

**Supplementary Briefing during the Briefing on Earning Results**  
**for the First Half of Fiscal 2023 (Ending March 2023)**  
**presented by Takehiro Sugiyama, President and Representative Director**

\* The page numbers shown here indicate the page numbers in the results briefing materials.

**<<Results for the First Half of, and Full-Year Forecasts for, Fiscal 2023 (Ending March 2023)>>**

**Summary of results for the first half of fiscal 2023 (P4)**

- During the first half, we recorded year-on-year growth in operating revenue and income. Although the COVID impact persisted, Urban Transportation and most other segments experienced recovery to some extent. Additionally, in the Travel segment, the overseas travel team gained numerous orders related to COVID patients. Some of these orders were delivered through the management/operation of accommodation facilities and some involved Hankyu Travel International's call center providing care for patients recuperating at home.

**Changes to full-year performance forecasts (P5)**

- We have upgraded the full-year forecasts for operating revenue and income from the levels forecasted in May. The new forecast for operating income is ¥70 billion. We upgraded the forecasts because, although the Urban Transportation segment and stage business performed less well than initially expected amid the resurgence in COVID infections from July, this was more than offset by the aforementioned upturn in the Travel segment, coupled with better-than-expected performance in the International Transportation segment.
- As part of the FY2023 performance targets set out in our medium-term plan, we aim to bring operating income to two-thirds of ¥100 billion, the pre-pandemic income level. We are currently on course to achieving this target.

**<<Current Topics: Key Actions to Achieve Long-Term Vision and Medium-Term Management Plan>>**

**Acquisition of real-estate for lease in Indonesia (Central Park Mall) (P7)**

- Last May, we unveiled our Long-Term Vision. As we explained at the time, this vision includes large-scale projects such as the Shibata 1 Project, through which we will achieve sustainable corporate growth by 2040. These projects will take time to deliver returns; we project that they will only start contributing to earnings in the late 2030s. We must therefore consider growth in the years up until then. Critical to such growth is the third strategy outlined in our Long-Term Vision: expand the coverage of our line-side business model. As part of this strategy, we must expand our overseas real-estate business.
- Specifically, we have decided to accelerate efforts in residential real-estate, short-term-returns (fix-and-flip) development, and leasing, focusing primarily on ASEAN markets, which have bright prospects for economic growth. As part of this, in September we acquired Central Park Mall, a large commercial complex in West Jakarta.
- Central Park Mall targets middle and upper-class earners, and it should receive increasing numbers of shoppers given that this demographic is expected to swell rapidly over the medium and long term as Indonesia's economy grows. We therefore concluded that acquiring this property would contribute to our business growth overseas.

- We will continue to expand the scale of our leasing business by fully leveraging the real-estate information network we have built through our residential real-estate and short-term-returns (fix-and-flip) business.

### **Strengthen earnings structure in Urban Transportation (P8)**

- Our Railway segment is steadily recovering (despite the lingering COVID impact). Recent data (albeit preliminary data) shows that, in October, both Hankyu Railway and Hanshin Electric Railway had recovered to 90% of pre-pandemic levels.
- However, we also expect that segment revenue will never fully return to pre-pandemic levels, even after COVID has subsided. Accordingly, to maintain or grow earning levels in the Urban Transportation segment, we need to strengthen the segment's earnings structure, a task designated as a strategic priority in our medium-term Management plan. We developed a number of actions related to this task during the first half.
- For example, in April next year, Hankyu Railway and Hanshin Electric Railway will introduce a fare component to fund accessibility improvements in their stations. This move will accelerate our efforts to make our stations accessible for all.
- In another example, in December, both railway companies will change their timetables to adapt their transport resources to current travel demand.
- Actions are also being developed in the automobile business, including fare changes and corporate mergers. In this way, we will continue working to strengthen the earnings structure of the Urban Transportation segment to improve the segment's performance as soon as possible.