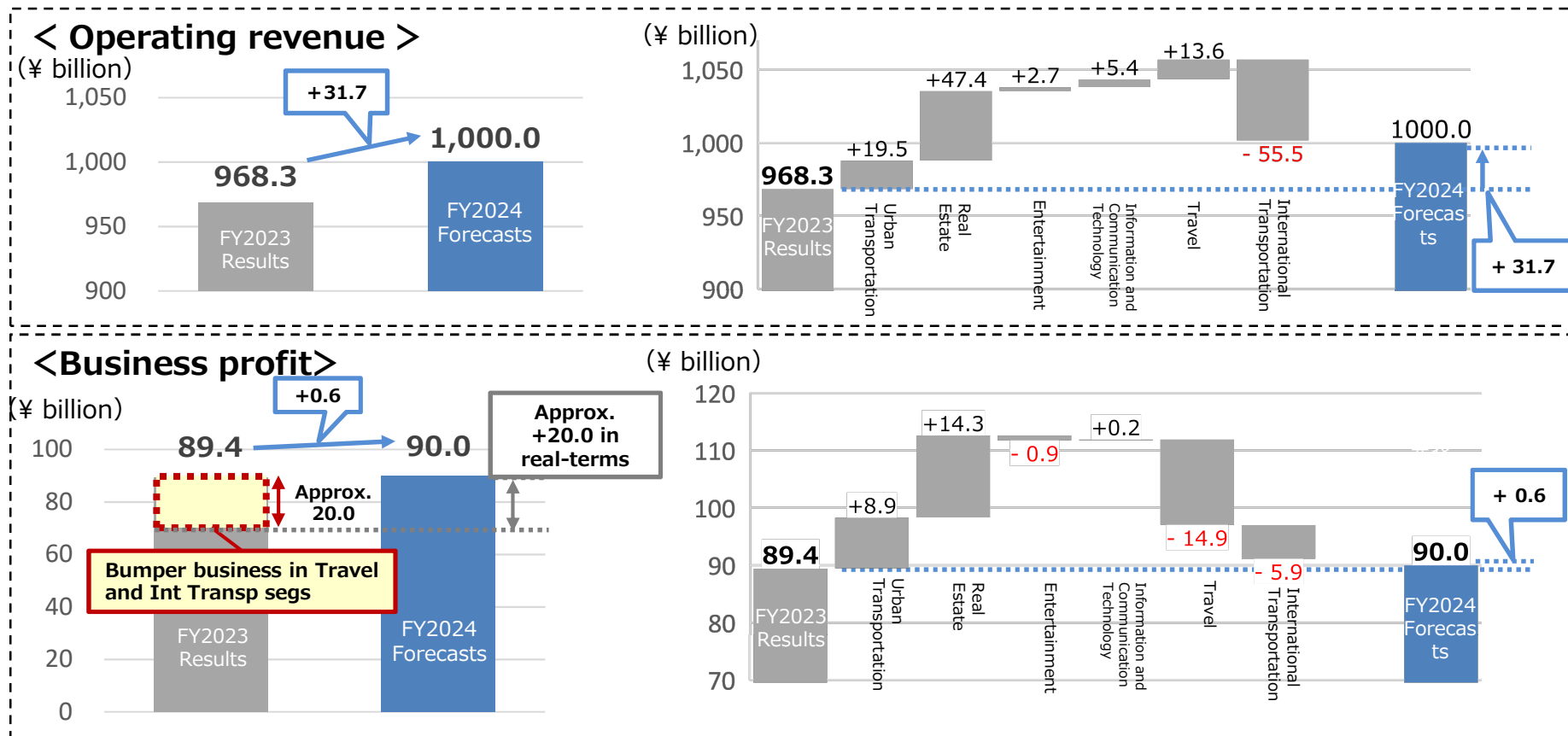


**The FY2026 profit target set out in the medium-term plan is now ¥118.0 billion in business profit**  
(whereas before it was ¥115.0 bn in operating profit)

# Executive Summary ②

## ■ FY2024 forecasts

Revenue growth is forecasted on the basis that the Real Estate segment will gain higher condominium sale income and that the Urban Transportation segment will see some recovery in ridership. Flat profit growth is forecasted on the basis that the Travel and International Transportation segments will experience a drop in profit relative to the bumper profit they enjoyed in FY2023.



## ■ Shareholder returns (allocations of surplus profits generated in FY2023 and FY2024)

See p. 58 for more details.

- FY2023 surplus allocation : We will pay a dividend of ¥50 per share. Shares will be repurchased with a cap of ¥2.0 billion.
- FY2024 surplus allocation (planned): We will pay a dividend of ¥50 per share. Shares will be repurchased.

# Progress in Long-Term Vision and Medium-Term Plan

## ■ Progress in key projects

See pp. 47–53 for progress in other projects.

### Strategy 1: Make our line-side communities the absolute best among the Kansai networks

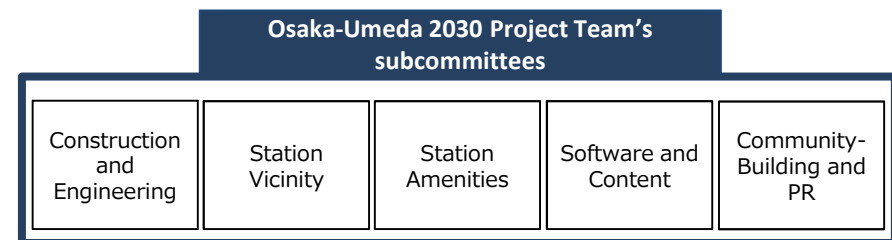
#### Umekita Phase II Development Project (Grand Green Osaka)

- Work is on schedule for partial opening in summer of 2024.
- In FY2025 H2, Hankyu Hanshin Hotels will open a hotel here under the upscale brand Gran Respire.



#### Shibata 1 Project

- In October 2022, we launched the Osaka-Umeda 2030 Project Team to coordinate groupwide action on the Shibata 1 Project.
- We will flesh out the plans and accelerate negotiations with stakeholders (e.g. governmental authorities) so we can make a start as soon as possible.



### Strategy 3: Expand the coverage of our line-side business model

#### Expand Real Estate segment overseas

- We acquired Central Park Mall, a leading megamall in West Jakarta, Indonesia.



阪急阪神ホールディングス株式会社  
Hankyu Hanshin Holdings, Inc.

#### Short-term-returns business

- We previously acquired and developed four properties in H-CUBE, a low-rise, street-facing commercial facility. We sold three of them to Hankyu Hanshin REIT Asset Management.

(In FY2023, we sold two properties to Hankyu Hanshin REIT Asset Management).





I . Executive Summary

**II . Performance Highlights for Fiscal 2023  
(Ending March 2023)**

III. Summary of the Medium-Term Management  
Plan

IV. Forecasts for Fiscal 2024 (Ending March 2024)

# Consolidated Statements of Income(Summary)

	FY2023 Results	FY2022 Results	Change	
Consolidated Subsidiaries	99 companies	98 companies	+1 (2 companies increase, 1 company decrease)	
Equity-Method Affiliates	10 companies	11 companies	-1 (1 company decrease)	
Total	109 companies	109 companies	-	
(¥ million)	FY2023 Results	FY2022 Results	Change	Remarks
Operating revenue	968,300	746,217	+222,083 ( +29.8% )	For details, please see next page
Operating profit	89,350	39,212	+50,138 ( +127.9% )	
Non-operating income	12,145	10,885	+1,259	Equity in income of affiliates +1,157
Non-operating expenses	13,063	11,648	+1,415	Loss on disposal of property and equipment +750
Ordinary profit	88,432	38,450	+49,982 ( +130.0% )	
Extraordinary income	7,927	42,969	-35,041	Gain on contributions for construction -25,709
Extraordinary losses	21,348	42,827	-21,478	Loss on reduction of property and equipment -23,315 Loss on impairment of fixed assets +12,040
Profit attributable to owners of parent	46,952	21,418	+25,534 ( +119.2% )	
(Reference)	FY2023 Results	FY2022 Results	Change	
Depreciation and amortization	62,037	59,107	+2,929	
Financial balance ① - ②	-7,495	-7,408	-87	
Interest and dividend income①	1,272	1,108	+164	
Interest expense②	8,768	8,516	+251	

# Consolidated Statements of Income (Breakdown for each business segment)

[Key results in period under review]

Revenue and profit grew. Although the COVID impact persisted, most segments experienced recovery to some extent. Additionally, the Travel business segment experienced a surge in orders, with many requests from local authorities to provide services to Covid patients recuperating at home.

(¥ million)	Operating revenue			Operating profit		
	FY2023 Results	FY2022 Results	Change	FY2023 Results	FY2022 Results	Change
Urban Transportation	185,581	161,623	+23,958	22,435	5,629	+16,805
Real Estate	282,049	246,584	+35,465	27,851	19,425	+8,426
Entertainment	72,289	62,864	+9,425	12,622	9,263	+3,358
Information and Communication Technology	60,355	59,181	+1,174	5,917	5,867	+50
Travel	191,400	60,419	+130,980	15,257	-5,748	+21,006
International Transportation	163,269	143,296	+19,973	8,381	8,019	+361
Other	55,649	51,666	+3,983	2,752	2,385	+366
Adjustment	-42,295	-39,417	-2,877	-5,866	-5,628	-237
Total	968,300	746,217	+222,083	89,350	39,212	+50,138

(Note)

In Q1 FY2023, we consolidated the Hotels segment into the Real Estate segment, making Hotels a sub-segment of Real Estate. This change brings the number of reportable segments down from seven to six: Urban Transportation, Real Estate, Entertainment, Information and Communication Technology, Travel, and International Transportation. To enable year-on-year comparisons, we have applied this change retroactively to the comparative period (FY2022).

# Urban Transportation Results

Revenue and profit grew. The segment continued feeling the pandemic impact. It also had to contend with higher power costs amid soaring energy prices. However, the railway and automobile businesses experienced a recovery in ridership to some extent.

(¥ million)	FY2023 Results	FY2022 Results	Change	%
Operating revenue	185,581	161,623	+23,958	+14.8%
Operating profit	22,435	5,629	+16,805	+298.5%

[Breakdown by type of business]

(¥ billion)	Operating revenue			Operating profit		
	FY2023 Results	FY2022 Results	Y on Y	FY2023 Results	FY2022 Results	Y on Y
Railway	134.5	118.5	+15.9	26.5	14.7	+11.8
Automobile	40.2	34.1	+6.1	0.7	-4.2	+4.9
Retailing	12.0	10.9	+1.0	1.0	0.8	+0.2
Others	8.9	8.7	+0.2	0.6	0.7	-0.1

\*Not including head office expenses /adjustments.

# [Urban Transportation] Railway Performance Results

## Hankyu Corporation

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	FY2023 Results	FY2022 Results	Change	FY2023 Results	FY2022 Results	Change
Commuter pass	29,900	28,654	+1,245 (+4.3%)	299,570	282,633	+16,937 (+6.0%)
Workers	25,935	25,223	+712 (+2.8%)	210,671	204,916	+5,755 (+2.8%)
Students	3,965	3,431	+533 (+15.5%)	88,898	77,717	+11,181 (+14.4%)
Other tickets	54,908	45,422	+9,486 (+20.9%)	272,065	228,028	+44,037 (+19.3%)
Total	84,809	74,077	+10,732 (+14.5%)	571,636	510,661	+60,974 (+11.9%)

## Hanshin Electric Railway

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	FY2023 Results	FY2022 Results	Change	FY2023 Results	FY2022 Results	Change
Commuter pass	11,096	10,628	+467 (+4.4%)	114,974	110,096	+4,878 (+4.4%)
Workers	9,996	9,668	+328 (+3.4%)	91,956	89,400	+2,556 (+2.9%)
Students	1,099	960	+139 (+14.5%)	23,017	20,695	+2,322 (+11.2%)
Other tickets	19,365	15,397	+3,967 (+25.8%)	103,696	84,103	+19,593 (+23.3%)
Total	30,462	26,026	+4,435 (+17.0%)	218,671	194,199	+24,472 (+12.6%)

- \* 1) Revenue amounts less than one million yen, and numbers of passengers less than one thousand, are omitted.  
 2) For Hankyu Railway, "other ticket revenue/ridership" includes revenue/ridership associated with the PiTaPa usage sections.  
 3) Sum of tier 1 and tier 2 railway operators for both Hankyu Corporation and Hanshin Electric Railway

# [Urban Transportation] Referential Information

## 《Hankyu Corporation》

### Transportation revenue (tier 1 + tier 2)

(¥ million)

Totals for commuter passes and other tickets	Q1	Q2	Q3	Q4	Total
FY2023 Results	21,220	20,271	21,863	21,454	84,809
FY2022 Results	17,077	17,919	20,643	18,436	74,077
Change	+4,142	+2,351	+1,219	+3,018	+10,732
(%)	+24.3	+13.1	+5.9	+16.4	+14.5

#### Factors of YoY Change (estimated)

- COVID-19 impact (YoY change in impact) +¥10,556million

## 《Hanshin Electric Railway》

### Transportation revenue (tier 1 + tier 2)

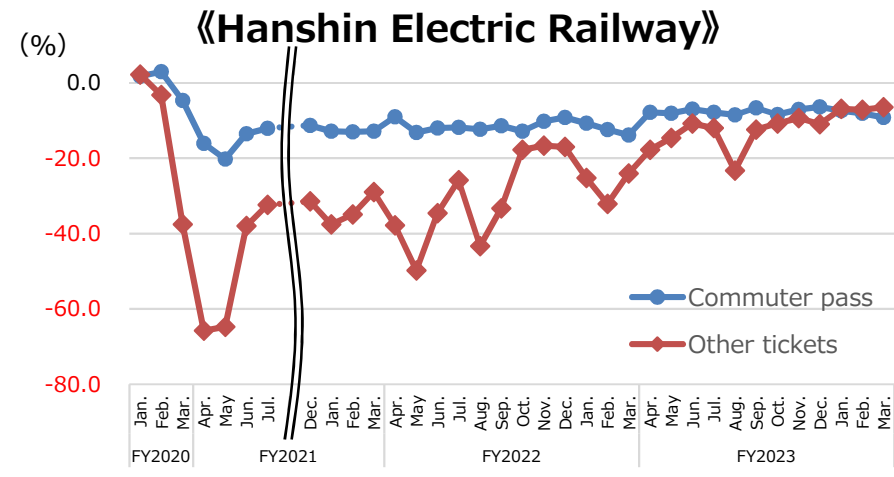
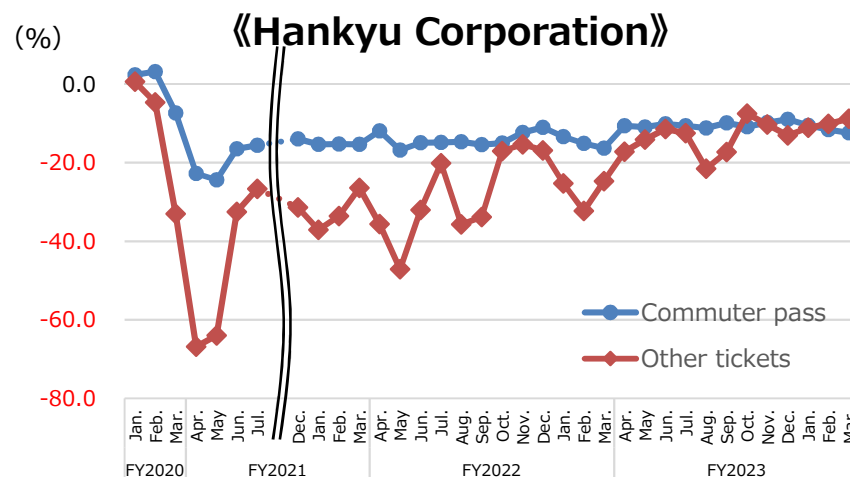
(¥ million)

Totals for commuter passes and other tickets	Q1	Q2	Q3	Q4	Total
FY2023 Results	7,597	7,598	7,561	7,704	30,462
FY2022 Results	6,001	6,418	7,097	6,509	26,026
Change	+1,595	+1,180	+464	+1,195	+4,435
(%)	+26.6	+18.4	+6.5	+18.4	+17.0

#### Factors of YoY Change (estimated)

- COVID-19 impact (YoY change in impact) +¥4,302million

## Transportation Revenue (compared to same period of fiscal 2019 )

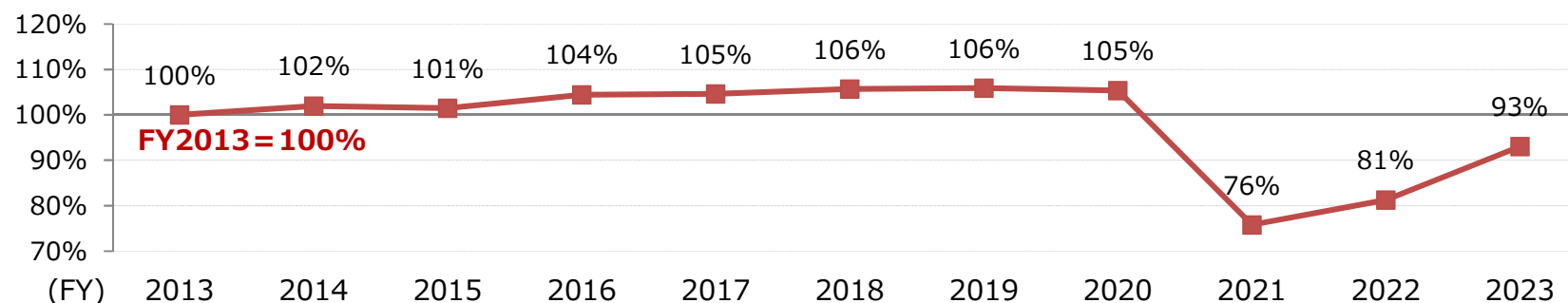


# [Urban Transportation] Referential Information

## Hankyu Line: Transportation revenue (tier 1 + tier 2)

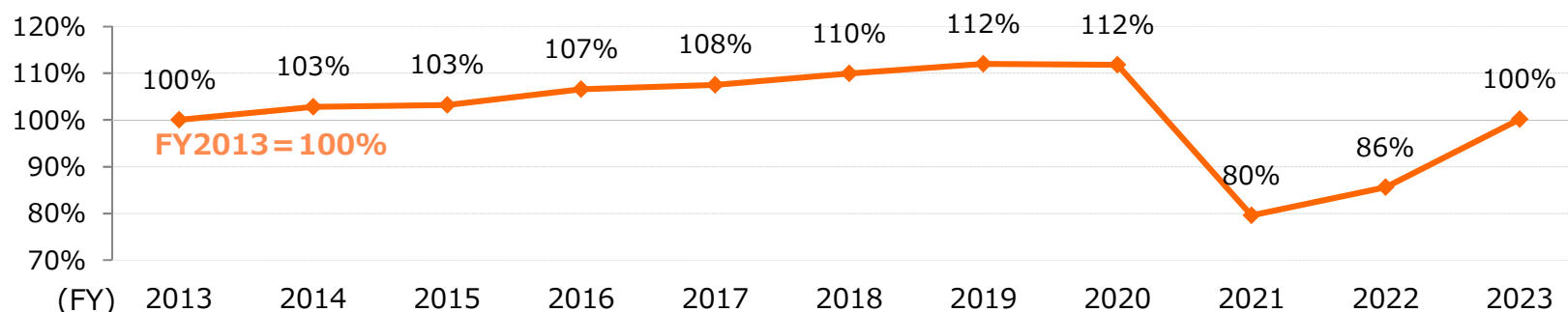
(¥ million)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Commuter passes	30,391	31,299	31,549	32,272	32,628	33,198	33,456	34,119	28,093	28,654	29,900
Other tickets	60,749	61,630	60,910	62,920	62,720	63,137	63,059	61,887	40,982	45,422	54,908
Total	91,141	92,929	92,459	95,192	95,348	96,335	96,516	96,007	69,075	74,077	84,809



## Hanshin Line: Transportation revenue (tier 1 + tier 2)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Commuter passes	10,740	11,008	11,107	11,372	11,563	11,797	12,024	12,327	10,476	10,628	11,096
Other tickets	19,669	20,260	20,286	21,035	21,136	21,638	22,030	21,665	13,725	15,397	19,365
Total	30,410	31,269	31,394	32,407	32,699	33,436	34,054	33,993	24,202	26,026	30,462



# Real Estate Results

Revenue and profit grew. The hotel business continued feeling the effects of the pandemic. However, the hotel business experienced some recovery in user numbers for its accommodation and food/beverage services, while the real estate leasing business experienced some recovery in rental income from commercial facilities served by our rail lines.

(¥ million)	FY2023 Results	FY2022 Results	Change	%
Operating revenue	282,049	246,584	+35,465	+14.4%
Operating profit	27,851	19,425	+8,426	+43.4%

[Breakdown by type of business]

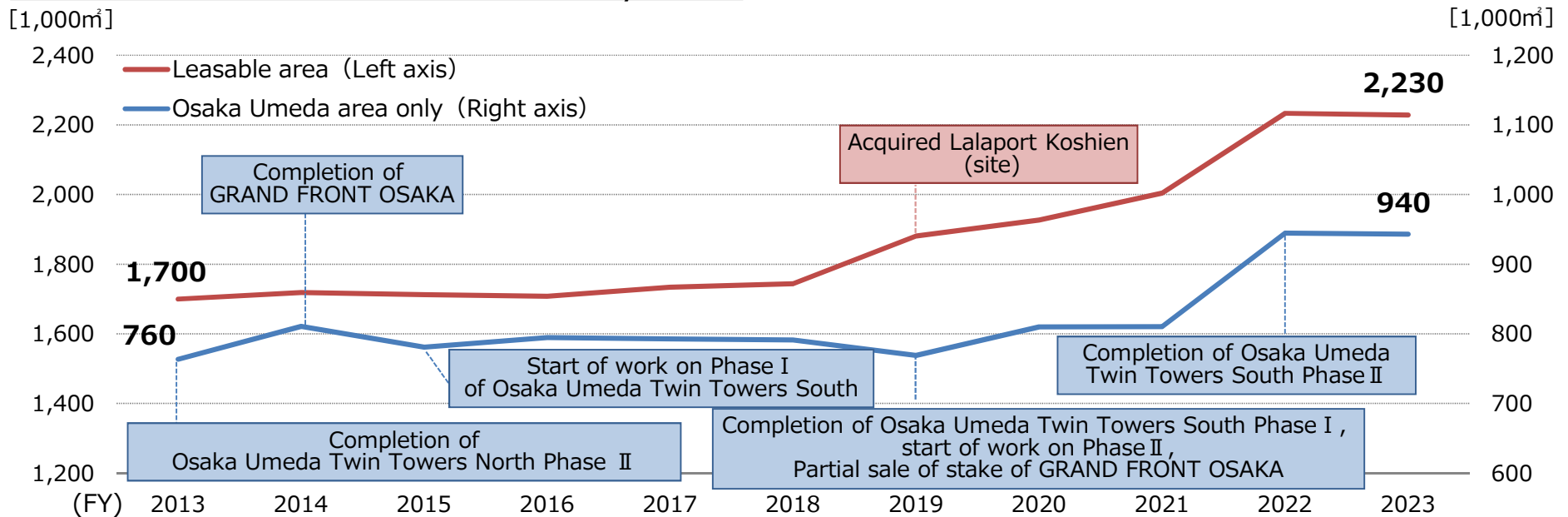
(¥ billion)	Operating revenue			Operating profit		
	FY2023 Results	FY2022 Results	Y on Y	FY2023 Results	FY2022 Results	Y on Y
Real estate leasing	126.2	112.5	+13.8	32.4	30.1	+2.3
Real estate sales and others	140.7	135.5	+5.2	10.2	11.4	-1.2
Hotel	44.2	25.6	+18.6	-4.8	-13.2	+8.3

\*Not including head office expenses /adjustments.



# [Real Estate] Referential Information

## Leasable area (at the end of fiscal year )



【Osaka Umeda Twin Towers North】  
(Former name: Umeda Hankyu Building)

【GRAND FRONT OSAKA】

【Osaka Umeda Twin Towers South】  
(Complete construction in February 2022)



# [Real Estate] Referential Information

## 【Performance Highlights of Hankyu Hanshin Hotels for FY2023】

◆Occupancy rates (YoY\*)

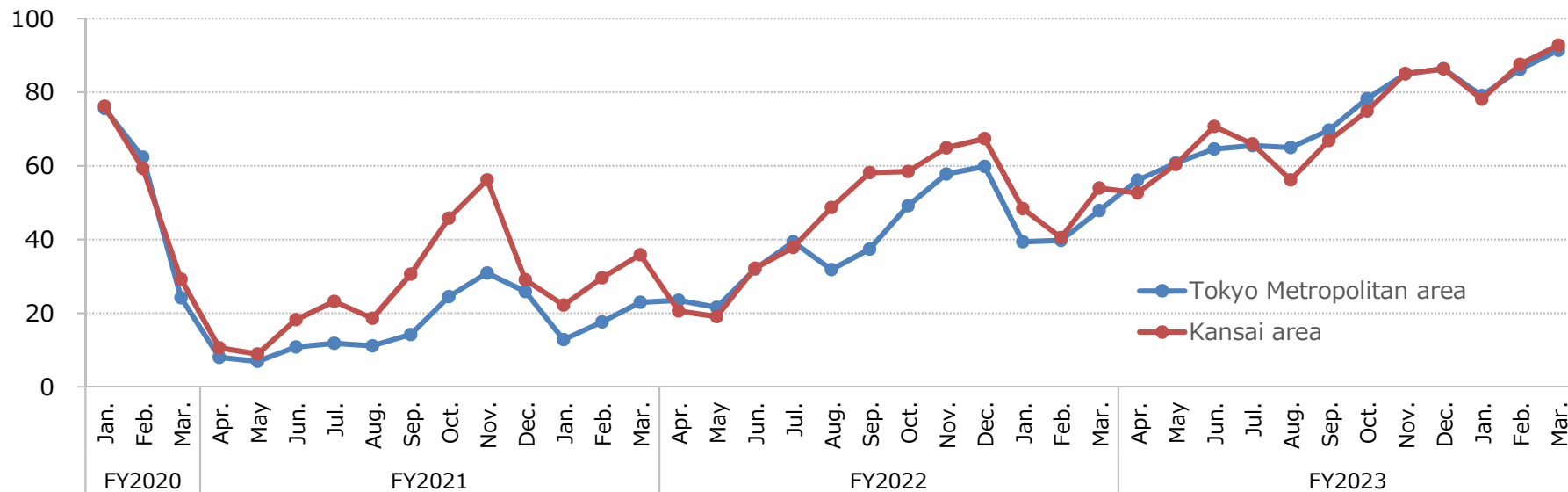
Total	73.3%	(+28.2P)
Kansai area	73.1%	(+26.3P)
Tokyo Metropolitan area	73.9%	(+33.0P)

◆Average daily rates (ADR) (YoY\*)

Total	¥12,176	(+¥3,754)
Kansai area	¥11,912	(+¥3,554)
Tokyo Metropolitan area	¥12,782	(+¥3,814)

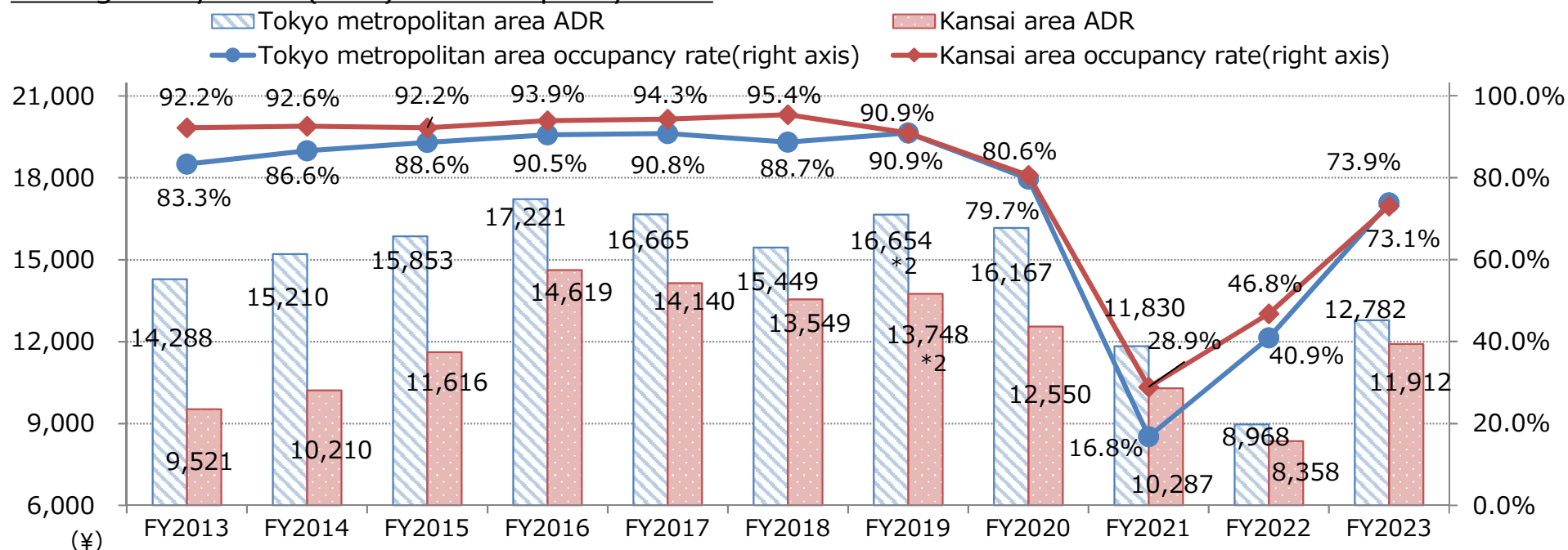
\* The data omits the COVID-related temporary closures of some hotels.

《Hankyu Hanshin Hotels》 Occupancy rates (from January 2020)

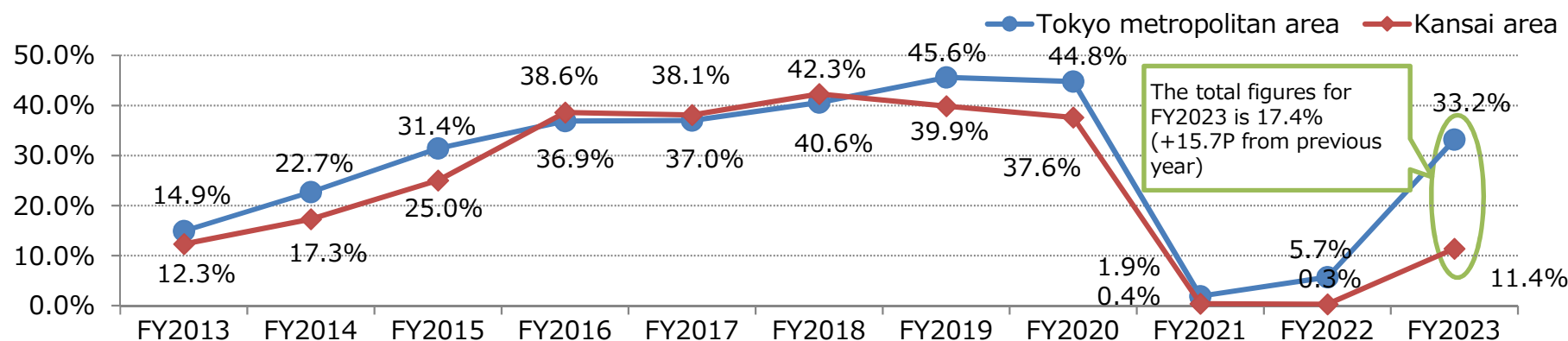


# [Real Estate] Referential Information

Average daily rates (ADR) and occupancy rates\*1



Non-Japanese guests as a percentage of overnight-stay guests



\*1 The data omits the COVID-related temporary closures of some hotels.

\*2 Since FY2020, we started reporting the earnings of overseas online travel agents on a gross basis, rather than on a net basis as before. The new method (gross basis) has been applied retroactively to the previous fiscal year.

# Entertainment Results

Revenue and profit grew. The stage business continued feeling the pandemic impact (with Takarazuka Revue having to cancel some productions), but the sports business saw an upturn in Hanshin Tigers' regular season games compared to the same period last year, when the business was affected by event restrictions.

(¥ million)	FY2023 Results	FY2022 Results	Change	%
Operating revenue	72,289	62,864	+9,425	+15.0%
Operating profit	12,622	9,263	+3,358	+36.3%

[Breakdown by type of business]

(¥ billion)	Operating revenue			Operating profit		
	FY2023 Results	FY2022 Results	Y on Y	FY2023 Results	FY2022 Results	Y on Y
Sports	38.4	29.4	+8.9	7.4	3.7	+3.7
Stage	33.9	33.4	+0.5	6.8	6.9	-0.1

\*Not including head office expenses /adjustments.

# [Entertainment] Referential Information

## Hanshin Tigers Home Game : Admission numbers\*

(Thousands of people)	(CY)	2015	2016	2017	2018	2019	2020	2021	2022
Admissions		2,878	2,911	3,035	2,899	3,091	518	749	2,619
Ranking		3	4	2	6	3	2	2	3

\* "Admissions" indicates the actual number of admissions for a given season (calendar year).

## Takarazuka Revue : Audience numbers

- Number of shows : Takarazuka Grand Theater : 368 (-22 from previous year)  
Tokyo Takarazuka Theater : 390 (+3 from previous year)
- Shows were suspended during the following periods:  
Takarazuka Grand Theater : April 30 - May 19, July 16 - 21, July 29 - Aug. 18, Jan. 10-17 (shows cancelled : 78)  
Tokyo Takarazuka Theater : May 7 - 10, July 30 - Aug. 14(only matinee shows suspended), Aug. 20 - Sep. 3, Jan. 4-13  
(shows cancelled : 64)

(Thousands of people)	(FY)	2016	2017	2018	2019	2020	2021	2022	2023
Total		2,825	2,844	2,996	3,128	2,991	1,565	2,727	2,781
Takarazuka Grand Theater		1,149	1,169	1,191	1,207	1,106	485	904	925
Tokyo Takarazuka Theater		1,000	967	992	990	917	460	785	801
Other theaters		623	586	619	598	572	200	428	474
Live screening*1 • Live streaming*2		53	122	195	333	396	420	610	581

\*1 Audiences who paid to see performance screened live in cinema

\*2 Audiences who paid to view livestream performance on home TV or device (livestreaming began in FY2021)

# Information and Communication Technology Results

Revenue grew, with the information services business seeing steady order growth. Profit growth was flat, however, because the broadcasting and communications business experienced a comedown from the spike in the previous year, when the business won large orders, and because of higher costs.

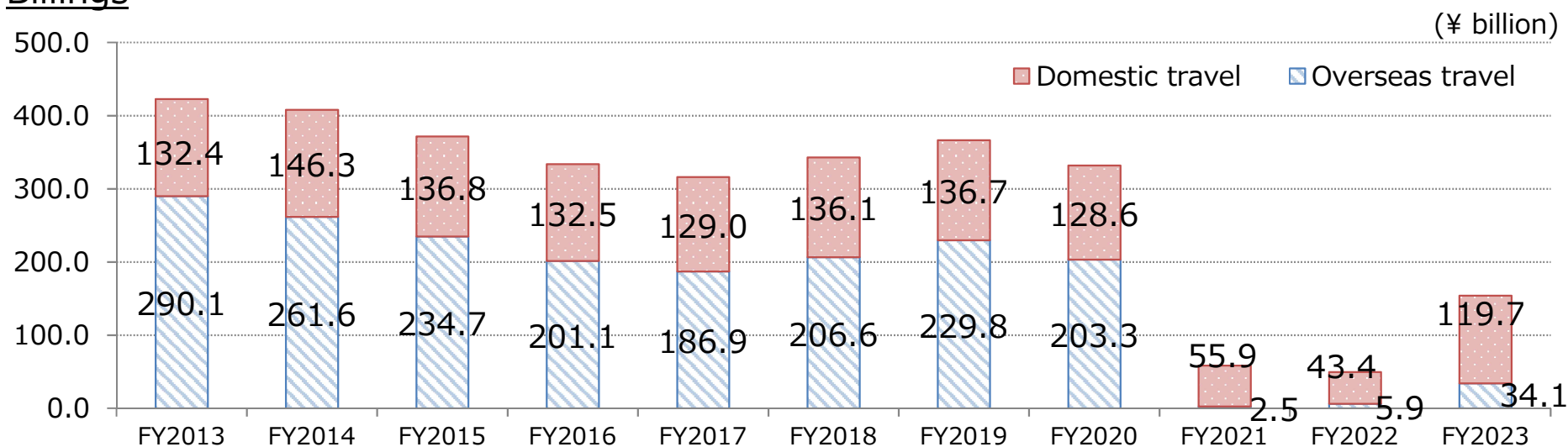
(¥ million)	FY2023 Results	FY2022 Results	Change	%
Operating revenue	60,355	59,181	+1,174	+ 2.0%
Operating profit	5,917	5,867	+50	+ 0.9%

# Travel Results

Revenue and profit grew. The segment continued feeling the pandemic impact in international travel and other businesses. However, the segment experienced a surge in orders for non-travel services such as requests from local authorities to provide services to Covid patients recuperating at home. Domestic travel sales were steady driven by subsidized discounts for local residents and for travel across Japan.

(¥ million)	FY2023 Results	FY2022 Results	Change	%
Operating revenue	191,400	60,419	+130,980	+216.8%
Operating profit	15,257	-5,748	+21,006	—

## Billings



※Figures for FY2014 to FY2015 represent the simple aggregate amounts from Hankyu Travel International and Hankyu Hanshin Business Travel. The figures from FY2016 and onwards represent the aggregate amounts from the two companies as well as from Hanshin Travel International (offsetting intercompany transactions).



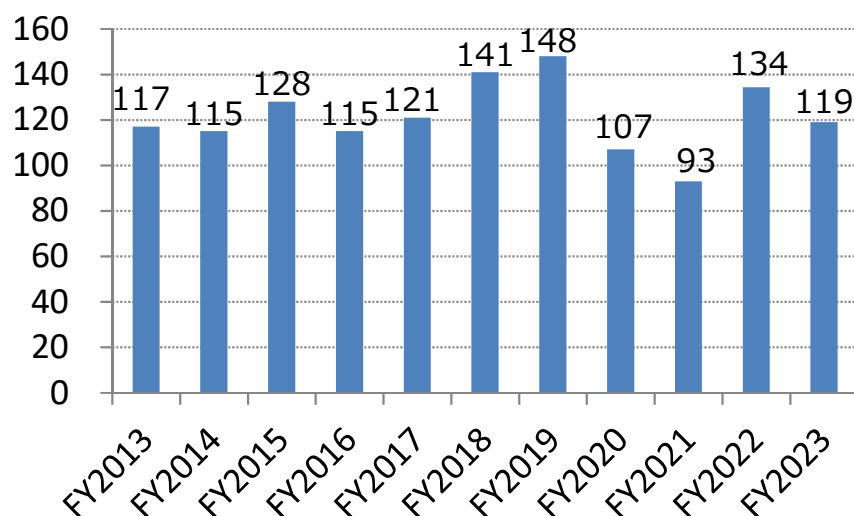
# International Transportation Results

Revenue and profit grew, with the supply crunch persisting in air and ocean transportation, especially in the first half.

(¥ million)	FY2023 Results	FY2022 Results	Change	%
Operating revenue	163,269	143,296	+19,973	+13.9%
Operating profit	8,381	8,019	+361	+4.5%

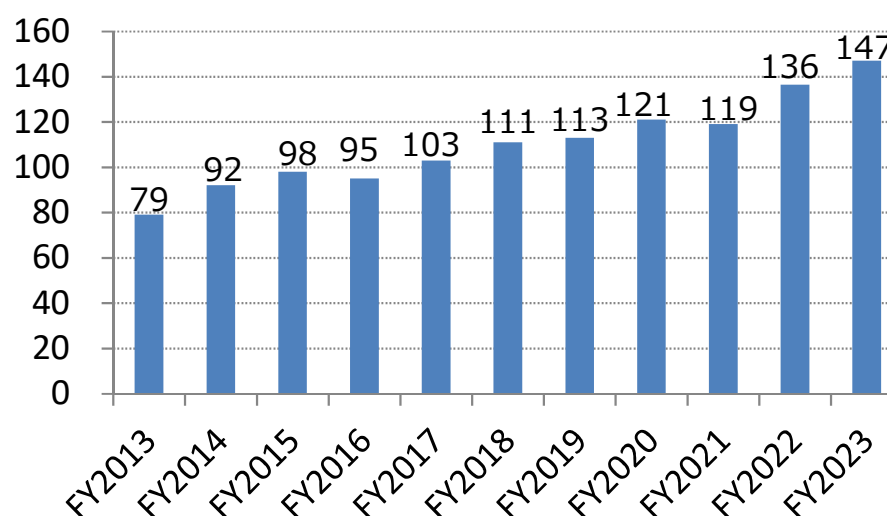
## Air Export Freight Weight

(unit : thousand ton)



## TEU\*-measured overseas export volume

(unit : thousand TEU)



(Note) Total handling volume for Japanese and non-Japanese companies in the International Transportation Business segment



# Consolidated Statements of Income (Non-operating Profit and Losses)

(¥ million)	FY2023 Results	FY2022 Results	Change
Operating profit	89,350	39,212	+50,138
Non-operating income	12,145	10,885	+1,259
Equity in income of affiliates	8,325	7,167	+1,157
Non-operating expenses	13,063	11,648	+1,415
Interest expense	8,768	8,516	+251
Ordinary profit	88,432	38,450	+49,982

# Consolidated Statements of Income (Extraordinary Income and Losses)

(¥ million)	FY2023 Results	FY2022 Results	Change
Extraordinary income and losses	-13,420	142	-13,562
Extraordinary income	7,927	42,969	-35,041
Gain on sale of property and equipment	1,394	366	+1,028
Gain on contributions for construction	2,530	28,239	-25,709
Gain on sale of investment securities	1,942	3,702	-1,760
Other	2,060	10,661	-8,600
Extraordinary losses	21,348	42,827	-21,478
Loss on reduction of property and equipment	4,986	28,302	-23,315
Loss on impairment of fixed assets	12,672	631	+12,040
Other	3,689	13,892	-10,203

# Consolidated Statements of Income

## (Profit attributable to Owners of Parent)

(¥ million)	FY2023 Results	FY2022 Results	Change
Profit before income taxes	75,012	38,592	+36,420
Total income taxes	23,422	13,256	+10,166
Income taxes—current	18,249	9,963	+8,285
Income taxes—deferred	5,173	3,292	+1,880
Profit	51,589	25,335	+26,253
Profit attributable to non-controlling interests	4,636	3,916	+719
Profit attributable to owners of parent	46,952	21,418	+25,534

# Consolidated Balance Sheets

(¥ million)		FY2023 Results	FY2022 Results	Change	Remarks																								
Assets	Current assets	428,082	365,811	+62,271	Land and buildings for sale +27,275																								
	Noncurrent assets	2,437,328	2,357,030	+80,297	Property and equipment and intangible assets + 55,994																								
	Total assets	2,865,410	2,722,841	+142,568																									
Liabilities	Current liabilities	499,684	426,659	+73,025	<table><tr><td></td><td>FY2023 Results</td><td>FY2022 Results</td><td>Change</td></tr><tr><td>Dept</td><td>822,595</td><td>795,213</td><td>+ 27,382</td></tr><tr><td>Bonds</td><td>260,000</td><td>237,000</td><td>+22,999</td></tr><tr><td>Commercial paper</td><td>10,000</td><td>50,000</td><td>-40,000</td></tr><tr><td>Lease obligations</td><td>13,755</td><td>13,750</td><td>+4</td></tr><tr><td>Interest-bearing debt</td><td>1,106,351</td><td>1,095,965</td><td>+ 10,386</td></tr></table>		FY2023 Results	FY2022 Results	Change	Dept	822,595	795,213	+ 27,382	Bonds	260,000	237,000	+22,999	Commercial paper	10,000	50,000	-40,000	Lease obligations	13,755	13,750	+4	Interest-bearing debt	1,106,351	1,095,965	+ 10,386
		FY2023 Results	FY2022 Results	Change																									
	Dept	822,595	795,213	+ 27,382																									
	Bonds	260,000	237,000	+22,999																									
	Commercial paper	10,000	50,000	-40,000																									
	Lease obligations	13,755	13,750	+4																									
	Interest-bearing debt	1,106,351	1,095,965	+ 10,386																									
Long-term liabilities	1,384,785	1,380,818	+3,966																										
Total liabilities	1,884,470	1,807,477	+76,992	Increase in advances received and long-term deferred contribution for construction																									
Net assets	Shareholders' equity	878,110	843,332	+34,777	Net income attributable to owners of the parent + 46,952 Payment dividend -12,125																								
	Accumulated other comprehensive income	28,692	27,016	+1,676																									
	Non-controlling interests	74,137	45,014	+29,122																									
	Total net assets	980,940	915,363	+65,576																									
Equity ratio		31.6%	32.0%	-0.4p																									

# Consolidated Statements of Cash Flows

(¥ million)	FY2023 Results	FY2022 Results	[Note]
Cash flows from operating activities	132,091	81,844	*1
Income before income taxes	75,012	38,592	This includes amortized losses related to Covid, which were included in the "other" category of extraordinary losses. Such losses created an inflow of ¥186 million in FY2023 and an inflow of ¥837 million in FY2022.
Depreciation and amortization *1	62,223	59,945	
Impairment loss	12,672	631	
Decrease (increase) in inventories	-29,286	-2,560	
Cash flows from investing activities	-113,216	-96,442	*2
Purchases of noncurrent assets	-92,775	-131,491	This includes purchase of investments in subsidiaries resulting in change in scope of consolidation. Such purchases created an outflow of ¥28,636 million in FY2023 and no cash flow in FY2022.
Purchases of investment securities *2	-50,308	-5,142	
Proceeds from sales of investment securities	4,733	9,187	
Receipt of contributions for construction	22,680	31,242	
Cash flows from financing activities	-8,981	15,141	*3
Income (expenditure) from borrowings, corporate bonds, or similar items [net] *3	-6,104	30,303	"Similar items" includes commercial papers.
Dividends paid	-12,125	-12,126	
Proceeds from non-controlling shareholders associated with establishing consolidated subsidiaries	14,756	—	*4
Effect of exchange rate changes on cash and cash equivalents	1,904	1,441	"Similar events" includes mergers with a non-consolidated subsidiaries. Such acquisitions created an inflow of ¥155 million in FY2023 and no cash flow in FY2022.
Increase (decrease) in cash and cash equivalents	11,797	1,983	
Cash and cash equivalents at beginning of year	29,422	25,222	
Increase in cash and cash equivalents from new consolidations of subsidiaries or similar events *4	155	2,215	
Cash and cash equivalents at end of year	41,375	29,422	

# 《Reference》 Consolidated Statements of Capital Expenditure

(¥ billion)	FY2023 Results ①	FY2023 Forecasts (As of Feb.) ②	Change = ① - ②	FY2023 Forecasts (As of Oct.) ③	Change = ① - ③	FY2023 Forecasts (As of May) ④	Change = ① - ④	FY2022 Results ⑤	Change = ① - ⑤
Total	63.0	81.6	-18.6	81.6	-18.6	89.0	-26.0	120.3	-57.3
[Breakdown for each business segment]									
Urban Transportation	27.4			34.9	-7.5	38.2	-10.8	30.3	-2.9
Real Estate	24.5			30.1	-5.6	34.0	-9.5	77.5	-53.0
Entertainment	2.4			4.0	-1.6	4.3	-1.9	5.1	-2.7
Information and Communication Technology	5.6			6.7	-1.1	6.1	-0.5	5.1	+0.5
Travel	0.7			0.9	-0.2	1.1	-0.4	0.7	-0.0
International Transportation	2.4			3.2	-0.8	3.3	-0.9	2.5	-0.1

Note : (1) The figures announced in February 2023 did not include a segment breakdown.  
(2) The current segment structure has been applied to the FY2022 results.

## [Reference] Consolidated Statements of Depreciation and Amortization, EBITDA\*

(¥ billion)	FY2023 Results	FY2023 Forecasts (As of Feb.)	Change	FY2023 Forecasts (As of Oct.)	Change	FY2023 Forecasts (As of May)	Change	FY2022 Results	Change
	①	②	= ① - ②	③	= ① - ③	④	= ① - ④	⑤	= ① - ⑤
<b>Total Depreciation and amortization</b>	62.0	62.7	-0.7	62.7	-0.7	62.7	-0.7	59.1	+2.9
[Breakdown for each business segment]									
Urban Transportation	26.2			26.7	-0.5	27.0	-0.8	27.2	-1.0
Real Estate	24.9			24.9	-0.0	24.9	-0.0	21.8	+3.1
Entertainment	3.7			3.7	+0.0	3.9	-0.2	3.5	+0.2
Information and Communication Technology	5.1			5.2	-0.1	5.6	-0.5	4.8	+0.3
Travel	0.9			0.9	+0.0	1.0	-0.1	0.9	+0.0
International Transportation	1.8			1.7	+0.1	1.8	-0.0	1.6	+0.2
<b>Total EBITDA</b>	153.7	150.0	+3.7	135.0	+18.7	128.0	+25.7	100.7	+53.0
[Breakdown for each business segment]									
Urban Transportation	48.7			47.3	+1.4	48.3	+0.4	32.9	+15.8
Real Estate	52.7			50.4	+2.3	50.0	+2.7	41.3	+11.4
Entertainment	16.3			14.7	+1.6	15.1	+1.2	12.8	+3.6
Information and Communication Technology	11.1			11.2	-0.1	11.6	-0.5	10.7	+0.4
Travel	16.2			5.4	+10.8	-0.9	+17.1	-4.8	+21.0
International Transportation	10.1			7.7	+2.4	6.3	+3.8	9.6	+0.5

\*EBITDA = operating profit + depreciation expenses + amortization of goodwill

Note : (1) The figures announced in February 2023 did not include a segment breakdown.

(2) The current segment structure has been applied to the FY2022 results.

I . Executive Summary

II . Performance Highlights for Fiscal 2023  
(Ending March 2023)

**III. Summary of the Medium-Term Management  
Plan**

IV. Forecasts for Fiscal 2024 (Ending March 2024)

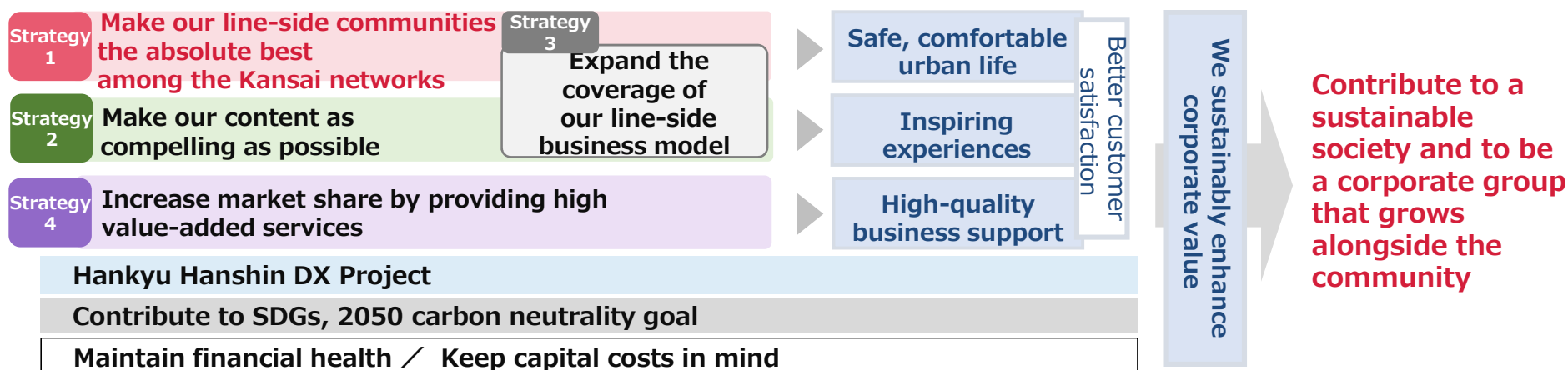


# Long-Term Vision : Toward 2040

Long-Term  
Vision

**Under our long-term vision, our group will work as one to transform into the organization we aspire to be**

The slogan for the Long-Term Vision : **Enhancing Line-side areas and expanding fields**



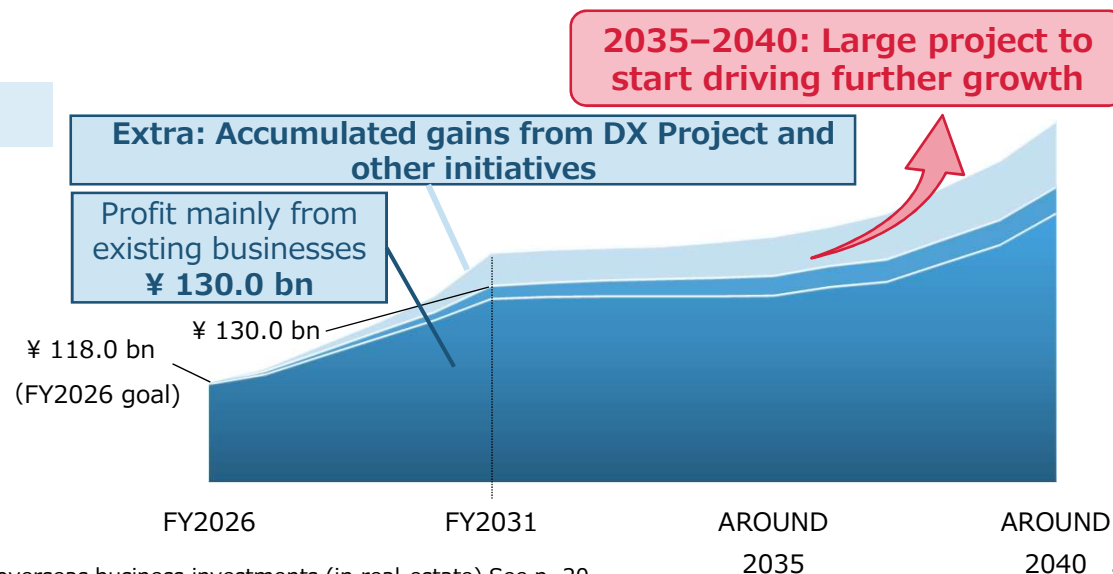
## KPIs for FY2031

### Financial

Business profit*	<u>¥130.0 billion (plus something extra)</u>
Interest-bearing debt / EBITDA ratio	<u>5 to 6</u>
ROE	<u>7% range over med-long term</u>

### Non-financial

Rate of CO2 emissions cuts from FY2014 level:	<u>-46%</u>
Culpable incidents in our railway business:	<u>Zero</u>
Employee satisfaction:	<u>Always better than in previous survey</u>
% of women in management positions:	<u>around 10%</u>
% of women among new hires:	<u>Always more than 30%</u>



\* Business profit = Operating profit + Equity-method gains related to overseas business investments (in real-estate) See p. 20.

# Growth Opportunity Coming to Kansai

Seeds of growth are being sown in Kansai, creating a huge growth opportunity

## National Strategic Special Zone: A zone for piloting super-city initiatives

Initiatives are underway to pilot innovative services in Umekita Phase II and Yumeshima.



## Osaka as a global financial city

Plan is to make Osaka a global financial hub that attracts funds from Asia and beyond.

## Redevelopment of Shin-Osaka Station vicinity

Designated a hub for emergency urban regeneration, the area is set to be redeveloped as a node linking Japan's main transport artery with the north-south route to Kansai International Airport.

## New rail links

When built, Naniwasuji Line, Naniwasuji Connection Line, and Shin-Osaka Connection Line will dramatically improve air and land access to Osaka, creating greater potential for Osaka to become a global hub.



## Site for Expo 2025 and integrated resort

## Kobe Airport

Airport will start receiving international charter flights in 2025 (expo year) and scheduled international flights in around 2030.

## Kansai International Airport

Airport to get annual traffic to 300 k in early 2030s.



## Digitally powered MaaS in Kansai

In an effective digital reach strategy, high-quality content (tourism, entertainment) in Kansai will be communicated to inbound tourists, encouraging them to stay longer in Kansai and thus attract overseas economic power into the region.



# Financial Policy for Long-Term Vision

- We commit to financial stability in the knowledge that this is essential to ensuring the stable provision of products and services that contribute to the sustainability agenda and to community building. To meet stakeholders' expectations, we will entrench a culture of cost consciousness with a concrete commitment to maintaining or improving capital efficiency.

Maintain financial health	<p><b>Achieve stable baseline profit</b></p> <ul style="list-style-type: none"> <li>To achieve a stable baseline profit, we will <u>maximize top- and bottom-line growth in our businesses by tightly controlling expenditures and by integrating digital tech in a way that expands revenue opportunities and increases productivity.</u></li> <li>We will also tighten risk management in volatile businesses (e.g. overseas real estate businesses)</li> </ul>	<p><b>FY2031 target</b></p> <p>Business Profit  <b>¥130.0 billion plus something extra</b> (from the cumulative effect of the DX Project)</p>
	<p><b>Maintain financial health</b></p> <ul style="list-style-type: none"> <li><u>While we continue to invest capital in large projects and activities to grow our businesses, we also want to maintain our credit rating.</u> Accordingly, we will tighten control over interest-bearing liabilities, aiming for a D/E ratio of between 5 and 6.</li> </ul>	<p>Interest-bearing debt/EBITDA ratio  <b>5-6</b></p>
Keep capital costs in mind	<p><b>Maintain or improve capital efficiency</b>          (create returns that exceed capital costs)</p> <ul style="list-style-type: none"> <li>Our businesses will <u>keep capital costs in mind, committing to maintain or improve their returns with ROIC (= operating income / invested capital) as one of the benchmarks.</u></li> <li>To <u>avoid bloated balance sheets, we will be more circumspect about increasing our stocks (carefully vetting prospective investments with an eye on return), overhaul business approaches, and offload underperforming assets.</u></li> <li>We will provide stable and generous shareholder returns, maintaining a reasonable D/E ratio.</li> <li>Through these measures, we aim for the ROE range shown on the right.</li> </ul>	<p>ROE  <b>7% range over medium to long term</b></p>

# Medium-Term Plan: Time Period Covered, Context

## Time period covered

- Four-year period from FY2023 to FY2026

## Context

- The four-year period will be a time for adapting to the drastic external changes and returning to pre-Covid growth. During this period, we aim to raise our profit level to ¥100 billion as soon as possible.
- We will also use the period to take concrete actions under our long-term vision that will build sustainable profit growth. As part of this, we will increase investment in our overseas real-estate business and condominium business to create a foothold for future growth.

## Envisaged recovery from Covid impact

Emergency phase ends here

FY2021	FY2022	FY2023	FY2024	FY2025 and beyond
Phase 1			Phase 2	Phase 3
In Japan, short-distance travel resumes. Travel distances gradually increase, and the impact of physical distancing eases off.			Travel gradually resumes across the world.	Covid impact abates. Economic activity returns mostly to normal in and outside Japan. However, there is no full return to pre-pandemic times.

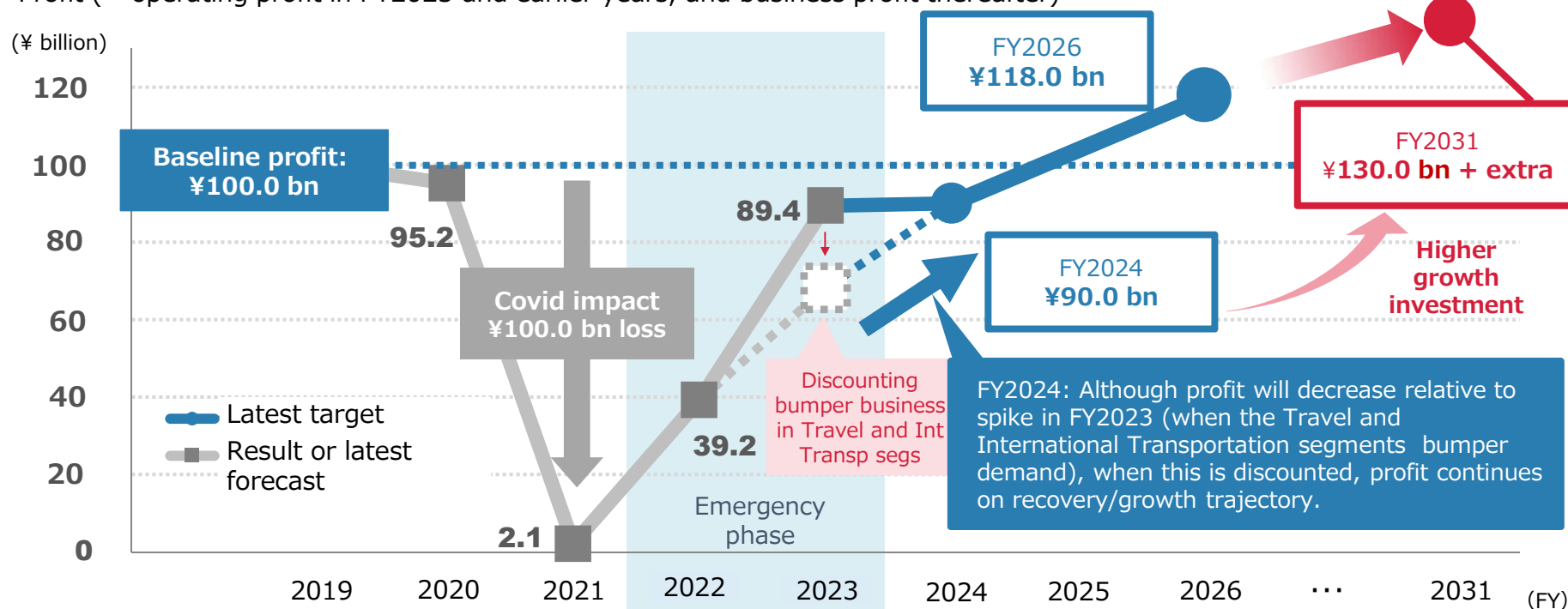
# Roadmap to FY2026: Profit Level

In FY2024, we will continue restoring profit growth in our existing businesses to achieve our profit goals for that year. In this, we will draw upon the outcomes of the actions we took during the pandemic (e.g. actions to strengthen revenue structure).

To gain the growth momentum necessary for achieving our FY2026 goal, we will deliver outcomes from our recent business projects (Osaka Umeda Twin Towers South, video streaming in the Entertainment segment, overseas real-estate business, DX Project).

Meanwhile, in line with our medium-term plan, we will plant growth seeds that will sprout in FY2026 and beyond (including more investment in overseas real-estate business and condominium business, DX Project).

Profit (= operating profit in FY2023 and earlier years, and business profit thereafter)



\* Business profit = Operating profit + Equity-method gains/losses related to overseas business investments (in real-estate) See p. 40.   
 In FY2023 and earlier years, we had no equity-method affiliates in our overseas businesses. Thus, for those years, operating profit = business profit.

# Higher Growth Investment

**We will further increase growth investment with an eye on FY2026 and beyond upon the following assumptions:**

- With Covid abating, the external environment has become more conducive to **aggressive growth investment**.
- This creates an opportunity to get closer to our FY2031 profit goal (¥130.0 bn + extra). We **will increase investment in our condominium business**. To expand the coverage of our line-side business model (strategy 3 of the long-term vision), we **will also increase investment in overseas real estate**, which offers bright growth prospects and in which we are already building a track record.
- However, the increased investment will only start producing returns after FY2027. Until then, our indicators of financial health will deteriorate. However, we remain confident that EBITDA growth will return after FY2027, so our FY2031 target for **interest-bearing debt/EBITDA ratio (5 to 6)** remains unchanged.

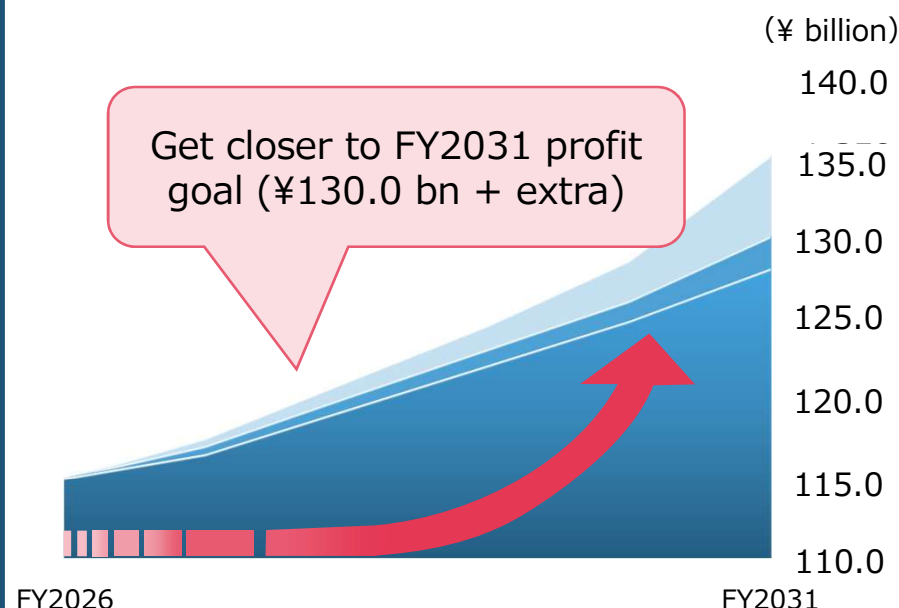
## Higher investment in overseas businesses

### ✓ With effective risk controls, we will do the following in promising markets

- Expand in ASEAN markets and other regions
- Focus on small-scale projects producing one-time revenue (e.g. residential projects) and gradually increase the scale
- Collaborate with trustworthy local partners (those who endorse our strategy/values)

### ✓ Envisaged scale:

- Initially, we'll get profit level to ¥10 billion as soon as possible.





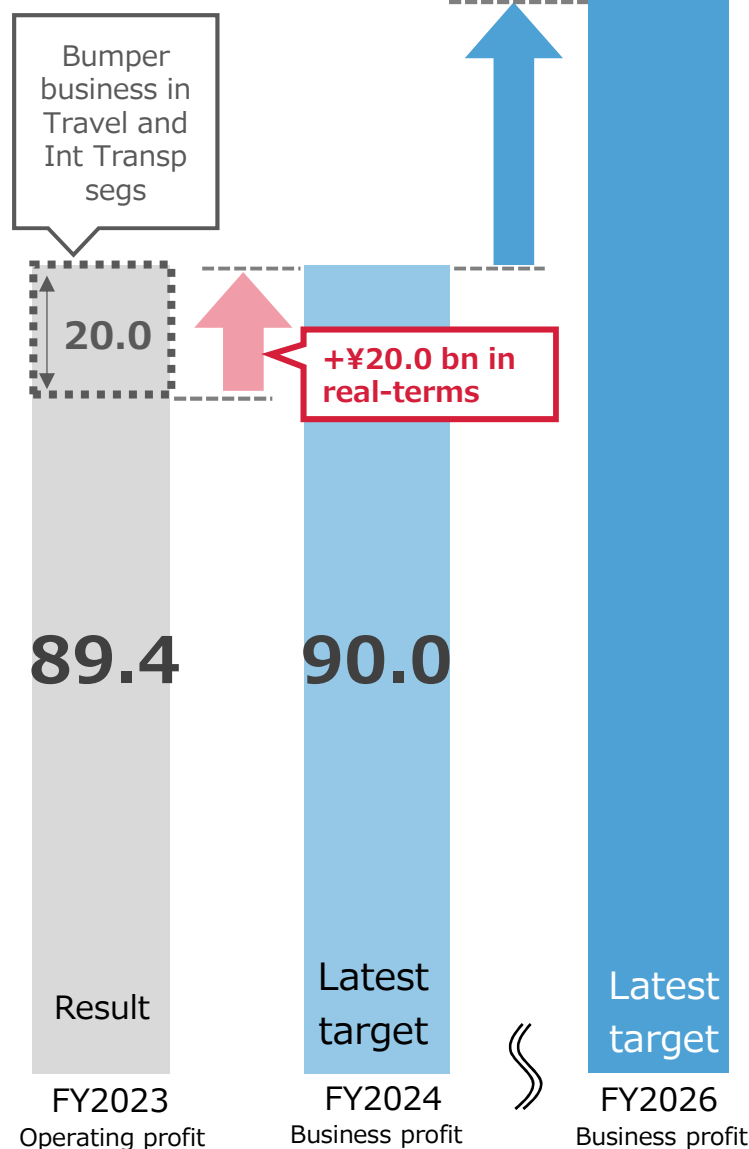
# Growth in Operating/Business Profit\* (¥ billion)

**+¥20.0 bn in real-terms**

**FY2023 to FY2024**

**FY2024 to FY2026 118.0**

**FY2023 Results to FY2024 target +¥0.6 bn**



- ✓ Railways, Automobile: Higher ridership revenue
- ✓ Real Estate: Bigger scale (e.g. condominium business)
- ✓ Hotel: Demand recovery, outcomes of structural reform
- ✗ Travel: Big decrease in profit in solution business (related to COVID-19)
- ✗ International Transportation: Profit down amid return of normal competitive environment

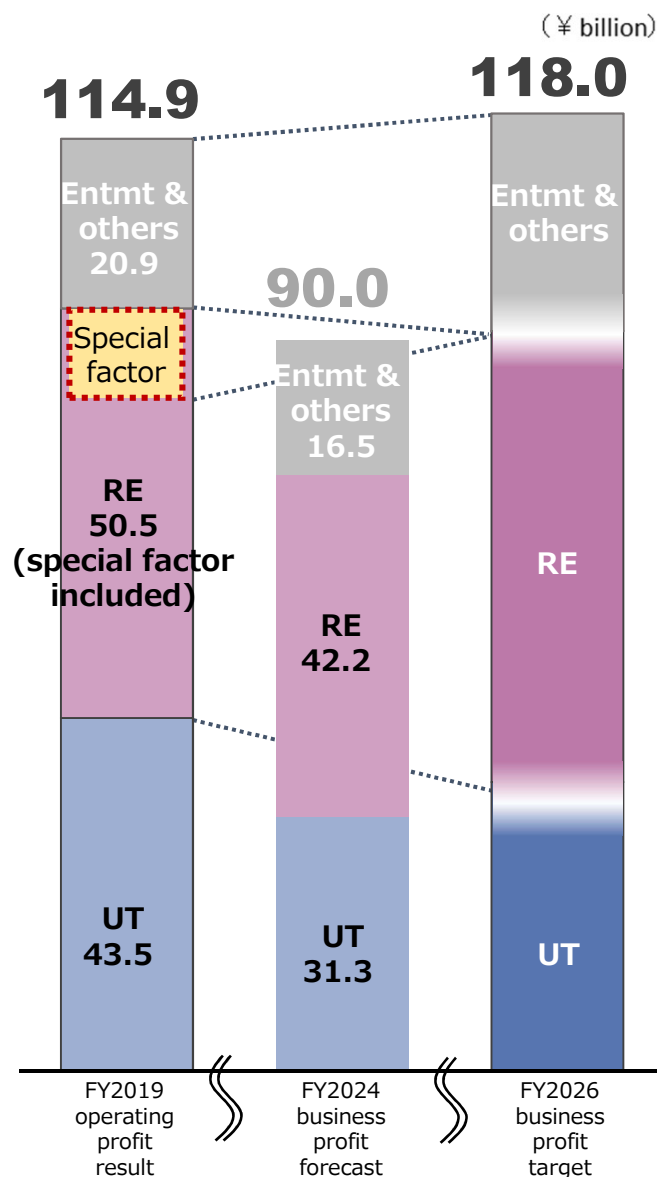
**FY2024 Targets to FY2025 target +¥28.0 bn**

- ✓ Railways: Higher rail revenue with recovery in domestic and inbound demand
- ✓ Real Estate: Higher rental income from Osaka Umeda Twin Towers South due to higher occupancy rate
- ✓ Real Estate: Bigger scale in overseas real-estate business
- ✓ Hotel: Demand recovery, outcomes of structural reform
- ✓ Entertainment: Bigger audiences, more shows, growth in video streaming
- ✓ Information and Communication Technology: Growth
- ✓ Travel: Recovery in overseas travel demand
- ✓ New revenue streams (e.g. DX Project)

\*Business profit = Operating profit + Equity-method gains/losses related to overseas business investments (in real-estate) See p. 40.

# Operating/Business Profit\* Trends Toward FY2026

## FY2026 profit target compared with pre-Covid (FY2019) profit level



### Entertainment, Info and Com Tech, Travel, Intl Transportation

Includes adjustment

We aim to exceed pre-Covid levels in all core segments.

- ▶ Entertainment: Use digital tech to grow customer base and drive growth in new profit sources (e.g. video streaming)
- ▶ Information and Communication Technology: Capitalize on DX demand
- ▶ Travel: Steadily capitalize on recovery in travel demand, develop solutions businesses (targeting local governments)
- ▶ International Transportation: Expand scale in air/ocean freight and logistics

### Real Estate (RE)

We aim for the segment to vastly exceed the pre-Covid level (discounting the special factor\*) in FY2026. By then, the Osaka Umeda Twin Towers South project (including the Phase II component), which was completed in FY2022, will have started delivering returns, and we will have significantly grown the overseas real-estate business and the condominium business in Japan.

\*Special factor: Gain from sale of land in eastern section of 'Saito' (Ibaraki City, Osaka)

### Urban Transportation(UT)

We will maximize profit scale by adding an barrier-free charge and introducing premium seating while cutting costs (however, segment profit is unlikely to return to the pre-Covid profit level)

\*Business profit = Operating profit + Equity-method gains/losses related to overseas business investments (in real-estate and other areas) See p.40 for more details.



# New Profit Indicator: Business Profit

**The new profit indicator, business profit, applies from FY2024.**

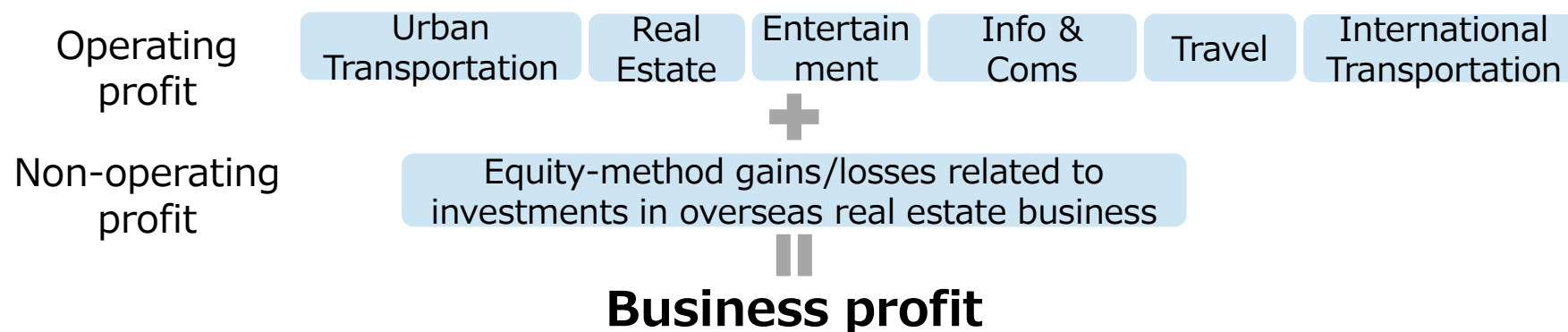
## Why we started using business profit

- As part of strategy 3 of our long-term vision (expand the coverage of our line-side business model), we are expanding our Real Estate segment overseas. This strategy involves joint ventures with local developers. Any gains from minor stakes in such joint ventures must be recorded in the non-operating profit entry “equity-method gains.”
- Thus, to accurately indicate profit growth in the Real Estate segment’s overseas real-estate businesses, we started using business profit in FY2024, as that covers operating profit plus equity-method gains. For our long-term vision, what we previously stated as our operating profit goal is now our business profit goal.

### **Business profit**

**= Operating profit + Non-operating profit: Equity-method gains/losses related to overseas business investments (in Real Estate segment)**

## Figure illustrating operating profit and business profit



# Actions to Maintain or Improve Capital Efficiency

We use ROIC as an indicator of internal control and try to keep a healthy balance between profit and invested capital

## General approach

Control the level of invested capital with a view to keeping returns above capital costs

### **Be discerning**

- Choose new investments discerningly to maintain yield as measured by ROIC

### **Take new approach to businesses/assets**

- Overhaul businesses that have slim prospects of delivering profits above capital costs
- Consolidate or offload low-yield investments and underperforming assets
- Actively focus on short-term-returns opportunities
- Replace assets when necessary by using REITs

## How we use ROIC

- Our long-term vision commits us to achieving, in FY2031, a medium-term ROE of 7%. To that end, we will use ROIC as an indicator of internal control and try to keep a healthy balance between profit and invested capital.
- Specifically, ROIC will aid us in our medium- to long-term business analyses and business policies and in our business management cycle and investment decisions.
- It is vital to control our invested capital in real estate, as this accounts for most of the investments made by our corporate group. ROIC will serve as an important indicator for this.
- For invested capital in smaller businesses, our basic policy is to grow the scale of the business so that it improves the group's overall ROIC (although new investments still require due diligence).

## Examples of initiatives Main properties sold in FY2023 (short-term-returns)



H-CUBE Minamiaoyama II\*  
(commercial facility)



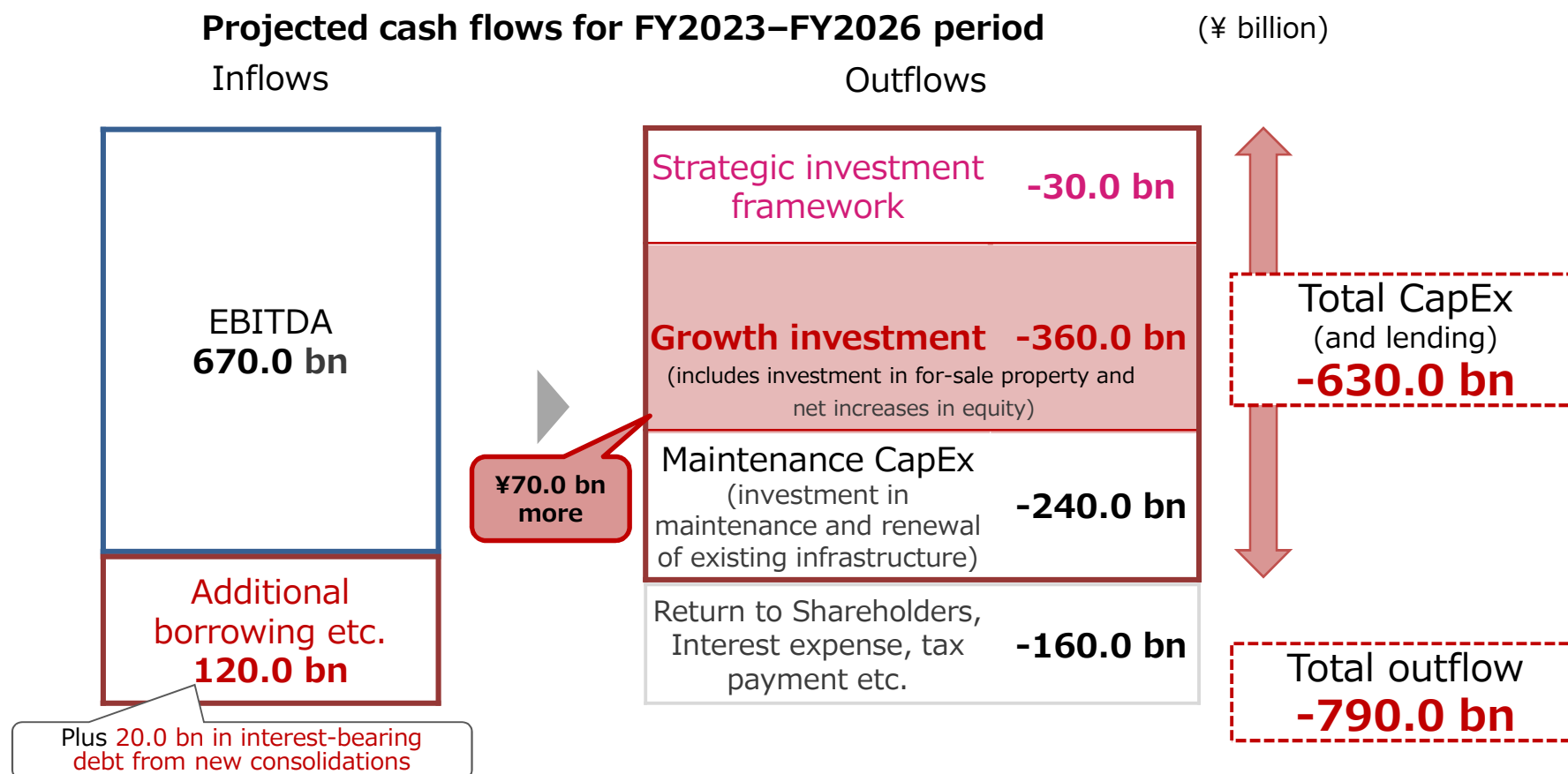
H-CUBE Kitaaoyama\*  
(commercial facility)

\*Sold to Hankyu Hanshin REIT Asset Management

# Cash Flows

## ■ Cash Allocation Strategy

- In line with the strategy described on p. 37, we have added ¥70.0 billion to the growth investment budget for FY2023–FY2026, bringing the total cash outflow for the period to ¥790.0 billion.
- Since our EBITDA for the same period, at 670.0 billion yen, falls short of this outflow by ¥120.0 billion, we will cover the shortfall with further borrowing (i.e. by increasing interest-bearing debt) while keeping an eye on the interest-bearing debt to EBITDA ratio.



# Capital Expenditure (and Lending)

(¥ billion)

## CapEx budget for FY2023–FY2026 period

(¥ billion)

Total CapEx (and lending)

**630.0 bn**

Strategic  
investment  
framework **30.0 bn**

**Growth  
investment 360.0 bn**

(includes investment in for-sale property and  
net increases in equity)

Maintenance  
CapEx  
(investment in  
maintenance and  
renewal of existing  
infrastructure) **240.0 bn**

### Main growth investments

Urban Transportation	<ul style="list-style-type: none"> <li>• Installation of platform doors and better accessibility</li> <li>• Kita-Osaka Kyuko Railway Line Extension Project</li> <li>• Naniwasuji Connection Line/Shin-Osaka Connection Line Project</li> </ul>
Real Estate	<ul style="list-style-type: none"> <li>• Umekita Phase II Development Project</li> <li>• Shibata 1 Project</li> <li>• Senri-Chuo Redevelopment</li> <li>• Projects in Tokyo Metropolitan Area (Yaesu 2 Naka Redevelopment, Development of site of the Hotel Grand Palace)</li> <li>• Real Estate segment's overseas expansion</li> <li>• Expansion of domestic condominium business</li> <li>• Expansion of short-term-returns business</li> </ul>
Entertainment	<ul style="list-style-type: none"> <li>• Relocation of Hanshin Tigers' farm facility</li> </ul>
Other	<ul style="list-style-type: none"> <li>• IT strategy, digital transformation</li> </ul>

# Performance Indicators (–FY2026)

FYI

	FY2023 Results	FY2024 Forecasts	FY2026 Targets	FY2026 Previous targets
Business profit (1 + 2)	¥89.4billion	¥90.0billion	¥118.0billion	¥115.0billion
Operating profit (1)	¥89.4billion	¥87.7billion	¥115.0billion	¥115.0billion
Equity-method gains related to overseas business investments (2)	–	¥2.3billion	¥3.0billion	–
EBITDA <sup>※1</sup>	¥153.7billion	¥156.0billion	¥193.0billion	¥190.0billion
Interest-bearing debt	¥1,106.4billion	¥1,190.0billion	¥1,230.0billion	¥1,180.0billion
Interest-bearing debt / EBITDA ratio	7.2	7.6	6.4	6.2
D/E ratio <sup>※2</sup>	1.2	1.3	1.2	1.1
Profit attributable to owners of parent	¥47.0billion	¥52.0billion	¥75.0billion	¥75.0billion
ROE	5.3%	5.6%	7% range	7% range
(Reference)				
Net interest-bearing debt <sup>※3</sup>	¥1,063.5billion	¥1,165.0billion	¥1,205.0billion	¥1,155.0billion
Net interest-bearing debt/EBITDA ratio	6.9	7.5	6.2	6.1

※1 EBITDA = Business profit (Operating profit + Equity-method gains/losses related to overseas business investments) + Depreciation expenses + Amortization of goodwill

※2 D/E ratio = interest-bearing debt/equity

※3 Net interest-bearing debt = interest-bearing debt - cash and deposits

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# Strategies for Achieving Long-Term Vision

Long-Term Vision

Kansai (Umeda and other line-side areas)

Beyond our line-side areas (Overseas, Tokyo)

Strategy 1 (core strategy)

**Make our line-side communities the absolute best among the Kansai networks**  
(further entrench position in Umeda)

- To adapt to a shrinking and aging population, we will focus on making our line-side areas much more attractive through cumulative efforts such as community building and actively leveraging digital innovations.
- Guided by the Umeda Vision, we will use new projects (e.g. Shibata 1) to make Osaka Umeda a globally competitive hub.

Strategy 2

**Make our content as compelling as possible**  
(develop new content)

- To make our content as compelling as possible, we will actively leverage digital innovations while expanding the customer base.

Strategy 4

**Increase market share by providing high value-added services**

- Use tech and knowhow to expand value scope of our businesses
- Provide high-quality, competitive services to increase business scale and market share

Strategy 3

**Expand the coverage of our line-side business model**

- Leveraging the knowhow we gain in the first two strategies, we will expand the line-side business model (e.g. building abundant communities) beyond line-side areas.

Safety and comfort in urban life

Experiences that inspire dreams and excitement

Sophisticated business model

Better customer satisfaction

**Hankyu Hanshin DX Project (e.g. HH cross ID)**

**Contribute to SDGs, 2050 carbon neutrality goal (address key sustainability themes)**

Stronger ties with external partners

Use  
(e.g. digital tech)

**Coordinated transformation across group** (guided by long-term vision)

Accumulate

Constructed capital, social capital, intellectual capital

Use, accumulate tangible/intangible assets

Human capital, financial capital, natural capital

# Progress in Strategy 1

## Strategy 1 (core strategy)

**Make our line-side communities the absolute best among the Kansai networks**  
(further entrench position in Umeda)

### Providing safe, reliable, and comfortable rail services

To further enhance safety and reliability, we are introducing an barrier-free charge to fund a quicker rollout of accessibility improvements (including platform doors).

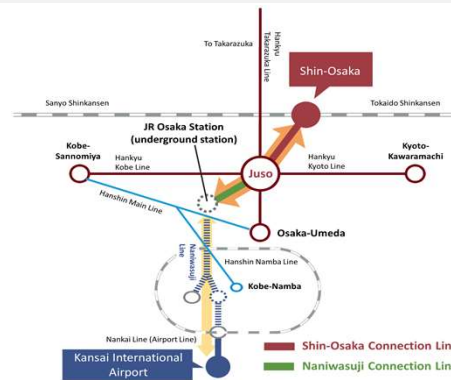
- Hankyu Corporation and Hanshin Electric Railway started collecting the charge in April to fund the rollout of platform doors.



- Hankyu Corporation will launch premium (payable) seating in FY2025. Hanshin Electric Railway is eyeing the possibility of doing so too following a pilot.

### Planned rail links

Plans are underway to build the new rail links (Naniwasuji Connection Line/Shin-Osaka Connection Line). These links will open economic flows from across Japan and also attract global capital.



### Building line-side communities

To increase resident and non-resident populations (e.g. tourists and shoppers) in our line-side areas, we will develop hub areas to raise their value (e.g. Senri-Chuo Redevelopment), build new stations, and develop housing.

- In November 2022, Hankyu Corporation signed an MoU with Amagasaki City and Nishinomiya City for opening a new station (Mukogawa) on the Mukogawa bridge between Mukonosu and Nishinomiya-Kitaguchi Stations on the Hankyu Kobe Line.



- In September 2022, Hankyu Corporation launched a digital service (Machinaka Mimamoru Uchi Plus) in Itami City in which parents check whether their child has returned via an app or email.





# Progress in Strategy 1

## Strategy 1 (core strategy)

**Make our line-side communities the absolute best among the Kansai networks**  
(further entrench position in Umeda)

### Actions for Umeda Vision

Guided by the Umeda Vision, we will work on large projects and upgrade our real-estate holdings in order to upgrade the urban amenities (offices, commercial, hotels) to make Osaka Umeda a world-class hub for innovation and an attractive tourist destination.

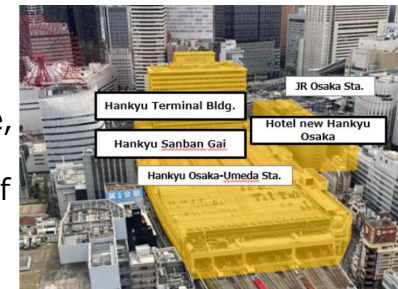
#### Umekita Phase II Development Project (Grand Green Osaka)

- Umekita Phase II Development Project has been named Grand Green Osaka.
- In the summer of 2024, the zone will partly open ahead of the full opening in FY2028.
- In FY2025 H2, Hankyu Hanshin Hotels will open a hotel here under the upscale brand Gran Respire Osaka.



#### Shibata 1 Project

- We will develop plans to redevelop the area, taking a broad perspective. For example, we will enhance amenities and generally upgrade the vicinity of Hankyu Osaka Umeda Station, the entrance to Osaka Umeda.



- In October 2022, we launched the Osaka-Umeda 2030 Project Team to coordinate groupwide action on the Shibata 1 Project and ensure alignment with the Umeda Vision.

#### Osaka-Umeda 2030 Project Team's subcommittees

Construction  
and  
Engineering

Station  
Vicinity

Station  
Amenities

Software and  
Content

Community-  
Building and  
PR

- We will flesh out the plans and accelerate negotiations with stakeholders (e.g. governmental authorities) so we can make a start as soon as possible.

# Progress in Strategy 2

## Strategy 2

**Make our content as compelling as possible** (develop new content)

### Sports

We will boost the team power of Hanshin Tigers and enhance the convenience and usability of Hanshin Koshien Stadium to provide a valuable space and deliver compelling sports content.

- We have started organizing festivities to mark Hanshin Koshien Stadium's centenary in 2024.
- We are improving the stadium's convenience through measures such as enhancing in-stadium network connectivity, providing e-ticket options, and expanding payment options (using a new POS system).
- In February 2025, we will relocate the Hanshin Tigers farm facility to Odaminami Park Baseball Field in Amagasaki. This move will hugely improve the training environment, enabling the Tigers to nurture a stronger team.



### Stage

We will make the stage content even more attractive and integrate digital tech to improve the service level and expand the content range, so that we can attract wider audiences and build fan loyalty.

- In September 2022, we launched an app called Takarazuka Revue Pocket to encourage more subscriptions to Takarazuka Revue ID and to strengthen engagement with casual fans.
- In August 2022, we started streaming shows to members of Takarazuka Tomonokai via the group's streaming platform.
- We are planning special events to commemorate Takarazuka Revue's 110th anniversary in 2024.



### Travel

- We will become the overwhelming leader in a guided tours.
- We will expand our target audience (to include younger age groups like pre-seniors) and use digital technology to improve productivity (e.g. improve online recruitment).
- We will start targeting inbound tourists too.

- April 2022: Tour app fully launched

To raise the download rate, we will enhance the app's content (e.g. recommendations, digital catalogue, loyalty program).



# Progress in Strategy 3

## Strategy 3

### Expand the coverage of our line-side business model

#### Expand real-estate businesses beyond line-side areas

**Overseas:** In ASEAN and other markets with bright prospects for sustainable growth, we will leverage our line-side know-how to expand the scale of our condominium, buy-and-hold, and fix-and-flip businesses there.

Note: In FY2024, we start using business profit as a profit indicator in order to account for profit growth in the overseas real-estate business.

- We acquired Central Park Mall, a leading megamall in West Jakarta, Indonesia.
- We are engaging in a fix-and-flip business in Phoenix and Seattle, USA.



Central Park Mall



Residential property in Seattle

**Japan (Tokyo Metropolitan Area):** We will proceed with properties under development while exploring ways to integrate our hotels and entertainment content into community building efforts. We will intensify short-term-returns projects to expand the range of redevelopment and rebuilding projects.

- We previously acquired and developed four properties in H-CUBE, a low-rise, street-facing commercial facility. We sold three of them to Hankyu Hanshin REIT Asset Management.



- For the Yaesu 2 Naka Redevelopment, in which we participated, demolition work is scheduled to proceed following approval of the rights conversion plan at the end of March, 2023.





# Progress in Strategy 4

## Strategy 4

### Increase market share by providing high value-added services

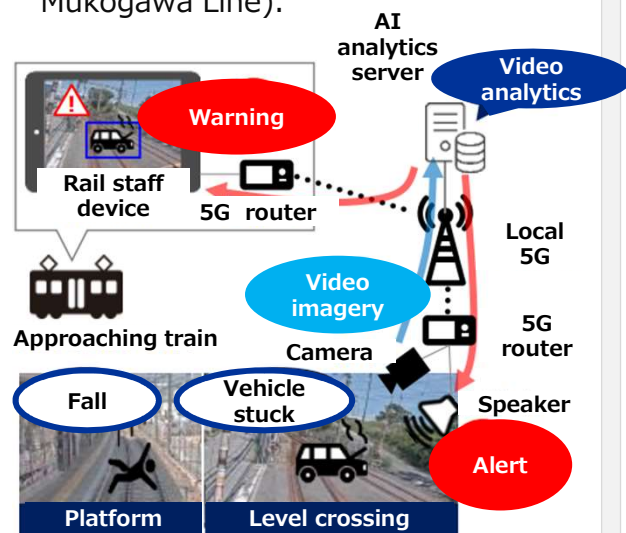
#### Enhance value-added services we provide

Use tech and knowhow to expand value scope of our businesses.

Provide high-quality, competitive services to increase business scale and market share.

##### Information and Communication Technology

- To enhance safety, comfort, and efficiency in our railway business, we are piloting and rolling out local 5G connectivity and AI-powered hazard recognition to the Hanshin Main Line (having previously introduced it on the Mukogawa Line).



##### Travel

- We expanded our Covid-related solutions for local governments, including monitoring the health of Covid patients, call center service for fever cases, and operating facilities for recuperation.
- Through these services, we forged stronger connections with the local governments concerned. We will use these connections to gain new business (unrelated to Covid).

\*Services for local governments are also being developed in the Information and Communication Technology segment.



##### International Transportation

- While expanding the scale of the business, we are also transforming the portfolio (strengthening ocean freight and logistics) to further develop our network in Asia and expand into new regions with bright growth prospects (e.g. Africa).



# Hankyu Hanshin DX Project

## Provide our DX platform for use inside and outside our organization

### DX infrastructure

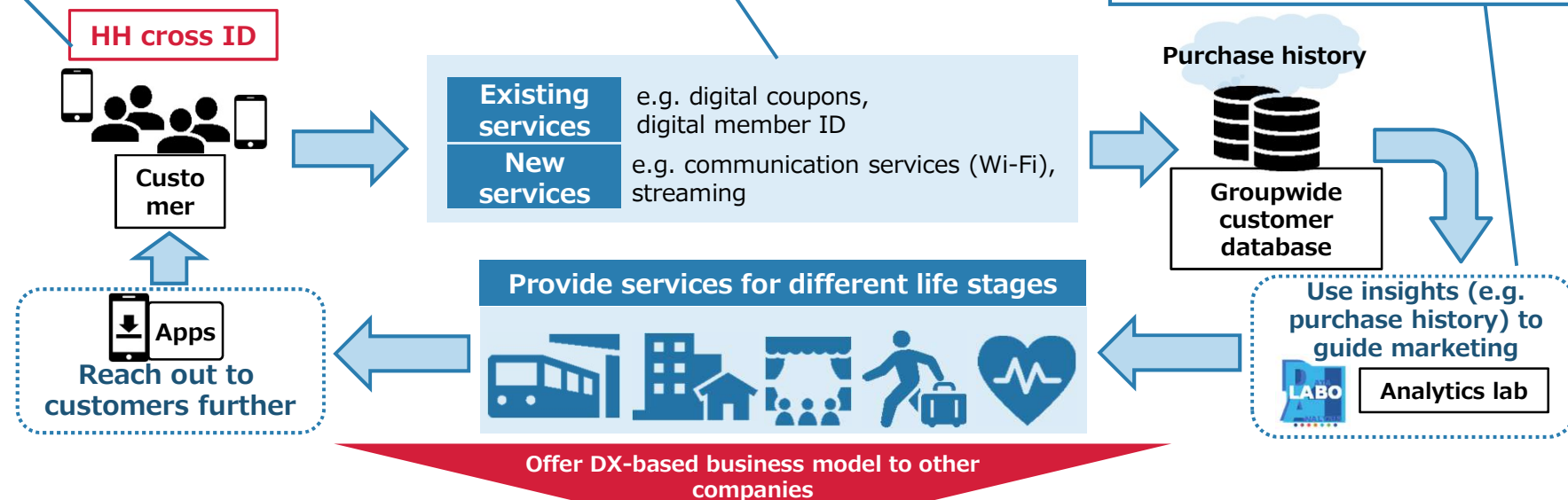
- We are rolling out our DX infrastructure across our businesses and encouraging its use.
- We are using the DX platform to develop digital services in stage and hotel businesses

### Digital services

- We currently provide 10 services with HH Cross ID (we released a hotels app in January 2023).
- We are preparing to launch multiple projects.

### Marketing analytics

- We are analyzing data on 8.4 million customers across 10 business units
- **Hankyu Nishionomiya Gardens** and **Hankyu Travel International** are doing test marketing based on the insights gained so far.



### DX 2.0

- As we want share the DX platform more broadly, we are inviting other companies to use it, beginning with Hankyu Hanshin Toho Group, rail operators, companies in general, and then companies operating in our line-side areas.
- We already have one company on board. Other companies may join in FY2024.

**By sharing costs with partners, we can operate slimmer and cover a wider array of data.**

# Contributing to SDGs and the 2050 Carbon Neutrality Goal

## Promote sustainability across group, following PDCA cycle



### Items of business during Corporate Sustainability Committee meetings

- Hearing reports on actions for key sustainability themes
- Assessing, analyzing ESG disclosures
- Analyzing broad sustainability trends



## Recognition for our ESG efforts

- **Listed for first time** on FTSE Blossom Japan Sector Relative Index (June 2022)
- **Best rating (AAA)** on MSCI ESG Ratings for second year running
- Listed on MSCI Japan ESG Select Leaders Index for sixth year running
- Continually listed on MSCI Japan Empowering Women (WIN) Select Index
- Continually listed on S&P/JPX Carbon Efficient Index

FTSE Blossom Japan Index Series

<https://www.ftserussell.com/products/indices/ftse4good>

MSCI <https://www.msci.com/our-solutions/esg-investing>



FTSE Blossom  
Japan Sector  
Relative Index



2022 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

2022 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

I . Executive Summary

II . Performance Highlights for Fiscal 2023  
(Ending March 2023)

III . Summary of the Medium-Term Management  
Plan

**IV . Forecasts for Fiscal 2024 (Ending March 2024)**

# Consolidated Statements of Income (Summary)

( ¥ billion)	FY2024 Forecasts	FY2023 Results	Change	Remarks
Operating revenue	1,000.0	968.3	+31.7 +3.3%	Revenue growth is forecasted on the basis that the Real Estate segment will gain higher condominium sale income and that the Urban Transportation segment will see some recovery in ridership. Flat profit growth is forecasted on the basis that the Travel and International Transportation segments will experience a drop in profit relative to the bumper profit they experienced in FY2023.
Operating profit	87.7	89.4	-1.7 -1.8%	
[Business profit]	[90.0]	[89.4]	[+0.6] [+0.7%]	
Ordinary profit	87.0	88.4	-1.4 -1.6%	
Profit attributable to owners of parent	52.0	47.0	+5.0 +10.7%	Growth is forecasted on the basis that extraordinary loss will be lighter relative to the level in FY2023, when we recorded impairment loss for some assets.

## (Reference)

Capital Expenditures	120.4	63.0	+57.4	
Depreciation and amortization	63.7	62.0	+1.7	
Financial balance (1) - (2)	-10.2	-7.5	-2.7	
Interest and dividend income(1)	0.9	1.3	-0.4	
Interest expense(2)	11.1	8.8	+2.3	

Note: Business profit = Operating profit + Equity-method gains/losses related to overseas business investments (in real-estate)

In FY2023, we had no equity-method affiliates in our overseas businesses. Thus, for this year, operating profit = business profit.



# Consolidated Statements of Income (Business Profit)

(Breakdown for each business segment)

(¥ billion)				
Upper row : Operating revenue Lower row : Operating profit [Business profit]	FY2024 Forecasts	FY2023 Results	Change	Remarks
Total	1,000.0	968.3	31.7	
	87.7	89.4	-1.7	
	[90.0]	[89.4]	[+0.6]	
(Breakdown for each business segment)				
Urban Transportation	205.1	185.6	+19.5	Revenue and profit growth is forecasted on the basis that we will add an accessibility charge in FY2024 (the proceeds will all be used for funding accessibility improvements) and that the railway and automobile businesses will see some recovery in ridership.
	31.3	22.4	+8.9	
Real Estate	329.4	282.0	47.4	Revenue and profit growth is forecasted on the basis that condominium sales income will increase and that the hotel business will benefit from a recovery in accommodation demand.
	39.9	27.9	12.0	
	[42.2]	[27.9]	[14.3]	
Entertainment	75.0	72.3	+2.7	Revenue growth is forecasted on the basis that the segment will see an increase in admissions for Hanshin Tigers’ regular season games and Takarazuka Revue shows. Lower profit is forecasted because of higher costs (e.g. advertising) in the sports business.
	11.7	12.6	-0.9	
Information and Communication Technology	65.8	60.4	+5.4	Revenue growth is forecasted on the basis that the information services business will see order growth. Flat profit growth is forecasted in expectation of heavier variable costs (sales costs will rise with revenue growth and personnel expenses will rise with business expansion).
	6.1	5.9	+0.2	
Travel	205.0	191.4	+13.6	Revenue growth is forecasted on the basis that overseas travel will recover (on a full-year basis, it will recover to just shy of 50% of the FY2019 level). Lower profit is forecasted on the basis that the segment will see fewer orders for non-travel services (e.g. services for local governments to support Covid patients recuperating at home).
	0.4	15.3	-14.9	
International Transportation	107.8	163.3	-55.5	Lower revenue and profit is forecasted on the basis that the supply crunch will continue easing for air and ocean freight, resulting in a return to the normal buyers’ market.
	2.5	8.4	-5.9	

Note: Business profit = Operating profit + Equity-method gains/losses related to overseas business investments (in Real estate)  
In the FY2023 results column, the lower row for each segment other than Real Estate can also be read as "business profit."

# [Urban Transportation] Railway Performance Forecasts

## Hankyu Corporation

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	FY2024 Forecasts	FY2023 Results	Change	FY2024 Forecasts	FY2023 Results	Change
Commuter pass	31,653	29,900	+1,752 (+ 5.9%)	308,035	299,570	+8,465 (+ 2.8%)
Workers	27,407	25,935	+1,471 (+ 5.7%)	213,677	210,671	+3,005 (+ 1.4%)
Students	4,246	3,965	+281 (+ 7.1%)	94,357	88,898	+5,459 (+ 6.1%)
Other tickets	62,926	54,908	+8,018 (+ 14.6%)	299,460	272,065	+27,395 (+ 10.1%)
Total	94,580	84,809	+9,770 (+ 11.5%)	607,496	571,636	+35,860 (+ 6.3%)

Barrier-free charge: 3.6 billion yen

## Hanshin Electric Railway

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	FY2024 Forecasts	FY2023 Results	Change	FY2024 Forecasts	FY2023 Results	Change
Commuter pass	11,698	11,096	+602 (+ 5.4%)	117,340	114,974	+2,365 (+ 2.1%)
Workers	10,490	9,996	+493 (+ 4.9%)	91,949	91,956	-7 [-0.0%]
Students	1,207	1,099	+108 (+ 9.8%)	25,391	23,017	+2,373 (+ 10.3%)
Other tickets	22,311	19,365	+2,946 (+ 15.2%)	116,020	103,696	+12,323 (+ 11.9%)
Total	34,010	30,462	+3,548 (+ 11.6%)	233,360	218,671	+14,688 (+ 6.7%)

Barrier-free charge: 1.3 billion yen

- \* 1) Revenue amounts less than one million yen, and numbers of passengers less than one thousand, are omitted.
- 2) For Hankyu Railway, "other ticket revenue/ridership" includes revenue/ridership associated with the PiTaPa usage sections.
- 3) Sum of tier 1 and tier 2 railway operators for both Hankyu Corporation and Hanshin Electric Railway.
- 4) In FY2024, Hankyu Corporation and Hanshin Electric Railway will introduce a barrier-free charge. This charge will be added to regular rail fares and included in the fare revenues from "other tickets" and "commuter pass: workers."

# Returning Profits to Shareholders

## ■ Shareholder Returns Policy

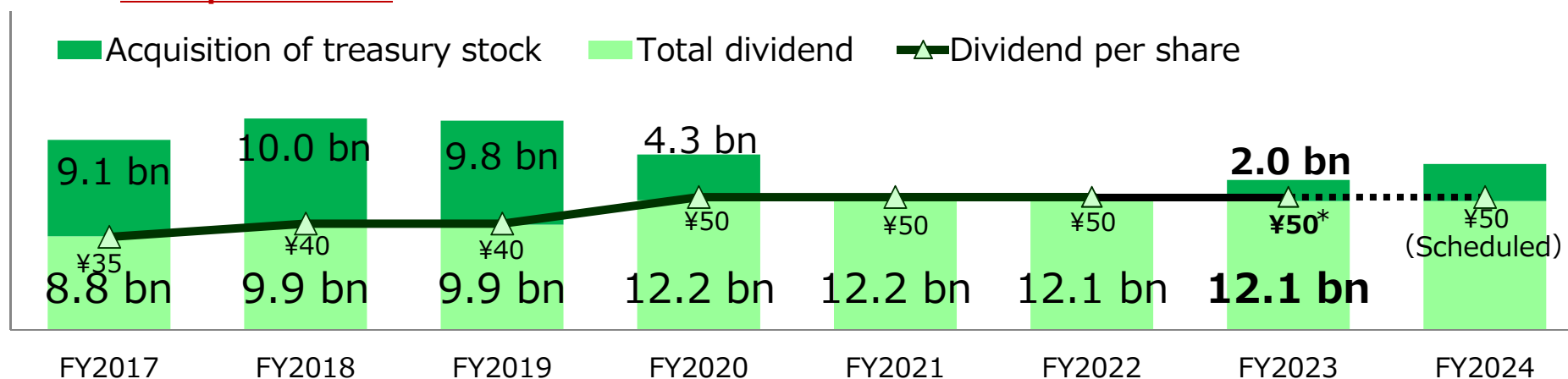
- We believe in **stable dividends and share buybacks**. Using total payout ratio as our yardstick for shareholder returns, we aim for a ratio of **30%** while also reinvesting profits to improve our financial and operating health.
- We cap our treasury holdings at 5% of total issued shares and dispose of any holdings that exceed this cap.

<Reference> Formula for calculating total payout ratio

$$\text{Total payout ratio of FY[N](\%)} = \frac{(\text{Total dividend of FY[N]}) + (\text{Acquisition of treasury stock in FY[N+1]})}{(\text{Profit attributable to owners of parent in FY[N]})} \times 100$$

## ■ Dividends and share buybacks

- FY2023: Annual dividend will be **¥50 per share** (¥25 interim + ¥25 year-end). **Shares will be repurchased with a cap of ¥2.0 billion.**\*
- FY2024: Annual dividend will be **¥50 per share** (¥25 interim + ¥25 year-end). **Shares will be repurchased.**



# [Reference] Consolidated Statements of Capital Expenditure

(¥ billion)	FY2024 Forecasts	Main investments	FY2023 Results	Main investments	Change
<b>Total capital expenditure</b>	<b>120.4</b>		<b>63.0</b>		<b>+57.4</b>
(Breakdown for each business segment)					
Urban Transportation	46.3	<ul style="list-style-type: none"> <li>• Kita-Osaka Kyuko Railway Line Extension Project</li> <li>• New rolling stock, remodeling of existing rolling stock</li> <li>• Accessibility improvements</li> </ul>	27.4	<ul style="list-style-type: none"> <li>• Kita-Osaka Kyuko Railway Line Extension Project</li> <li>• New rolling stock, remodeling of existing rolling stock</li> </ul>	+18.9
Real Estate	49.7	<ul style="list-style-type: none"> <li>• Umekita Phase II Development Project</li> <li>• Project to develop west side of Hankyu Nishinomiya Gardens</li> <li>• Shibata 1 Project</li> <li>• Yaesu 2 Naka Redevelopment</li> </ul>	24.5	<ul style="list-style-type: none"> <li>• Umekita Phase II Development Project</li> <li>• Project to develop west side of Hankyu Nishinomiya Gardens</li> </ul>	+25.2
Entertainment	10.6	<ul style="list-style-type: none"> <li>• Project to relocate Hanshin Tigers farm</li> </ul>	2.4		+8.2
Information and Communication Technology	6.2		5.6		+0.6
Travel	1.3		0.7		+0.6
International Transportation	3.2		2.4		+0.8

## [Reference] Consolidated Statements of Depreciation and amortization, EBITDA\*

(¥ billion)	FY2024 Forecasts	FY2023 Results	Change
<b>Total Depreciation and amortization</b>	63.7	62.0	+1.7
(Breakdown for each business segment)			
Urban Transportation	27.1	26.2	+0.9
Real Estate	25.0	24.9	+0.1
Entertainment	3.9	3.7	+0.2
Information and Communication Technology	5.7	5.1	+0.6
Travel	1.0	0.9	+0.1
International Transportation	1.9	1.8	+0.1
<b>Total EBITDA</b>	156.0	153.7	+2.3
(Breakdown for each business segment)			
Urban Transportation	58.4	48.7	+9.7
Real Estate	67.2	52.7	+14.5
Entertainment	15.6	16.3	-0.7
Information and Communication Technology	11.9	11.1	+0.8
Travel	1.4	16.2	-14.8
International Transportation	4.4	10.1	-5.7

\*EBITDA = Business profit (Operating profit + Equity-method gains/losses related to overseas business investments) + Depreciation expenses + amortization of goodwill

## [Reference] Operating Revenue and Operating (Business) Profit in Main Segments

(¥ billion)	Operating revenue			Operating profit [Business profit]		
	FY2024 Forecasts	FY2023 Results	Change	FY2024 Forecasts	FY2023 Results	Change
<b>Urban Transportation</b>	205.1	185.6	+19.5	31.3	22.4	+8.9
[Breakdown]						
Railway	147.8	134.5	+13.3	35.7	26.5	+9.2
Automobile	43.5	40.2	+3.3	1.5	0.7	+0.8
Retailing	14.0	12.0	+2.0	1.0	1.0	-0.0
Others	9.8	8.9	+0.9	0.7	0.6	+0.1
<b>Real Estate</b>	329.4	282.0	+47.4	39.9	27.9	+12.0
[Breakdown]				[42.2]	[27.9]	[14.3]
Real estate leasing	123.5	126.2	-2.7	31.9	32.4	-0.5
Real estate sales and others	175.9	137.4	+38.5	15.7	9.1	+6.6
Overseas real estate	6.8	3.2	+3.6	2.8	1.1	+1.7
				[5.1]	[1.1]	[+4.0]
Hotel	53.4	44.2	+9.2	0.2	-4.8	+5.0
<b>Entertainment</b>	75.0	72.3	+2.7	11.7	12.6	-0.9
[Breakdown]						
Sports	39.4	38.4	+1.0	6.4	7.4	-1.0
Stage	35.5	33.9	+1.6	7.0	6.8	+0.2

- Note (1) Segment totals may not match the aggregate of the amounts for each type of business due to separate head office expenses/adjustments.
- (2) As of FY2024, overseas real estate is presented as an independent sub-segment. The segment results for the comparative year, FY2023, have been retroactively adjusted accordingly.
- (3) Business profit = Operating profit + Equity-method gains/losses related to overseas business investments (in Real estate)  
In the FY2023 results column, the lower row for each segment other than Real Estate can also be read as "business profit."