

Hankyu Hanshin Holdings Group Supplementary Materials of Financial Results for the Third Quarter of Fiscal 2021 (Ended December 31, 2020)

February 5th, 2021

Hankyu Hanshin Holdings, Inc.

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

I . Performance Highlights for the Third Quarter of Fiscal 2021 (fiscal year ending 31st March 2021)

Consolidated Statements of Income(Summary)

	3Q FY2021 Results	FY2020 Results	Change
Consolidated Subsidiaries	96 companies	93 companies	+3 (4 companies increase, 1 company decrease)
Equity-Method Affiliates	11 companies	11 companies	
Total	107 companies	104 companies	+3

(¥ million)	3Q FY2021 Results	3Q FY2020 Results	Change	Remarks
Revenue from operations	394,037	583,678	-189,641 (-32.5%)	For details, please see next page
Operating income	-4,841	91,015	-95,856 (-)	
Non-operating income	3,374	8,597	-5,222	Equity in income of affiliates -4,750
Non-operating expenses	8,354	9,577	-1,223	
Ordinary income	-9,821	90,034	-99,855(-)	
Extraordinary income	7,726	1,153	+6,572	Employment adjustment subsidies +7,098
Extraordinary loss	16,846	1,302	+15,543	COVID-19-related losses +15,357
Net income attributable to owners of the parent	-16,858	58,968	-75,827(-)	Tax expense -32,913

(Reference)	3Q FY2021 Results	3Q FY2020 Results	Change
Depreciation and amortization	41,000	41,580	-580
Financial balance ① - ②	-5,728	-5,623	-105
Interest and dividend income①	975	1,369	-394
Interest expense②	6,703	6,992	-288

We have applied the note "Audit Consideration related to COVID-19 Part 4" (JICPA, April 22, 2020) to operations and events that we suspended/cancelled at the request of authorities. Specifically, we have recognized as extraordinary loss all fixed costs incurred during the suspension of said operations and all costs directly associated with the preparation and cancellation of said events.

Consolidated Statements of Income (Breakdown for each business segment)

[Key results in current period]

Revenue and income fell significantly with most business segments hit hard by COVID-19 (details shown on next slide).

(¥ million)	Revenue from operations			Operating income		
	3Q FY2021 Results	3Q FY2020 Results	Change	3Q FY2021 Results	3Q FY2020 Results	Change
Urban Transportation	116,097	174,813	-58,715	-3,735	36,197	-39,932
Real Estate	125,907	175,498	-49,591	19,106	32,713	-13,606
Entertainment	28,782	62,028	-33,246	-1,575	15,171	-16,746
Information and Communication Technology	39,407	39,935	-527	3,267	3,292	-25
Travel	8,118	30,700	-22,582	-7,448	4,536	-11,984
International Transportation	58,478	57,426	+1,052	1,029	-255	+1,284
Hotels	14,762	48,711	-33,949	-13,580	417	-13,998
Other	32,224	25,046	+7,178	908	1,125	-217
Adjustment	-29,741	-30,482	+741	-2,813	-2,183	-630
Total	394,037	583,678	-189,641	-4,841	91,015	-95,856

How COVID-19 Impacted Each Businesses

■ COVID-19 impact in each business

	Total	<Breakdown for each business segment>					(¥ billion) Hotels
		Urban Transportation	Real Estate	Entertainment	Travel		
Revenue from operations	-176.8	-50.6	-21.2	-34.7	-23.3	-38.3	
Operating income	-87.2	-39.3	-7.9	-15.3	-10.6	-14.4	
Ordinary income	-87.1	-39.4	-7.7	-15.3	-10.5	-14.6	
Extraordinary income	7.2	0.5	0.4	0.7	3.6	1.9	
Extraordinary loss ※	15.5	1.0	2.5	4.4	4.0	3.5	
Income before income taxes	-95.4	-39.9	-9.8	-19.0	-11.0	-16.1	

※ We have applied the note "Audit Consideration related to COVID-19 Part 4" (JICPA, April 22, 2020) to operations and events that we suspended/cancelled at the request of authorities. Specifically, we have recognized as extraordinary loss all fixed costs incurred during the suspension of said operations and all costs directly associated with the preparation and cancellation of said events.

■ How COVID-19 impacted each business

Urban Transportation	•Less revenue with fewer people going out during SOE and drop in inbound tourism
Real Estate	•Shopping facilities closed temporarily or operated with reduced hours; domestic condominium business suspended sales/marketing activities
Entertainment	•Fewer pro baseball regular season games; Takarazuka Revue performances cancelled; restrictions on events
Travel	•Domestic and international tours suspended; surge in cancellations
Hotels	•Drop in inbound and domestic demand hit by travel/outing and banquet cancellations

Urban Transportation results

COVID-19 impact
Revenue from operations : -50.6billion yen
Operating income : -39.3billion yen

Big decrease in revenue and income: In railway and automobile businesses, COVID-19 caused huge decline in ridership.

(¥ million)	3Q FY2021 Results	3Q FY2020 Results	Change	%
Revenue from operations	116,097	174,813	-58,715	-33.6%
Operating income	-3,735 ※ (-4,259)	36,197 ※ (-40,456)	-39,932 (-)	-

※ Parenthesized figures indicate reversals of COVID-19-related losses and subsidies recorded as extraordinary income.

Real Estate results

COVID-19 impact
Revenue from operations : -21.2billion yen
Operating income : -7.9billion yen

Big decrease in revenue and income. This was partly a reactionary dip from spike last year, when the condominium business benefitted from the completion and handover of large properties. Another factor was COVID-19, which caused shopping facilities in Umeda and elsewhere to close temporarily or operate with reduced hours.

【Reference】 Condominium sales : -898 units (410 units; previous year 1,308 units)

(¥ million)	3Q FY2021 Results	3Q FY2020 Results	Change	%
Revenue from operations	125,907	175,498	-49,591	-28.3%
Operating income	19,106 ※ (16,967)	32,713 ※ (-15,745)	-13,606 (-48.1%)	-41.6%

※ Parenthesized figures indicate reversals of COVID-19-related losses and subsidies recorded as extraordinary income.

[Urban Transportation] Railway Performance results

Hankyu Corporation

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	3Q FY2021 Results	3Q FY2020 Results	Change	3Q FY2021 Results	3Q FY2020 Results	Change
Commuter pass	21,209	26,037	-4,828(-18.5%)	210,931	266,420	-55,488(-20.8%)
Workers	19,330	22,355	-3,024(-13.5%)	163,680	184,073	-20,392(-11.1%)
Students	1,878	3,682	-1,804(-49.0%)	47,250	82,347	-35,096(-42.6%)
Other tickets	30,231	48,173	-17,941(-37.2%)	153,670	241,722	-88,052(-36.4%)
Total	51,440	74,211	-22,770(-30.7%)	364,601	508,142	-143,541(-28.2%)

COVID-19 impact -23.1billion yen

Hanshin Electric Railway

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	3Q FY2021 Results	3Q FY2020 Results	Change	3Q FY2021 Results	3Q FY2020 Results	Change
Commuter pass	7,902	9,372	-1,469(-15.7%)	81,381	97,736	-16,354(-16.7%)
Workers	7,355	8,367	-1,011(-12.1%)	68,731	76,491	-7,759(-10.1%)
Students	546	1,004	-458(-45.6%)	12,650	21,245	-8,594(-40.5%)
Other tickets	10,167	17,073	-6,906(-40.4%)	56,493	92,971	-36,478(-39.2%)
Total	18,069	26,445	-8,375(-31.7%)	137,874	190,707	-52,832(-27.7%)

COVID-19 impact -8.5billion yen

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

Entertainment results

COVID-19 impact

Revenue from operations : -34.7billion yen

Operating income : -15.3billion yen

Big decrease in revenue and income. The sports and stage businesses were both hit by COVID-19. In the sports business, there were fewer Hanshin Tigers' regular season games, and in the stage business, many Takarazuka Revue shows were cancelled. Even after events resumed, the games and shows that did go ahead provided less ticket revenue due to event restrictions.

(¥ million)	3Q FY2021 Results	3Q FY2020 Results	Change	%
Revenue from operations	28,782	62,028	-33,246	-53.6%
Operating income	-1,575 ※ (-5,091)	15,171	-16,746 ※ (-20,262)	- (-)

※ Parenthesized figures indicate reversals of COVID-19-related losses and subsidies recorded as extraordinary income.

Information and Communication Technology results

Revenue declined, reflecting a dip from the high level in the same period last year, when the information services business received large orders for transportation systems. However, income remained at last year's level, as the broadcasting and communications business saw an increase in number of subscribers to internet services.

(¥ million)	3Q FY2021 Results	3Q FY2020 Results	Change	%
Revenue from operations	39,407	39,935	-527	-1.3%
Operating income	3,267	3,292	-25	-0.8%

Travel results

COVID-19 impact
 Revenue from operations : -23.3billion yen
 Operating income : -10.6billion yen

Although domestic tours made a healthy profit in 3Q itself, cumulatively (1Q-3Q), there was a big decrease in revenue and income. Due to COVID-19, international tours were cancelled throughout the period, while domestic tours attracted fewer customers year on year.

(¥ million)	3Q FY2021 Results	3Q FY2020 Results	Change	%
Revenue from operations	8,118	30,700	-22,582	-73.6%
Operating income	-7,448 ※ (-7,881)	4,536 ※ (-12,418)	-11,984 (-12,418)	- (-)

※ Parenthesized figures indicate reversals of COVID-19-related losses and subsidies recorded as extraordinary income.

International Transportation results

Despite the effects of COVID-19, revenue and income increased thanks to rise in emergency transportation in East Asia, more logistics operations in Japan, and higher sales prices.

(¥ million)	3Q FY2021 Results	3Q FY2020 Results	Change	%
Revenue from operations	58,478	57,426	+1,052	+1.8%
Operating income	1,029	-255	+1,284	—

Hotels results

COVID-19 impact

Revenue from operations : -38.3billion yen

Operating income : -14.4billion yen

Big decrease in revenue and income: Due to COVID-19, some hotels closed temporarily, and demand slumped in the accommodation and food/beverage businesses.

(¥ million)	3Q FY2021 Results	3Q FY2020 Results	Change	%
Revenue from operations	14,762	48,711	-33,949	-69.7%
Operating income	-13,580 ※ (-15,126)	417	-13,998 ※ (-15,543)	- (-)

※ Parenthesized figures indicate reversals of COVID-19-related losses and subsidies recorded as extraordinary income.

Consolidated Balance Sheets

(¥ million)		3Q FY2021 Results	FY2020 Results	Change	Remarks																											
Assets	Current assets	309,943	262,984	+46,959	Land and buildings for sale : +26,043																											
	Noncurrent assets	2,259,382	2,226,097	+33,285	Investment securities : +26,137																											
	Total assets	2,569,325	2,489,081	+80,244																												
Liabilities	Current liabilities	410,394	394,634	+15,760																												
	Long-term liabilities	1,236,749	1,156,774	+79,974																												
	Total liabilities	1,647,144	1,551,409	+95,734																												
					<table border="1"> <thead> <tr> <th></th> <th>3Q FY2021 Results</th> <th>FY2020 Results</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>Debt</td> <td>801,994</td> <td>773,465</td> <td>+28,528</td> </tr> <tr> <td>Bonds</td> <td>157,000</td> <td>122,000</td> <td>+35,000</td> </tr> <tr> <td>Commercial paper</td> <td>75,000</td> <td>-</td> <td>+75,000</td> </tr> <tr> <td>Lease obligations</td> <td>10,790</td> <td>8,014</td> <td>+2,775</td> </tr> <tr> <td>Interest-bearing debt</td> <td>1,044,784</td> <td>903,480</td> <td>+141,304</td> </tr> <tr> <td>Accounts payable</td> <td></td> <td></td> <td>-37,496</td> </tr> </tbody> </table>		3Q FY2021 Results	FY2020 Results	Change	Debt	801,994	773,465	+28,528	Bonds	157,000	122,000	+35,000	Commercial paper	75,000	-	+75,000	Lease obligations	10,790	8,014	+2,775	Interest-bearing debt	1,044,784	903,480	+141,304	Accounts payable		
	3Q FY2021 Results	FY2020 Results	Change																													
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Accounts payable			-37,496																													
Net assets	Shareholders' equity	855,597	886,935	-31,338	Net income attributable to owners of the parent: -16,858 Payment dividend: -12,188																											
	Accumulated other comprehensive income	24,819	18,711	+6,108																												
	Non-controlling interests	41,765	32,025	+9,739																												
	Total net assets	922,181	937,672	-15,490																												
Equity ratio		34.3%	36.4%	-2.1p																												

II. Forecasts for Fiscal 2021 (fiscal year ending 31st March 2021)

Consolidated Statements of Income (Summary)

(¥ billion)	FY2021 Forecasts (As of Feb.) ①	FY2021 Forecasts (As of Nov.) ②	Change ①-②	Remarks	FY2020 Results ③	Change ①-③
Revenue from operations	575.0	575.0	—	Although the impact of COVID-19 remains unclear since a state of emergency was declared in January this year, the forecast was upgraded (from the figure announced on Nov 2020) in view of the Entertainment Business and some other business segments' better-than-expected performance in cumulative 3Q.	762.7	-187.7
Operating income	-9.0	-12.0	+3.0		95.2	-104.2
Ordinary income	-21.0	-23.0	+2.0	This forecast was upgraded in conjunction with the upgrading of the forecast for operating income.	88.8	-109.8
Net income attributable to owners of the parent	-36.0	-36.0	—	This forecast remains unchanged (from the figure announced on Nov 2020), despite the upgraded forecast for ordinary income, since COVID-19-related losses are expected to be higher in view of the state of emergency declared in January this year.	54.9	-90.9

COVID-19 impact
-218.7billion yen

-218.7billion yen

-113.4billion yen

-116.4billion yen

Management Indicators / Returns to Shareholders

■ Management Indicators

	FY2020 Results	FY2021 Forecasts (As of Nov.)	FY2021 Forecasts (As of Feb.)
Operating income	¥95.2billion	-¥12.0billion	-¥9.0billion
EBITDA ^{※1}	¥154.1billion	¥47.0billion	¥50.0billion
Interest-bearing debt	¥903.5billion	¥1,070.0billion	¥1,070.0billion
Interest-bearing debt / EBITDA ratio	5.9times	22.8times	21.4times
D/E ratio ^{※2}	1.0times	1.2times	1.2times
Net income attributable to owners of the parent	¥54.9billion	-¥36.0billion	-¥36.0billion
ROE	6.1%	-4.1%	-4.1%
(Reference)			
Net interest-bearing debt ^{※3}	¥878.5billion	¥1,045.0billion	¥1,045.0billion
Net interest-bearing debt/EBITDA ratio	5.7times	22.2times	20.9times

※1 EBITDA=operating income + depreciation expenses + amortization of goodwill

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

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

■ Specific figures for dividend of surplus for fiscal 2021

- As announced on August 12, 2020, we will maintain our commitment to stable dividends in FY2021. Specifically, the annual dividend per share will be **the same as in FY2020: ¥50** (¥25 interim + ¥25 year-end).

【Reference】 Recent performance in railways

■ Year-on-year change in ridership

Note: The September ridership figures reflect the downturn relative to last year's rush demand ahead of consumption tax hike.

