

Hankyu Hanshin Holdings Group Supplementary Materials of Financial Results for the First Quarter of Fiscal 2023 (Ending March 2023)

August 3, 2022

Hankyu Hanshin Holdings, Inc.

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

Consolidated Statements of Income(Summary)

	Q1 FY2023 Results	FY2022 Results	Change
Consolidated Subsidiaries	98 companies	98 companies	
Equity-Method Affiliates	11 companies	11 companies	
Total	109 companies	109 companies	

(¥ million)	Q1 FY2023 Results	Q1 FY2022 Results	Change	Remarks
Revenue from operations	228,993	151,977	+77,016 (+50.7%)	For details, please see next page
Operating income	24,425	4,761	+19,663 (+412.9%)	
Non-operating income	3,931	2,424	+1,506	Equity in income of affiliates +1,250
Non-operating expenses	2,592	2,546	+45	
Ordinary income	25,763	4,639	+21,123 (+455.3%)	
Extraordinary income	840	33,442	-32,602	Gain on contributions for construction -26,573 Gain on sale of investment securities -3,180 Employment adjustment subsidies -2,858
Extraordinary loss	845	32,043	-31,198	Loss on reduction of property and equipment -26,599 COVID-19-related losses -4,668
Net income attributable to owners of the parent	16,826	3,204	+13,621 (+425.1%)	

(Reference)	Q1 FY2023 Results	Q1 FY2022 Results	Change
Depreciation and amortization	15,135	13,835	+1,300
Financial balance ① - ②	-1,527	-1,608	+80
Interest and dividend income①	554	532	+21
Interest expense②	2,081	2,140	-58

Consolidated Statements of Income (Breakdown for each business segment)

[Key results in current period]

Revenues and income increased, with Urban Transportation and many other segments seeing a reasonable recovery from the COVID impact.

(¥ million)	Revenue from operations			Operating income		
	Q1 FY2023 Results	Q1 FY2022 Results	Change	Q1 FY2023 Results	Q1 FY2022 Results	Change
Urban Transportation	45,655	37,245	+8,410	6,832	-534	+7,367
Real Estate	60,841	48,658	+12,182	5,300	3,768	+1,531
Entertainment	22,898	16,607	+6,290	7,832	3,967	+3,864
Information and Communication Technology	12,530	14,285	-1,755	258	939	-681
Travel	41,338	3,092	+38,245	3,554	-3,765	+7,320
International Transportation	43,698	29,461	+14,237	1,911	1,651	+260
Other	9,955	10,262	-306	-2	34	-37
Adjustment	-7,924	-7,635	-289	-1,262	-1,299	+37
Total	228,993	151,977	+77,016	24,425	4,761	+19,663

(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 (Q1 FY2022).

Recovery from Covid by Segment

	Extent of recovery in Q1 FY2023	Assumptions for full-year performance
Urban Transportation (Railway)	<ul style="list-style-type: none"> •Revenue from other (non-season) tickets (see P6) started to gradually recover at the start of the period. In June 2022, it was <u>just shy of 90%</u> of what it was in June 2018. •Throughout the quarter, worker commuter pass revenue was <u>around 90%</u> of what it was in Q1 FY2019. •The period-average for student commuter pass revenue was <u>over 90%</u> of the Q1 FY2019 level. 	<ul style="list-style-type: none"> •Revenue from other (non-season) tickets (see P6) will gradually recover. From January 2023, the revenue will be <u>over 90%</u> of the result for the same period in FY2019. •The impact on worker commuter pass revenue will persist throughout the period (the revenue will be <u>85–90%</u> of the FY2019 level). •The period-average for student commuter pass revenue will be <u>around that of FY2019</u>.
Real Estate (Hotel)	<ul style="list-style-type: none"> •Regarding accommodation, domestic demand started to gradually recover at the start of the period. •In June 2022, domestic demand for hotels managed directly by Hankyu Hanshin Hotels (excludes hotel locations opened in FY2020 or later) was <u>around 80%</u> of what it was in June 2018. 	<ul style="list-style-type: none"> •Regarding accommodation, domestic demand will start to gradually recover at the start of the period and inbound demand will start to gradually recover in H2 (for hotels managed directly by Hankyu Hanshin Hotels [excludes hotel locations opened in FY2020 or later], as of March 2023, domestic demand will be <u>around 90%</u>, and inbound demand will be around 20%, of what it was in the same period in FY2019).
Travel	<ul style="list-style-type: none"> •Domestic tours recovered significantly from the start of the period and reached <u>around that of the Q1 FY2019 level</u>. 	<ul style="list-style-type: none"> •We predict that domestic tours will recover significantly from the start of the period (full-year performance will be <u>around that of the FY2019 level</u>). •International tours will reopen in H2 and should start recovering around the end of the year (the revenue will be around 15% of the FY2019 level).

Recovery in each segment was broadly in line with initial expectations Q1 FY2023. We are on course to reaching the full-year forecast for operating income, which is 63 billion yen (2/3 of the pre-COVID level).

Urban Transportation Results

Revenue and income increased. The railway and automobile businesses experienced a reasonable recovery in ridership compared to the slump in the same period last year, when people avoided travel amid a state of emergency.

(¥ million)	Q1 FY2023 Results	Q1 FY2022 Results	Change	%
Revenue from operations	45,655	37,245	+8,410	+22.6%
Operating income	6,832	-534	+7,367	—

[Breakdown by type of business]

(¥ billion)	Revenue from operations			Operating income		
	Q1 FY2023 Results	Q1 FY2022 Results	Y on Y	Q1 FY2023 Results	Q1 FY2022 Results	Y on Y
Railway	33.7	27.4	+6.3	8.5	2.8	+5.7
Automobile	9.5	7.6	+1.9	-0.1	-1.7	+1.6
Retailing	2.9	2.5	+0.5	0.3	0.2	+0.1
Others	1.3	1.8	-0.5	-0.0	-0.0	-0.0

*Not including head office expenses /adjustments.

[Urban Transportation] Railway Performance results

Hankyu Corporation

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	Q1 FY2023 Results	Q1 FY2022 Results	Change	Q1 FY2023 Results	Q1 FY2022 Results	Change
Commuter pass	7,691	7,342	+348 (+4.7%)	78,819	73,710	+5,109 (+6.9%)
Workers	6,520	6,360	+160 (+2.5%)	52,917	51,667	+1,250 (+2.4%)
Students	1,170	982	+188 (+19.2%)	25,901	22,043	+3,858 (+17.5%)
Other tickets	13,529	9,734	+3,794 (+39.0%)	67,286	49,518	+17,768 (+35.9%)
Total	21,220	17,077	+4,142 (+24.3%)	146,106	123,228	+22,877 (+18.6%)

Hanshin Electric Railway

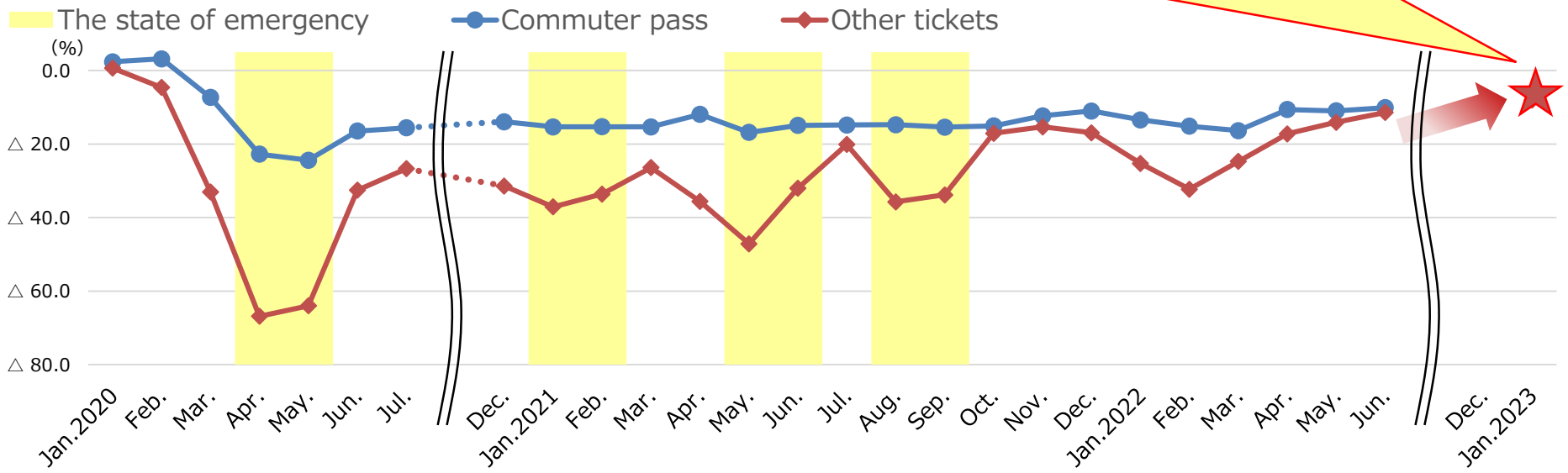
	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	Q1 FY2023 Results	Q1 FY2022 Results	Change	Q1 FY2023 Results	Q1 FY2022 Results	Change
Commuter pass	2,804	2,688	+115 (+4.3%)	29,357	28,160	+1,197 (+4.3%)
Workers	2,494	2,429	+65 (+2.7%)	22,969	22,523	+446 (+2.0%)
Students	309	259	+50 (+19.3%)	6,388	5,637	+751 (+13.3%)
Other tickets	4,792	3,313	+1,479 (+44.7%)	25,618	18,313	+7,305 (+39.9%)
Total	7,597	6,001	+1,595 (+26.6%)	54,976	46,473	+8,502 (+18.3%)

- * 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

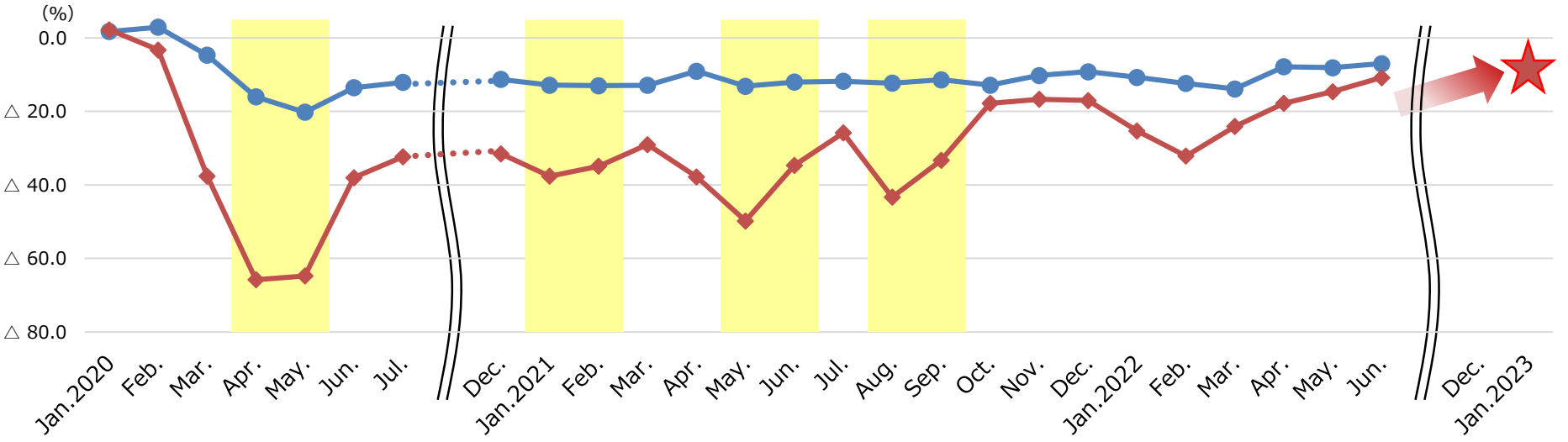
[Urban Transportation] Fare Revenues (compared to same period of FY2019)

From January 2023, both railway businesses should see other (non season ticket) revenue recover to over 90% of the result for the same period of FY2019.

《Hankyu Corporation》



《Hanshin Electric Railway》



Real Estate Results

Revenue and income increased. Compared to the same period last year, when a state of emergency prompted some hotels and commercial facilities to temporarily close, the segment saw a reasonable recovery in hotel accommodation and food/beverage sales and in rent revenue from commercial facilities in line-side areas.

(¥ million)	Q1 FY2023 Results	Q1 FY2022 Results	Change	%
Revenue from operations	60,841	48,658	+12,182	+25.0%
Operating income	5,300	3,768	+1,531	+40.7%

[Breakdown by type of business]

(¥ billion)	Revenue from operations			Operating income		
	Q1 FY2023 Results	Q1 FY2022 Results	Y on Y	Q1 FY2023 Results	Q1 FY2022 Results	Y on Y
Real estate leasing	27.8	23.5	+4.3	7.9	7.2	+0.7
Real estate sales and others	30.4	27.4	+3.0	1.8	2.6	-0.8
Hotel	9.2	3.9	+5.2	-1.8	-3.6	+1.8

*Not including head office expenses /adjustments.

Entertainment Results

Increase in revenue and income. Compared to the same period last year, when there were restrictions on events, the sports business saw an increase in attendance for Hanshin Tigers' regular season games, and the stage business saw an increase in Takarazuka Revue shows.

(¥ million)

	Q1 FY2023 Results	Q1 FY2022 Results	Change	%
Revenue from operations	22,898	16,607	+6,290	+37.9%
Operating income	7,832	3,967	+3,864	+97.4%

[Breakdown by type of business]

(¥ billion)

	Revenue from operations			Operating income		
	Q1 FY2023 Results	Q1 FY2022 Results	Y on Y	Q1 FY2023 Results	Q1 FY2022 Results	Y on Y
Sports	13.4	8.3	+5.1	5.7	2.7	+3.0
Stage	9.5	8.3	+1.2	2.6	1.6	+1.0

*Not including head office expenses /adjustments.

Information and Communication Technology results

Revenue and income decreased. The decrease represents a comedown from the spike in the same period last year, when the information services and broadcasting and communications businesses won large orders.

(¥ million)	Q1 FY2023 Results	Q1 FY2022 Results	Change	%
Revenue from operations	12,530	14,285	-1,755	-12.3%
Operating income	258	939	-681	-72.5%

Travel results

Revenue and income increased. The domestic travel business saw strong sales for tours that used subsidized discounts for local residents. The result also reflects an increase in orders for non-travel businesses such as operation/management of accommodation facilities for COVID patients.

(¥ million)	Q1 FY2023 Results	Q1 FY2022 Results	Change	%
Revenue from operations	41,338	3,092	+38,245	—
Operating income	3,554	-3,765	+7,320	—

International Transportation results

Revenue and income increased. In air and ocean transport, demand continued to outstrip supply.

(¥ million)	Q1 FY2023 Results	Q1 FY2022 Results	Change	%
Revenue from operations	43,698	29,461	+14,237	+48.3%
Operating income	1,911	1,651	+260	+15.8%

Consolidated Balance Sheets

(¥ million)

	Q1 FY2023 Results	FY2022 Results	Change	Remarks																									
Assets	Current assets	351,504	365,811	-14,306	Trade receivables -22,969 Land and buildings for sale +8,199																								
	Noncurrent assets	2,356,898	2,357,030	-131																									
	Total assets	2,708,403	2,722,841	-14,438																									
Liabilities	Current liabilities	391,434	426,659	-35,225																									
	Long-term liabilities	1,386,982	1,380,818	+6,163																									
	Total liabilities	1,778,416	1,807,477	-29,061																									
					<table border="1"> <thead> <tr> <th></th> <th>Q1 FY2023 Results</th> <th>FY2022 Results</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>Dept</td> <td>802,979</td> <td>795,213</td> <td>+7,766</td> </tr> <tr> <td>Bonds</td> <td>237,000</td> <td>237,000</td> <td>△0</td> </tr> <tr> <td>Commercial paper</td> <td>30,000</td> <td>50,000</td> <td>-20,000</td> </tr> <tr> <td>Lease obligations</td> <td>13,892</td> <td>13,750</td> <td>+142</td> </tr> <tr> <td>Interest-bearing debt</td> <td>1,083,873</td> <td>1,095,965</td> <td>-12,091</td> </tr> </tbody> </table>		Q1 FY2023 Results	FY2022 Results	Change	Dept	802,979	795,213	+7,766	Bonds	237,000	237,000	△0	Commercial paper	30,000	50,000	-20,000	Lease obligations	13,892	13,750	+142	Interest-bearing debt	1,083,873	1,095,965	-12,091
		Q1 FY2023 Results	FY2022 Results	Change																									
Dept	802,979	795,213	+7,766																										
Bonds	237,000	237,000	△0																										
Commercial paper	30,000	50,000	-20,000																										
Lease obligations	13,892	13,750	+142																										
Interest-bearing debt	1,083,873	1,095,965	-12,091																										
				Accounts payable -40,320 Advance payments +6,925 Long-term deferred contribution for construction +6,718																									
Net assets	Shareholders' equity	854,088	843,332	+10,756	Net income attributable to owners of the parent +16,826 Payment dividend -6,062																								
	Accumulated other comprehensive income	29,842	27,016	+2,826																									
	Non-controlling interests	46,055	45,014	+1,040																									
	Total net assets	929,986	915,363	+14,623																									
Equity ratio	32.6%	32.0%	+0.6P																										