

# Hankyu Hanshin Holdings Group Results Briefing Materials for the First Half of Fiscal 2021 (Ended September 30, 2020)

November 12th, 2020

Hankyu Hanshin Holdings, Inc.

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

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This document contains forward-looking statements such as business performance forecasts. These statements are based on currently available information and what we believe to be reasonable assumptions; they do not, however, represent guarantees of future performance. Actual results or developments may differ materially from those in the forward-looking statements as a result of various factors.

# **I . Performance Highlights for the First Half of Fiscal 2021 (fiscal year ending 31st March 2021)**

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# Consolidated Statements of Income(Summary)

	1H FY2021 Results	FY2020 Results	Change
Consolidated Subsidiaries	97 companies	93 companies	+4 (4 companies increase)
Equity-Method Affiliates	11 companies	11 companies	±0
Total	108 companies	104 companies	+4

(¥ million)	1H FY2021 Results	1H FY2020 Results	Change	Remarks
Revenue from operations	241,018	410,733	-169,714 (-41.3%)	For details, please see next page
Operating income	-14,723	71,547	-86,270 (-)	
Non-operating income	1,537	6,344	-4,807	Equity in income of affiliates -4,532
Non-operating expenses	6,209	5,990	+218	Equity in loss of affiliates +666
Ordinary income	-19,394	71,901	-91,296(-)	
Extraordinary income	5,031	873	+4,158	Employment adjustment subsidies +4,445
Extraordinary loss	14,802	824	+13,978	COVID-19-related losses +13,685
Net income attributable to owners of the parent	-23,007	47,630	-70,637 (-)	Tax expense -30,457

(Reference)	1H FY2021 Results	1H FY2020 Results	Change
Depreciation and amortization	26,509	27,210	-701
Financial balance ① - ②	-3,877	-3,817	-59
Interest and dividend income①	606	878	-272
Interest expense②	4,484	4,696	-212

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]

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

(¥ million)	Revenue from operations			Operating income		
	1H FY2021 Results	1H FY2020 Results	Change	1H FY2021 Results	1H FY2020 Results	Change
Urban Transportation	72,278	118,818	-46,539	-7,046	24,961	-32,007
Real Estate	80,548	131,090	-50,541	13,198	26,330	-13,132
Entertainment	14,768	47,690	-32,921	-2,615	15,391	-18,007
Information and Communication Technology	26,269	26,179	+90	2,218	2,144	+73
Travel	887	21,673	-20,786	-9,350	4,032	-13,383
International Transportation	37,305	38,127	-822	463	-391	+854
Hotels	6,953	31,287	-24,333	-10,005	-40	-9,964
Other	20,182	15,773	+4,409	214	726	-512
Adjustment	-18,175	-19,906	+1,731	-1,798	-1,608	-189
Total	241,018	410,733	-169,714	-14,723	71,547	-86,270

# How COVID-19 Impacted Each Businesses

## ■ COVID-19 impact in each business

(¥ billion)	Total	<Breakdown for each business segment>				
		Urban Transportation	Real Estate	Entertainment	Travel	Hotels
Revenue from operations	-142.6	-38.8	-16.0	-32.8	-20.2	-27.3
Operating income	-73.9	-30.8	-5.7	-16.1	-11.5	-9.9
Ordinary income	-73.9	-30.8	-5.6	-16.1	-11.4	-10.1
Extraordinary income ※1	4.5	0.4	0.3	0.5	2.2	1.1
Extraordinary loss ※2	13.8	0.9	2.5	4.3	3.3	2.8
Income before income taxes	-83.2	-31.3	-7.8	-19.9	-12.6	-11.7

※1 Employment adjustment subsidies    ※2 COVID-19-related losses

## ■ 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	•Pro baseball season postponed, resulting in fewer 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

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# Urban Transportation Results

COVID-19 impact  
Revenue from operations : -38.8billion yen  
Operating income : -30.8billion yen

## [Railway]

Big decrease in revenue and income: COVID-19 caused huge decline in ridership in both Hankyu and Hanshin lines.

## [Automobile]

Big decrease in revenue and income: COVID-19 caused huge decline in transportation revenue.

(¥ million)	1H FY2021 Results	1H FY2020 Results	Change	%
Revenue from operations	72,278	118,818	-46,539	-39.2%
Operating income	※ -7,046 ※ (-7,524)	24,961	-32,007 ※ (-32,486)	— (-)

## [Breakdown by type of business]

(¥ billion)	1H FY2021 Results	Y on Y
Revenue from operations		
Railway	COVID-19 impact -26.7billion yen 52.3	-30.8
Automobile	-9.6billion yen 15.1	-9.6
Retailing	-2.6billion yen 6.4	-6.8
Others	1.9	-1.2

Outsourcing of convenience store / station-based store operations (Aug 2019) -4.5 billion yen

\*Not including head office expenses /adjustments.

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

(Notes) In the period under review, the advertising agency business was transferred to the Other segment (as part of a restructuring of the advertising business). Revenue and income from the Urban Transportation segment's advertising operations are now included in the data for the segment's railway business (the first of the four businesses shown in the table above).

# [Urban Transportation] Railway Performance results

## Hankyu Corporation

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	1H FY2021 Results	1H FY2020 Results	Change	1H FY2021 Results	1H FY2020 Results	Change
Commuter pass	14,004	17,570	-3,566(-20.3%)	137,773	179,640	-41,867(-23.3%)
Workers	12,983	15,071	-2,087(-13.9%)	110,520	123,859	-13,338(-10.8%)
Students	1,020	2,498	-1,478(-59.2%)	27,252	55,781	-28,528(-51.1%)
Other tickets	18,007	32,281	-14,274(-44.2%)	92,016	162,232	-70,216(-43.3%)
Total	32,011	49,851	-17,840(-35.8%)	229,789	341,873	-112,083(-32.8%)

COVID-19 impact -17.6billion yen

## Hanshin Electric Railway

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	1H FY2021 Results	1H FY2020 Results	Change	1H FY2021 Results	1H FY2020 Results	Change
Commuter pass	5,223	6,285	-1,061(-16.9%)	53,406	65,223	-11,816(-18.1%)
Workers	4,928	5,618	-690(-12.3%)	46,193	51,189	-4,996(-9.8%)
Students	295	666	-371(-55.7%)	7,213	14,033	-6,819(-48.6%)
Other tickets	6,132	11,805	-5,673(-48.1%)	34,277	64,162	-29,885(-46.6%)
Total	11,355	18,091	-6,735(-37.2%)	87,684	129,385	-41,701(-32.2%)

COVID-19 impact -6.6billion 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.

# [Urban Transportation] Transportation Revenue (Factors of YoY Change)

## 《Hankyu Corporation》

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

(¥ million)

Totals for commuter passes and other tickets	1Q	2Q	First half total
FY2021 Results	13,885	18,126	32,011
FY2020 Results	24,988	24,862	49,851
Change	-11,103	-6,737	-17,840
(%)	-44.4%	-27.1%	-35.8%

#### Factors of YoY Change (estimated)

- COVID-19 impact -¥17,600million
- Downturn relative to last year's rush demand ahead of consumption tax hike -¥483million
- Bounce-back from effects of last year's typhoon (Krosa, Tapah) +¥100million and others

## 《Hanshin Electric Railway》

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

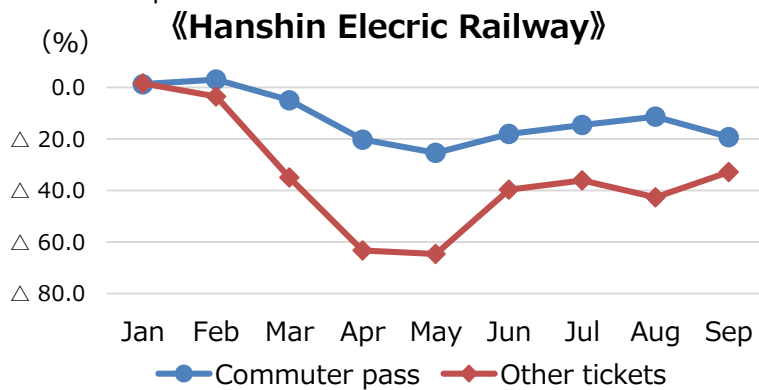
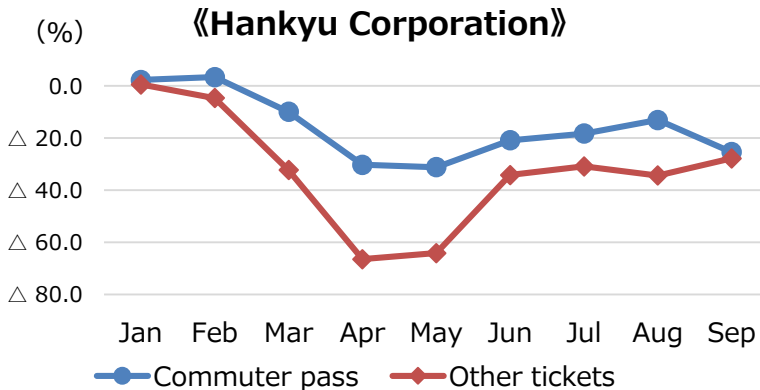
(¥ million)

Totals for commuter passes and other tickets	1Q	2Q	First half total
FY2021 Results	4,968	6,386	11,355
FY2020 Results	8,895	9,195	18,091
Change	-3,927	-2,808	-6,735
(%)	-44.1%	-30.5%	-37.2%

#### Factors of YoY Change (estimated)

- COVID-19 impact -¥6,550million
- Downturn relative to last year's rush demand ahead of consumption tax hike -¥138million and others

## Year-on-year change in ridership (Notes) The September ridership figures reflect the downturn relative to last year's rush demand ahead of consumption tax hike.



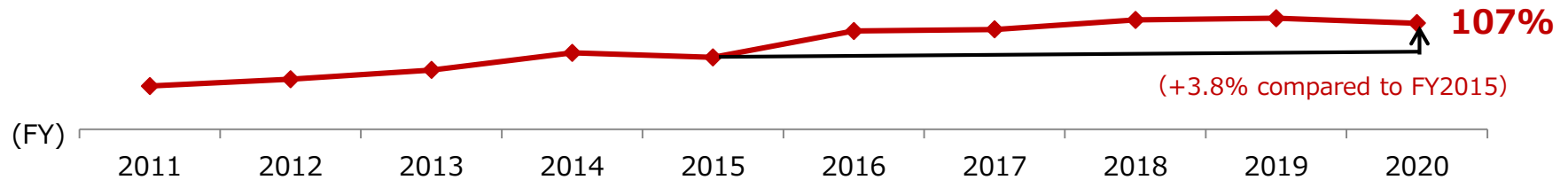
# [Urban Transportation] Referential Information

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

(¥ million)

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	1H FY2021
Commuter passes	29,484	29,922	30,391	31,299	31,549	32,272	32,628	33,198	33,456	34,119	18,007
Other tickets	60,000	60,268	60,749	61,630	60,910	62,920	62,720	63,137	63,059	61,887	14,004
Total	89,485	90,191	91,141	92,929	92,459	95,192	95,348	96,335	96,516	96,007	32,011

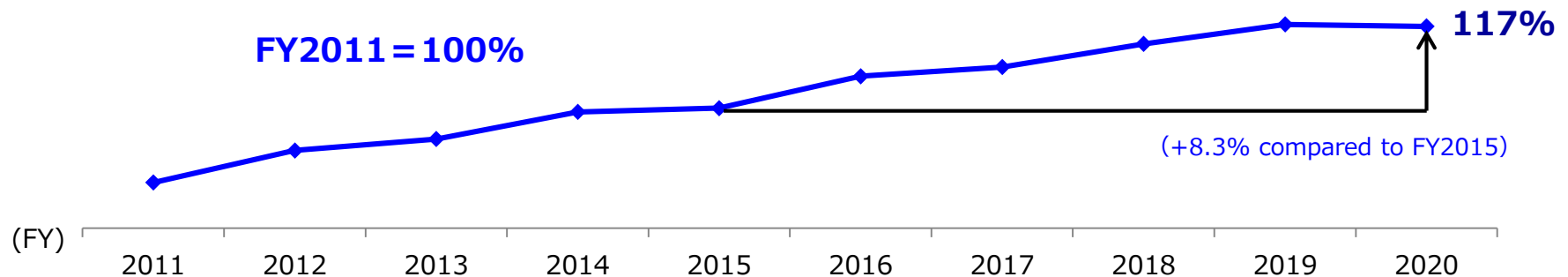
**FY2011 = 100%**



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

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	1H FY2021
Commuter passes	10,126	10,623	10,740	11,008	11,107	11,372	11,563	11,797	12,024	12,327	5,223
Other tickets	18,899	19,422	19,669	20,260	20,286	21,035	21,136	21,638	22,030	21,665	6,132
Total	29,025	30,045	30,410	31,269	31,394	32,407	32,699	33,436	34,054	33,993	11,355

**FY2011 = 100%**



# Real Estate Results

COVID-19 impact  
Revenue from operations : -16.0billion yen  
Operating income : -5.7billion yen

## [Real estate leasing]

Revenue and income decreased: COVID-19 caused shopping facilities in Umeda and elsewhere to close temporarily or operate with reduced hours.

## [Real estate sales and others]

Big decrease in revenue and income compared to the same period last year, when the condominium business benefitted from the completion and handover of large properties.

【Reference】 Condominium sales : -919 units (279 units; previous year 1,198 units)

(¥ million)	1H FY2021 Results	1H FY2020 Results	Change	%
Revenue from operations	80,548	131,090	-50,541	-38.6%
Operating income	13,198 ※ (10,990)	26,330 ※ (-15,339)	-13,132 (-58.3%)	-49.9%

## [Breakdown by type of business]

(¥ billion)	1H FY2021 Results	Y on Y
Revenue from operations		
Real estate leasing	COVID-19 impact -8.9billion yen } 46.6	-8.5
Real estate sales and others	-7.9billion yen } 42.1	-42.8

\*Not including head office expenses /adjustments.

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

# Entertainment Results

COVID-19 impact  
Revenue from operations : -32.8billion yen  
Operating income : -16.1billion yen

## [Sports]

Big decrease in revenue and income: Due to COVID-19, there were fewer Hanshin Tigers' regular season games, and the games that did go ahead provided less ticket revenue due to event restrictions.

## [Stage]

Big decrease in revenue and income: Due to COVID-19, many Takarazuka Revue shows were cancelled, and the shows that did go ahead provided less ticket revenue due to event restrictions.

(¥ million)	1H FY2021 Results	1H FY2020 Results	Change	%
Revenue from operations	14,768	47,690	-32,921	-69.0%
Operating income	-2,615 ※ (-6,311)	15,391	-18,007 ※ (-21,703)	— (-)

## [Breakdown by type of business]

(¥ billion)		1H FY2021 Results	Y on Y
Revenue from operations			
Sports	COVID-19 impact -19.0billion yen	9.2	-20.5
Stage	-13.8billion yen	5.5	-12.4

\*Not including head office expenses /adjustments.

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

# Information and Communication Technology Results

Revenue and income increased: The broadcast and communications business saw an increase in number of subscribers to internet services.

(¥ million)	1H FY2021 Results	1H FY2020 Results	Change	%
Revenue from operations	26,269	26,179	+90	+0.3%
Operating income	2,218	2,144	+73	+3.4%

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# Travel Results

COVID-19 impact  
 Revenue from operations : -20.2billion yen  
 Operating income : -11.5billion yen

Big decrease in revenue and income: Due to COVID-19, international tours were cancelled throughout the period, while domestic tours (on sale since July) attracted fewer customers year on year.

(¥ million)	1H FY2021 Results	1H FY2020 Results	Change	%
Revenue from operations	887	21,673	-20,786	-95.9%
Operating income	-9,350 ※ (-10,438)	4,032 ※ (-14,471)	-13,383 (-14,471)	— (-)

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

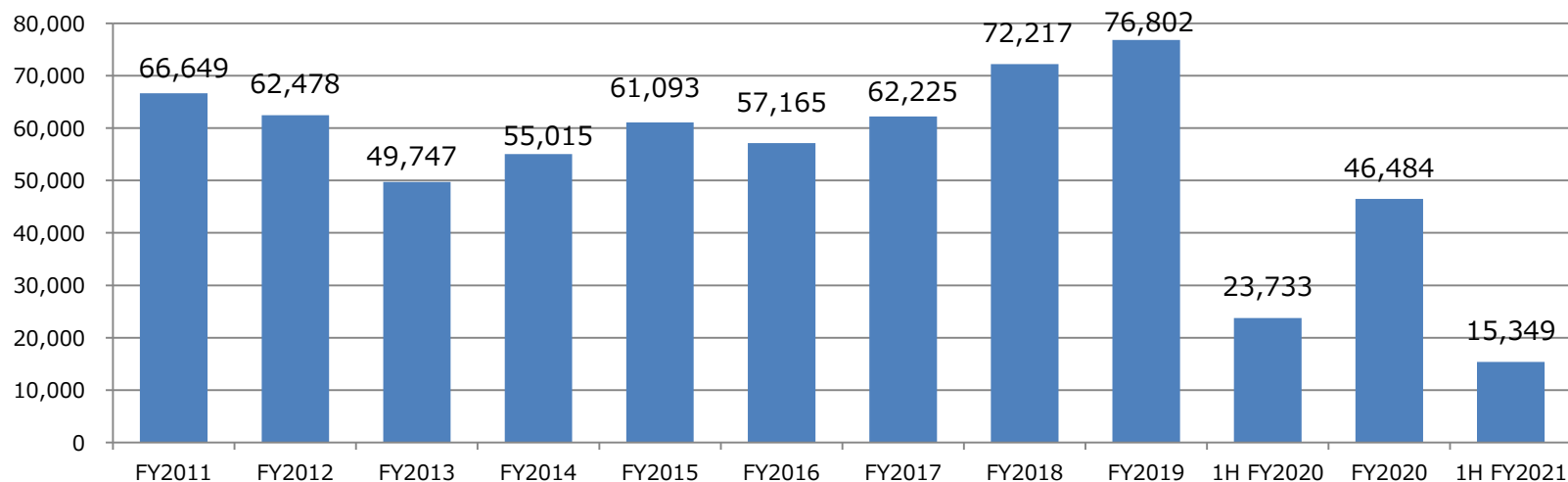
# International Transportation Results

Revenue fell with COVID-19 undercutting air transport volume. However, income increased thanks to rise in emergency transportation in East Asia and more logistics operations in Japan.

(¥ million)	1H FY2021 Results	1H FY2020 Results	Change	%
Revenue from operations	37,305	38,127	-822	-2.2%
Operating income	463	-391	+854	—

## Air export consolidated freight weight (from Japan)

(unit : ton)



# Hotels Results

COVID-19 impact  
Revenue from operations : -27.3billion yen  
Operating income : -9.9billion 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)	1H FY2021 Results	1H FY2020 Results	Change	%
Revenue from operations	6,953	31,287	-24,333	-77.8%
Operating income	-10,005 ※ (-11,669)	-40	-9,964 ※ (-11,628)	— (-)

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

## [Performance Highlights for the first half of Fiscal 2021※<sup>1</sup>]

### Occupancy rates of Hankyu Hanshin Hotels

Total 16.2%<sup>※2</sup> (-74.1 points from previous year)  
Kansai area 19.4% (-73.7 points from previous year)  
Tokyo metropolitan area 10.8% (-76.5 points from previous year)

### Average daily rates (ADR) of Hankyu Hanshin Hotels

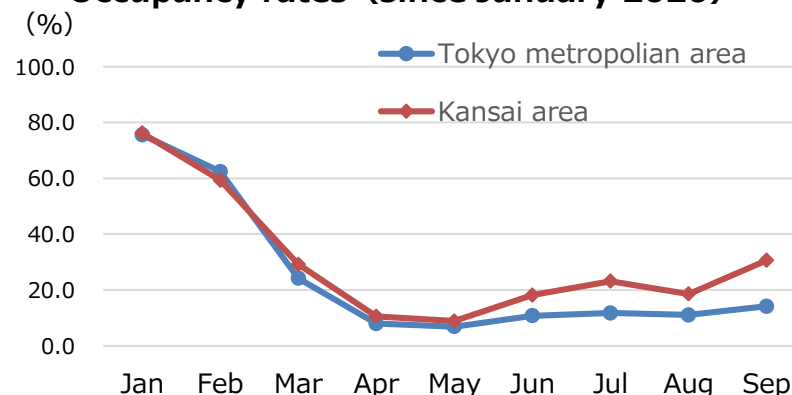
Total ¥10,313<sup>※2</sup> (-¥3,616 from previous year)  
Kansai area ¥10,143 (-¥2,854 from previous year)  
Tokyo metropolitan area ¥11,625 (-¥4,667 from previous year)

※<sup>1</sup> The data omits the COVID-related temporary closures of some hotels.

※<sup>2</sup> Including remm Kagoshima

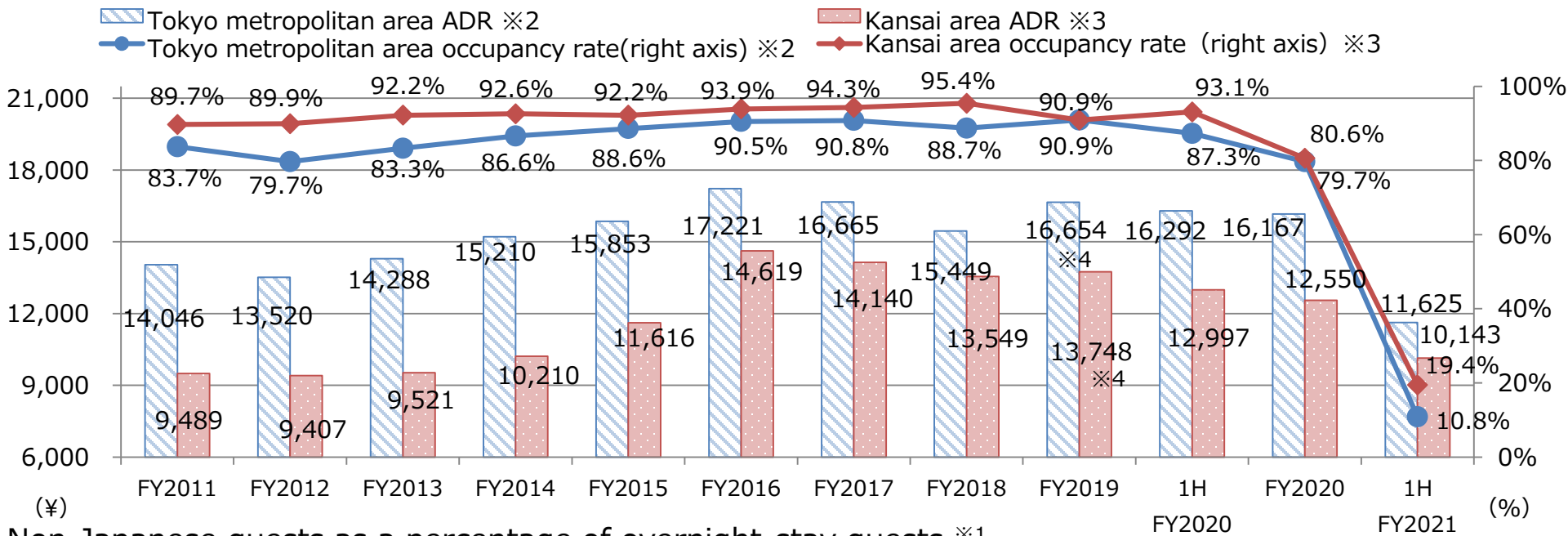
### 《Hankyu Hanshin Hotels》

#### Occupancy rates (since January 2020)

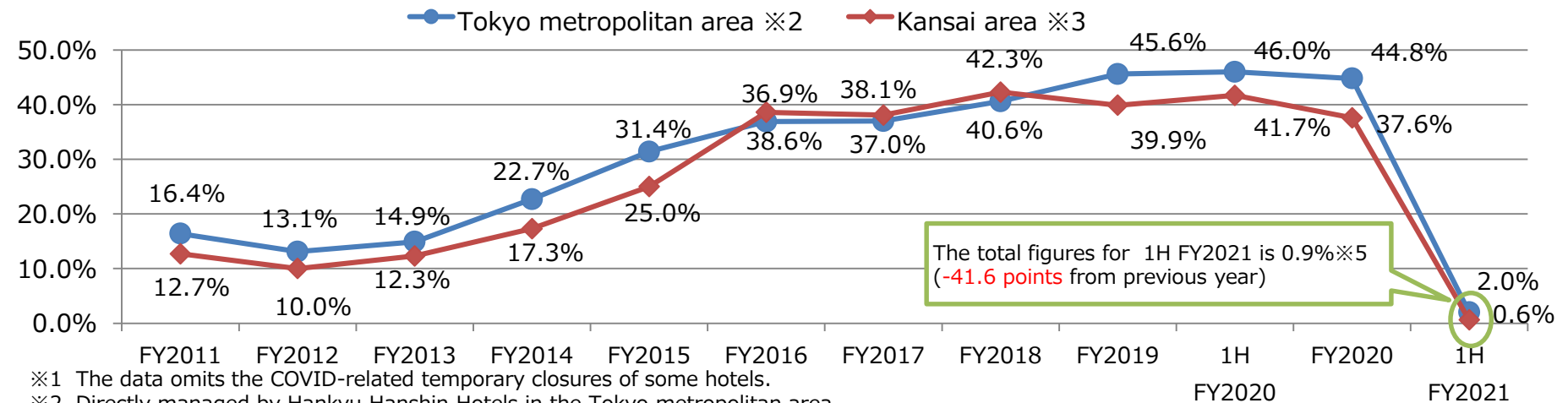


# [Hotels] Referential information

Average daily rates (ADR) and occupancy rates of Hankyu Hanshin Hotels ※1



Non-Japanese guests as a percentage of overnight-stay guests ※1



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

※2 Directly managed by Hankyu Hanshin Hotels in the Tokyo metropolitan area

※3 Directly managed by Hankyu Hanshin Hotels in the Kansai area

※4 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. ※5 Including remm Kagoshima

# Consolidated Statements of Income

## (Non-operating profit and loss)

(¥ million)	1H FY2021 Results	1H FY2020 Results	Change
Operating income	-14,723	71,547	-86,270
Non-operating income	1,537	6,344	-4,807
Equity in income of affiliates	—	4,532	-4,532
Non-operating expenses	6,209	5,990	+218
Interest expenses	4,484	4,696	-212
Equity in loss of affiliates	666	—	+666
Ordinary income	-19,394	71,901	-91,296

# Consolidated Statements of Income

## (Extraordinary profit and loss)

(¥ million)	1H FY2021 Results	1H FY2020 Results	Change
Extraordinary profit and loss	-9,770	49	-9,819
Extraordinary income	5,031	873	+4,158
Gain on contributions for construction	248	208	+39
Employment adjustment subsidies	4,445	—	+4,445
Other	337	664	-326
Extraordinary loss	14,802	824	+13,978
Loss on reduction of noncurrent assets	279	204	+75
COVID-19-related losses	13,685	—	+13,685
Other	836	619	+216

# Consolidated Statements of Income

## (Net income attributable to owners of the parent)

(¥ million)	1H FY2021 Results	1H FY2020 Results	Change
Income before income taxes	-29,165	71,950	-101,115
Total income taxes	-7,088	23,368	-30,457
Income taxes—current	1,693	22,640	-20,946
Income taxes—deferred	-8,782	727	-9,510
Net income	-22,076	48,581	-70,658
Net income attributable to non-controlling interests	930	951	-20
Net income attributable to owners of the parent	-23,007	47,630	-70,637

# Consolidated Balance Sheets

(¥ million)		1H FY2021 Results	FY2020 Results	Change	Remarks
Assets	Current assets	279,268	262,984	+16,283	Land and buildings for sale:+17,539
	Noncurrent assets	2,241,297	2,226,097	+15,200	Investment securities:+14,443
	Total assets	2,520,566	2,489,081	+31,484	
Liabilities	Current liabilities	355,485	394,634	-39,149	
	Long-term liabilities	1,240,868	1,156,774	+84,094	
	Total liabilities	1,596,353	1,551,409	+44,944	
Net assets	Shareholders' equity	857,879	886,935	-29,056	Net income attributable to owners of the parent:-23,007 Payment dividend:-6,094
	Accumulated other comprehensive income	23,565	18,711	+4,854	
	Non-controlling interests	42,767	32,025	+10,741	
	Total net assets	924,212	937,672	-13,460	
	Equity ratio	35.0%	36.4%	-1.4p	



# Consolidated Statements of Cash Flows

(¥ million)

	1H FY2021 Results	1H FY2020 Results
Cash flows from operating activities	-45,768	108,120
Income before income taxes	-29,165	71,950
Depreciation and amortization (※)	28,015	27,210
Decrease (increase) in inventories	-20,726	10,051
Income taxes (paid) refunded	-21,922	-10,675
Cash flows from investing activities	-36,717	-44,298
Purchases of noncurrent assets	-79,095	-45,650
Proceeds from sales of noncurrent assets	19,841	88
Purchases of investment securities	-2,538	-15,121
Receipt of contributions for construction	23,640	15,770
Cash flows from financing activities	83,325	-50,099
Purchase of treasury stock	-17	-9,921
Dividends paid	-6,094	-4,925
[Reference] Decrease (increase) in interest-bearing debt	91,986	-31,921
Effect of exchange rate changes on cash and cash equivalents	-416	-222
Increase (decrease) in cash and cash equivalents	423	13,500
Cash and cash equivalents at beginning of year	23,526	27,589
Increase in cash and cash equivalents from newly consolidated subsidiary	2,072	391
Cash and cash equivalents at end of year	26,021	41,481

(※) The figure includes depreciation and amortization that was recognized as extraordinary (COVID-related) loss.

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

# Consolidated Statements of Income (Summary)

(¥ billion)	FY2021 Forecasts ①	FY2020 Results ②	Change ①-②	Remarks
Revenue from operations	575.0	762.7	-187.7 (-24.6%)	Big decrease in revenue and income expected given the severe impact of COVID-19 on performance in most businesses
Operating income	-12.0	95.2	-107.2 (-)	
Ordinary income	-23.0	88.8	-111.8 (-)	Associated with the forecasted operating loss above
Net income attributable to owners of the parent	-36.0	54.9	-90.9 (-)	Associated with the forecasted ordinary loss; also reflects COVID-related losses
(Reference)				
Depreciation and amortization	56.2	56.5	-0.3	
Financial balance ①-②	-8.0	-7.7	-0.3	
Interest and dividend income①	1.1	1.5	-0.4	
Interest expense②	9.1	9.3	-0.2	
Capital expenditure	118.7	81.1	+37.6	

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

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

(¥ billion) [Upper table] Revenue from operations [Lower table] Operating income		FY2021 Forecasts ①	FY2020 Results ②	Change ①-②	Remarks
Total	COVID-19 impact -218.7billion yen	575.0	762.7	-187.7	
	-116.4billion yen	-12.0 (-19.0)	95.2 -15.4billion yen	-107.2 (-114.2)	
(Breakdown for each business segment)					
Urban Transportation	-61.3billion yen	161.9	227.2	-65.3	COVID-19 will continue hurting ridership revenue in Hankyu and Hanshin lines and transportation revenue in the automobile business.
	-46.8billion yen	-2.6 (-2.7)	40.1 -4.7billion yen	-42.7 (-42.8)	
Real Estate	-28.2billion yen	197.1	236.0	-38.9	The condominium business will see a downturn relative to the same period last year, when the condominium business benefitted from the completion and handover of large properties. Additionally, COVID-19 has caused shopping facilities in Umeda and elsewhere to close temporarily or operate with reduced hours.
	-11.8billion yen	27.6 (25.7)	41.5	-13.9 (-15.8)	
Entertainment	-39.7billion yen	39.5	74.0	-34.5	The losses are due to COVID-19. In the sports business, there were fewer Hanshin Tigers' regular season games. In the stage business, many Takarazuka Revue shows were cancelled. Both businesses were additionally harmed by the event restrictions following resumption of games and shows.
	-19.5billion yen	-6.4 (-9.9)	11.7 -3.0billion yen	-18.1 (-21.6)	
Information and Communication Technology		59.8	58.6	+1.2	The information services will see a downturn relative to last year, when it received large orders for transport systems. Hence, segment income will likely remain at last year's level despite higher revenue in the broadcast and communications business.
		5.5	5.6	-0.1	
Travel	-28.7billion yen	11.4	33.8	-22.4	Due to COVID-19, there is little prospect of international tours contributing to full-year results. Additionally, although domestic tours (on sale since July) should see a year-on-year increase in customers in 2H, revenue will still be lower than last year on a full-year basis.
	-15.1billion yen	-12.6 (-12.8)	0.2 -3.1billion yen	-12.8 (-13.0)	
International Transportation		76.2	76.2	+0.0	Although airfreight handling volume is expected to decrease due to COVID-19, this will be offset by higher fees.
		0.1	0.2	-0.1	
Hotels	-48.6billion yen	21.6	60.3	-38.7	Due to COVID-19, some hotels closed temporarily, and demand will continue to slump in the accommodation and food/beverage businesses.
	-21.7billion yen	-21.1 (-22.2)	-3.1 -3.3billion yen	-18.0 (-19.1)	

# COVID-19 Impact in Each Segment (assumptions for Fiscal 2021 forecasts)

Urban Transportation	<p><b>【Railway】</b>  The revenue drop in non-commuter ticket will gradually bottom out. By March 2021, it will have recovered around 75% of the March 2019 level.  COVID-19 will continue to hurt revenue from worker commuter passes (down 10% from fiscal 2019 level)  COVID-19 will continue to hurt revenue from student commuter passes (down around 25% from fiscal 2019 level)</p> <p><b>【Automobile】</b>  For transit buses, the impact will be similar to that for railway.  For airport shuttle buses, the impact will depend on outlook for air travel (demand for international flights at Kansai International Airport will not recover within the fiscal year).</p>
Real Estate	<p><b>【Real estate leasing】</b>  Current trends suggest a decline in rent income from shopping center tenants.</p> <p><b>【Real estate sales and others】</b>  Domestic condominium performance will be affected by suspension of sales during April and May.</p>
Entertainment	<p><b>【Sports】</b>  Pro baseball games will deliver revenue in view of current sales trends and on the premise that, under the event restrictions, approximately 20,000 seats can be sold for the 21 major games in 2H.</p> <p><b>【Stage】</b>  Takarazuka Revue performances will deliver revenue in view of current sales trends and on the premise that the event restrictions will be lifted by the end of the fiscal year, allowing all seats to be sold (except for front-row seats).</p>
Travel	<p>Demand for domestic tours will recover thanks to the “Go To Travel” subsidy.  Demand for international tours will not recover within the fiscal year.</p>
Hotels	<p>Domestic demand for hotels will gradually recover, but conditions will remain tough. Inbound demand will not recover within the fiscal year.  (In March 2021, occupancy rate in hotels directly managed by Hankyu Hanshin Hotels will be 70% down from the March 2019 level.)  Demand for food/beverage will gradually recover, but conditions will remain tough.</p>

# COVID-19 Measures

## ■ Efforts to recover from negative income and cash flow

- Income: In businesses that saw a sharp drop in revenue, we will slim down expenses by scaling back products and services※ to reflect the smaller demand. In all businesses, we will work to reduce or defer non-fixed expenses (particularly repair and advertising expenses) and tackle fixed expenses as well. We will also make use of subsidies such as the employment adjustment subsidies.  
※This includes reducing bus services and closing some hotels.
- Cash flow: We will reduce capital expenditure (especially that for maintenance and renewal) and put investments on hold.※ We will also rein in investment in for-sale property and equity.  
※Investment has been scaled back by ¥40 billion compared to the initial (pre-COVID) budget. However, the period under review will nonetheless see a full-year expenditure of ¥118.7 billion (up ¥37.6 billion YoY) due to ongoing major investments, including the Umeda 1-1 Project and the project to rebuild Kobe Hankyu Building.

## ■ Financial position

- We have secured ample liquidity by taking out long-term finance (1H: straight bonds worth ¥50 billion and syndicate loans) and flexibly using short-term finance.
- We have also extended our back-up line of credit and taken other measures to ensure smooth financing.

【Reference】 Credit rating in period under review

Rating agency	Rating
Rating and Investment Information, Inc. (R&I)	A+ [Stable] (No change)
Japan Credit Rating Agency, Ltd.(JCR)	AA- [Stable] (No change)

# [Urban Transportation] Railway Performance Forecasts

## Hankyu Corporation

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	FY2021 Forecasts	FY2020 Results	Change	FY2021 Forecasts	FY2020 Results	Change
Commuter pass	28,919	34,119	-5,199(-15.2%)	283,670	344,604	-60,933(-17.7%)
Workers	26,322	29,623	-3,300(-11.1%)	220,391	243,854	-23,462(-9.6%)
Students	2,597	4,496	-1,898(-42.2%)	63,279	100,750	-37,471(-37.2%)
Other tickets	42,145	61,887	-19,742(-31.9%)	215,799	310,525	-94,725(-30.5%)
Total	71,064	96,007	-24,942(-26.0%)	499,470	655,129	-155,659(-23.8%)

COVID-19 impact -27.5billion yen

-2.2billion yen

## Hanshin Electric Railway

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	FY2021 Forecasts	FY2020 Results	Change	FY2021 Forecasts	FY2020 Results	Change
Commuter pass	10,672	12,327	-1,655(-13.4%)	107,394	127,652	-20,258(-15.9%)
Workers	9,935	11,080	-1,145(-10.3%)	91,253	101,243	-9,990(-9.9%)
Students	736	1,246	-509(-40.9%)	16,141	26,409	-10,268(-38.9%)
Other tickets	13,923	21,665	-7,742(-35.7%)	77,110	118,559	-41,449(-35.0%)
Total	24,595	33,993	-9,397(-27.6%)	184,504	246,212	-61,708(-25.1%)

COVID-19 impact -10.6billion yen

-0.9billion 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

# Management Indicators / Returns to Shareholders

## ■ Management Indicators

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

※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

- Since we have avoided the worst-case scenario (in which the state-of-emergency conditions of April and May would continue throughout the fiscal year), we will maintain our commitment to stable dividends in FY2021. Specifically, as announced on August 12, 2020, the annual dividend per share will be **the same as in FY2020: ¥50** (¥25 interim + ¥25 year-end).



# 《Reference》 Consolidated Statements of Capital Expenditure

(¥ billion)	FY2021 Forecasts ①	Main investments	FY2020 Results ②	Main investments	Change ①-②
Total capital expenditure	118.7		81.1		+37.6
Urban Transportation	34.4	<ul style="list-style-type: none"> <li>•New rolling stock, remodeling of existing rolling stock</li> <li>•Investment in station apparatus</li> <li>•Kita-Osaka Kyuko Railway Line Extension Project</li> </ul>	32.9	<ul style="list-style-type: none"> <li>•New rolling stock, remodeling of existing rolling stock</li> <li>•Investment in station apparatus</li> </ul>	+1.5
Real Estate	71.0	<ul style="list-style-type: none"> <li>•Umeda 1-1 Project</li> <li>•Project to rebuild Kobe Hankyu Building's east wing and renew its west wing</li> <li>•Umekita Phase II Development Project</li> </ul>	32.2	<ul style="list-style-type: none"> <li>•Project to relocate Takarazuka Hotel</li> <li>•Umeda 1-1 Project</li> <li>•Project to rebuild Kobe Hankyu Building's east wing and renew its west wing</li> </ul>	+38.8
Entertainment	2.5		4.2		-1.7
Information and Communication Technology	5.5		4.9		+0.6
Travel	1.8		1.2		+0.6
International Transportation	1.3		1.1		+0.2
Hotels	2.1		4.8	<ul style="list-style-type: none"> <li>•Interior design of Hotel Hankyu RESPIRE OSAKA</li> </ul>	-2.7

# 《Reference》 Consolidated Statements of Depreciation and Amortization, EBITDA

(¥ billion)	FY2021 Forecasts ①	FY2020 Results ②	Change ①-②
Total Depreciation and amortization	56.2	56.5	-0.3
(Breakdown for each business segment)			
Urban Transportation	27.4	27.6	-0.2
Real Estate	17.4	17.2	+0.2
Entertainment	2.9	3.8	-0.9
Information and Communication Technology	4.4	3.8	+0.6
Travel	0.9	0.8	+0.1
International Transportation	1.3	1.3	-0.0
Hotels	2.4	2.5	-0.1
Total EBITDA	47.0	154.1	-107.1
(Breakdown for each business segment)			
Urban Transportation	24.8	67.7	-42.9
Real Estate	45.2	58.8	-13.6
Entertainment	-3.5	15.4	-18.9
Information and Communication Technology	10.0	9.4	+0.6
Travel	-11.7	1.0	-12.7
International Transportation	1.4	1.5	-0.1
Hotels	-18.7	-0.6	-18.1

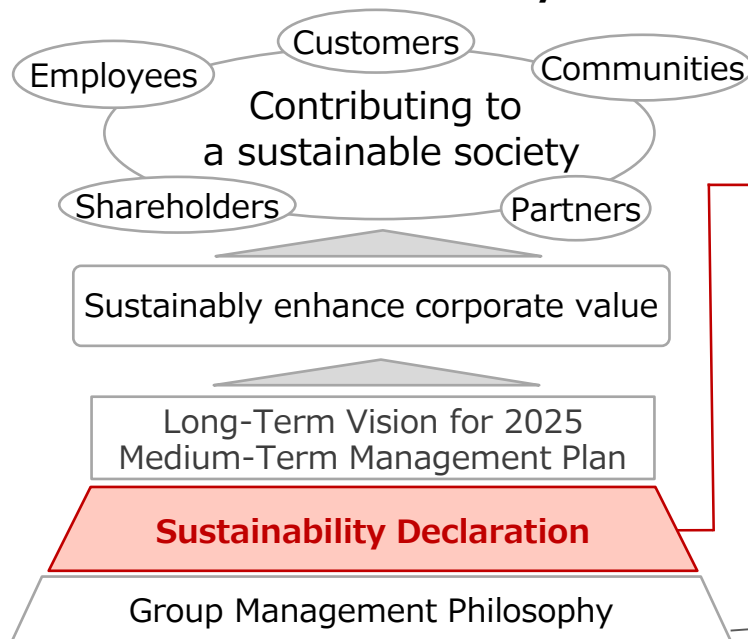
# **Ⅲ. Referential Materials**

## **(1) Sustainable Business Practices**

# Sustainable Business Practices

- We have always taken sustainability seriously and have developed a range of measures based on ESG criteria.
- As part of these efforts, we released the Sustainability Declaration on 19 May, 2020, which outlines the group's commitment to addressing global sustainability challenges as part of the SDG agenda. Guided by this Declaration, we will work to become an even more sustainable business.

## 【The role of the Sustainability Declaration】



### Three core elements underlie our pursuit of sustainable growth:

- ① General principles (sustainability vision)
- ② Priority issues (materiality matrix) and the policies for each one
- ③ Project themes, non-financial KPIs

### • Our value to society

#### Mission

By delivering “Safety and Comfort” and “Dreams and Excitement” , we create satisfaction among our customers and contribute to society.

The Sustainability Declaration embodies our contribution.

## 【Our sustainability strategy】

- We have established the following organizations to spearhead sustainability practices:
  - Corporate Sustainability Department – an internal department of Hankyu Hanshin Holdings
  - Corporate Sustainability Committee - a committee chaired by the CEO of Hankyu Hanshin HoldingsThese organizations will monitor progress in the projects for each priority issue and ensure that sustainability is a central focus in each medium-term management plan.
- From FY2022 onward, medium-term management plans will outline the sustainability measures in each core business.

# Sustainability Declaration①

①General principles (sustainability vision)

A future vision that we hope to achieve through our sustainable business practices

~ Create a future grounded in "Safety and Comfort",  
and a future colored by "Dreams and Excitement". ~

For over a hundred years, we have sought to cultivate communities and enrich lives.  
Leveraging this experience, we commit ourselves to addressing social and environmental challenges and working toward a sustainable future, one that offers a fulfilling, joyful life to all and inspires the next generation to dream with hope.

②Priority issues (materiality matrix)

Six priority issues to address as part of our sustainable business practices

Issues		Policies
①Safe, reliable infrastructure	 	Provide railways and other infrastructure that are safe and disaster-resilient. Ensure that anyone can safely access our facilities and services.
②Thriving communities	   	Help build sustainable communities with rich natural and cultural heritage, making great places to live in, work in, and visit.
③Life designs for tomorrow	  	Promote refined and inspired lifestyle solutions for a better tomorrow.
④Empowering individuals	   	Provide an inclusive workplace that values diversity and taps into individual talent. Cultivate tomorrow's leaders for society.
⑤Environmental protection	  	Contribute toward a low-carbon, circular economy.
⑥Robust governance	 	Act honestly and in good faith, as stakeholders expect us to do.

# Sustainability Declaration②

## ③ Non-financial KPIs

KPIs for the sustainable business practices

Priority issues (materiality matrix)	Policies (abridged)	Non-financial KPIs
① <b>Safe, reliable infrastructure</b>	Provide railways and other infrastructure that are safe and disaster-resilient	Zero culpable incidents in our railway business
④ <b>Empowering individuals</b>	Provide an inclusive workplace that values diversity and taps into individual talent	1. Employee satisfaction always better than in previous survey※ (Applies to: Hankyu Hanshin Holdings, Inc.(HHHD), Hankyu Corporation, Hanshin Electric Railway Co., Ltd., Hankyu Hanshin Properties Corp.) 2. Women occupy 10% of management positions (FY2031) (Applies to: HHHD and six core companies) 3. Women always account for more than 30% of new hires (Applies to: HHHD and six core companies)
⑤ <b>Environmental protection</b>	Contribute toward a low-carbon economy	Rate of CO2 emissions cuts : 1. Compared to FY2014 <b>-26%</b> (FY2031) (Applies to: HHHD and subsidiaries' Japanese worksites) 2. Compared to FY2014 <b>-40%</b> (FY2031) (Applies to: Railway energy consumption of Hankyu and Hanshin's railways )

※ The survey is conducted biennially.





# Actions for priority issues (materiality matrix)①



## Priority issue⑤:Environmental protection

## Environment

### 【Examples of actions to contribute toward a low-carbon, circular economy】

Project themes	Key actions in each business	
Cut greenhouse gas emissions, Improve energy efficiency/conservation	<p>【Urban Transportation】 Introducing energy-saving rolling stock Converting station and train lighting to LED</p> <p>【Real Estate】 Introducing energy-saving technology in rental buildings</p> <p>【Entertainment】 Takarazuka Grand Theatre is converting lighting to LED</p>	 <p>Takarazuka Grand Theater</p>
Use more renewable energy (e.g. solar)	<p>Installed solar energy systems in/at:</p> <p>【Urban Transportation】 Settsu-shi station(Hankyu) 、 Oishi station(Hanshin) etc.</p> <p>【Real Estate】 HEP FIVE (Commercial facilities), some Geo condominiums etc.</p> <p>【Entertainment】 Hanshin Koshien Stadium (solar panels on Ginsan roof)</p>	 <p>Hanshin Koshien Stadium</p>
Aim for more eco-friendly buildings	<p>【Real Estate】 Obtained DBJ Green Building certifications</p> <ul style="list-style-type: none"> <li>•Two of our buildings certified as five-star DBJ Green Buildings, the best level in the country :Osaka Umeda Twin Towers South、Hankyu Nishinomiya Gardens</li> <li>•One of our buildings certified as a four-star DBJ Green Building, an outstanding accolade : HEP FIVE</li> </ul>	 <p>Osaka Umeda Twin Towers South</p>
Produce less waste and recycle more	<p>【Entertainment】 Recycling more of the drink containers sold at Hanshin Koshien Stadium</p> <p>【Hotels】 Replacing plastic straws with ecofriendly alternatives to reduce plastic waste</p>	 <p>Bioplastic straws</p>

# Actions for priority issues (materiality matrix)②



**Priority issue④: Empowering individuals**  
**[Examples of actions for improving employee satisfaction, creating a more positive workplace, and promoting diversity ]**

Social

**■ Improving employee satisfaction, creating a more positive workplace**

• We measure employee satisfaction regularly, and from results, we identify areas to improve.

**■ Empowering women at the workplace**

- We listed as a constituent on MSCI Japan Empowering Women Index (WIN) (July 2020)
- We provide shorter working hours and other measures to help employees balance their careers with family care commitments.
- We are hiring more women and training them for leadership positions.

**■ Special subsidiary, Assist Hankyu Hanshin Co., Ltd., is creating employment opportunities for people with disabilities.**

- The subsidiary is increasing the employment rate of people with disabilities by hiring them for the services it provides (office work, workplace massages and cleaning).
- In September 2019, the company was awarded the Heartful Corporate Challenge Highly Commended Prize. (Organized by Osaka Pref.).



**[Examples of actions to promote a healthy workplace]**

**■ Formulate and announce the Hankyu Hanshin Holdings Group’s Declaration on Employee Health Management (April, 2018)**

**■ 11 group companies have been listed among the “Health and Productivity Management” Organizations of 2020.**

Large enterprise category (White 500)	Hanshin Electric Railway Co., Ltd.
Large enterprise category	Hankyu Corporation, Hankyu Hanshin Properties Corp, Hankyu Travel International Co., Ltd., Itec Hankyu Hanshin Co., Ltd.
SME category	Hankyu Hanshin REIT Asset Management, Inc., Hankyu Hanshin Real Estate Investment Advisors, Inc., Chuo Densetsu Co., Ltd., Hankyu Hanshin Insurance Services Co., Ltd., Hankyu Mediac Co., Ltd., Hankyu Construction Management, Inc.

**■ Future actions**

- Group companies will continue to actively promote a healthy workplace as part of a PDCA cycle.



# Actions for priority issues (materiality matrix)③



## Social

### Priority issue④: Empowering individuals

#### 【Examples of actions to cultivate tomorrow's leaders】

We are taking the following actions as part of the Hankyu Hanshin Dreams and Communities for the Future Project※ (a group-wide CSR project).

#### ■ Hankyu Hanshin Dreams and Communities for the Future Challenge Troop

- Our group companies provide some of their facilities and employees for summer camps that feature authentic hands-on learning activities for elementary students.
- We were awarded the Judging Committee Special Award for “Award for Companies Promoting Experience-based Learning Activities for Youth 2016”.  
(Organized by Ministry of Education, Culture, Sports, Science and Technology)
- By the end of FY2020, more than 17,000 elementary school students were invited to a total of 389 programmes.



#### ■ Hankyu Dreams and Communities Exciting Work Program

- To inspire children to think about their future career, senior staff at Hankyu Corporation visit elementary schools and tell the students about the community-building vision of the corporation's founder, Ichizo Kobayashi, and about the jobs that support communities.
  - As of FY2020, Hankyu Corporation staff have visited a total of 197 schools and talked to a total of 17,000 students.
- In recognition of these two projects, we were awarded the METI Minister's Award (Grand Prix) in the 8th Career Education Award in FY2018.  
(Organized by Ministry of Economy, Trade and Industry)



#### ※Hankyu Hanshin Dreams and Communities for the Future Project

Since FY2010, we have sought to promote the creation of towns and cities along our railway lines that people will truly want to live in. To this end, we work with our stakeholders (group companies, communities, employees) on two priority areas to create tomorrow's communities: environment-friendly development and human capital development.



# 《Reference》 SDGs-themed rail livery

Social・Environment

How we commemorated the 10th anniversary of the Hankyu Hanshin Dreams and Communities for the Future Project (a group-wide CSR project);

SUSTAINABLE DEVELOPMENT GOALS



## ■ SDG-themed rail livery: The Dreams and Communities trains (started operations in FY2020)

- Three Hankyu trains and one Hanshin train wear a wrap advertising the SDG agenda.
  - (1) The advertising space inside the trains features over 165 kinds of posters that communicate the SDG message. The posters were contributed by our group companies, the UN, government ministries (MOFA & MOE), communities along our railway lines, companies actively engaging in the SDG agenda, and citizen groups.
  - (2) To add momentum to the SDG agenda, the trains will remain in service until FY2026, when Osaka will host Expo 2025.
- In FY2020, this initiative was awarded the Signpost to the Future Award at the 17th Corporate Philanthropy Awards. (Organized by Japan Philanthropic Association)
- In September 2020, our group and Tokyu Group started running trains that wear an SDGs-themed wrap (SDGs Train 2020) to promote the SDGs agenda in East and West Japan.



# Actions for priority issues (materiality matrix)④

## Governance

**Priority issue⑥: Robust governance** Notes: Regarding Corporate Governance Report, please visit our website.

### **[Actions to promote effective and transparent corporate governance]**

#### ■ **Established the Corporate Governance President Committee (fiscal 2016 ~)**

- Meets twice a year to discuss matters such as ensuring transparency of election and dismissal of officers, communicating with outside directors, etc. (the committee meets biannually, and its membership comprises representative directors, standing Audit & Supervisory Board members and outside directors)

#### ■ **Started evaluating the effectiveness of the Board of Directors (fiscal 2017~)**

- Regarding the management of the Board of Directors, directors are interviewed about whether there is sufficient board accountability, whether board proceedings are appropriate, etc. (to make the evaluation process more effective, interviews are now preceded by preliminary questionnaires)

#### ■ **Scrapped the corporate adviser system (fiscal 2018)**

#### ■ **Resolved to discontinue anti-takeover measures (fiscal 2019)**

#### ■ **Established compensation committee (fiscal 2019~)**

- The committee ensures impartiality and transparency in the process of determining director compensation (including the specific amounts). (the committee meets annually, and its membership comprises the chairman and outside directors)

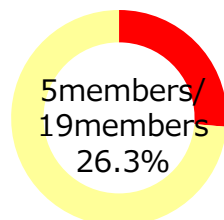
#### ■ **Revised compensation structure (fiscal 2020~)**

- We decided to introduce a performance-linked stock compensation plan for the chairman and president to further motivate them to work toward our corporate value, performance, and share price. The stock compensation will be delivered through a trust.

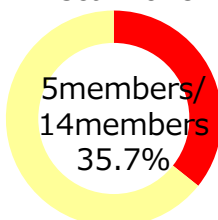
#### ■ **Changed corporate structure to that of a “company with an audit & supervisory board” (fiscal 2021~)**

- We shifted to this structure to strengthen the oversight function of the Board of Directors and further tighten corporate governance.
- As part of this shift, we increased the ratio of independent officers. Specifically, we have reduced the total number of officers to 11, of whom 5 are independent outside directors (2 of them are female).

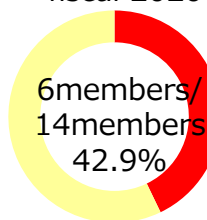
<Independent officer ratio> fiscal 2017



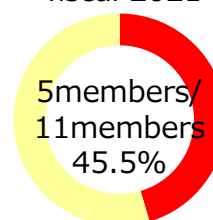
fiscal 2018



fiscal 2020



fiscal 2021



# **III. Referential Materials**

## **(2) Summary of the Long-Term Vision**

**(Reproduced from the results briefing materials released in May 2019)**

# Long-Term Vision (Overall vision)

The slogan for the Hankyu Hanshin Holdings Group's Long-Term Vision for 2025 (fiscal 2026) is:

## 'Enhancing line-side areas and expanding fields'

### Sustainably enhance corporate value

#### Enhance daily life (customer) value

Regarding these sociocultural changes as business opportunities, we will provide innovative products and services through our business operations.

#### Enhance social value

Build relationships of trust with various stakeholders, meet their expectations, and contribute to society.

#### Enhance economic value

We will strive to maintain and improve our profitability and financial soundness as a top-class private railways operator.

Umeda and line-side areas x stock businesses  
Make our railway the absolute best among the Kansai networks.

**Strategy①**

Tokyo metropolitan area and overseas markets x stock businesses  
Construct a stable revenue base in the Tokyo metropolitan area and overseas markets.  
(diversify the portfolio, which is currently concentrated in Umeda and line-side areas).

**Strategy②**

flow businesses  
Strengthen competitiveness by thoroughly pursuing brand optimisation and differentiation.

**Strategy③**

Groupwide initiatives, new business fields, etc.

Make greater use of the Group's collective strength and develop new business fields.

**Strategy④**

The coming age of full-scale population decline

Declining birth rate and aging population

Crumbling infrastructure

Tightening of labour market

Further technological advances (AI, IoT, etc.)

Economic growth in Asia

Growing numbers of overseas visitors

Improvements to public transport infrastructure (airports, rail and motorway networks)

Concentration of population into urban areas

Opportunity for Kansai to develop its position as gateway for Asia and the wider world

# Long-Term Vision (Four strategies)

Umeda・Line-side  
areas

## **Umeda and line-side areas x stock businesses**

**Make our railway the absolute best among the Kansai networks.**

### **Strategy①**

We aim to increase the resident and non-resident population of line-side areas. To this end, we will channel into these areas the dynamism of the Tokyo-Nagoya-Osaka axis and the power of Asia and other regions of the world, attract new industries and cutting-edge technologies ahead of other companies, and support efforts to develop thriving local communities.

## **Tokyo metropolitan area and overseas markets x stock businesses**

**Construct a stable revenue base in the Tokyo metropolitan area and overseas markets**

**(diversify the portfolio, which is currently concentrated in Umeda and line-side areas).**

### **Strategy②**

Our property portfolio is currently concentrated in Umeda and line-side areas. To compensate for downsizing in the Kansai area, we will diversify our property profile by acquiring additional assets including rental property in Tokyo's large market and in overseas markets that are set to grow.

Stock (Use assets)

## **Group-wide initiatives, new business fields, etc.**

**Make greater use of the Group's collective strength and develop new business fields.**

### **Strategy④**

In addition to pursuing Group-wide initiatives, we will introduce cutting-edge technologies into existing businesses, venture into new business fields, and thereby provide culturally enriched and innovative lifestyle options.

## **Flow business**

**Strengthen competitiveness by thoroughly pursuing brand optimisation and differentiation.**

### **Strategy③**

Thoroughly optimise the Hankyu Hanshin brand value and differentiate the products and services from the competition so as to strengthen competitive edge and achieve further business expansion.

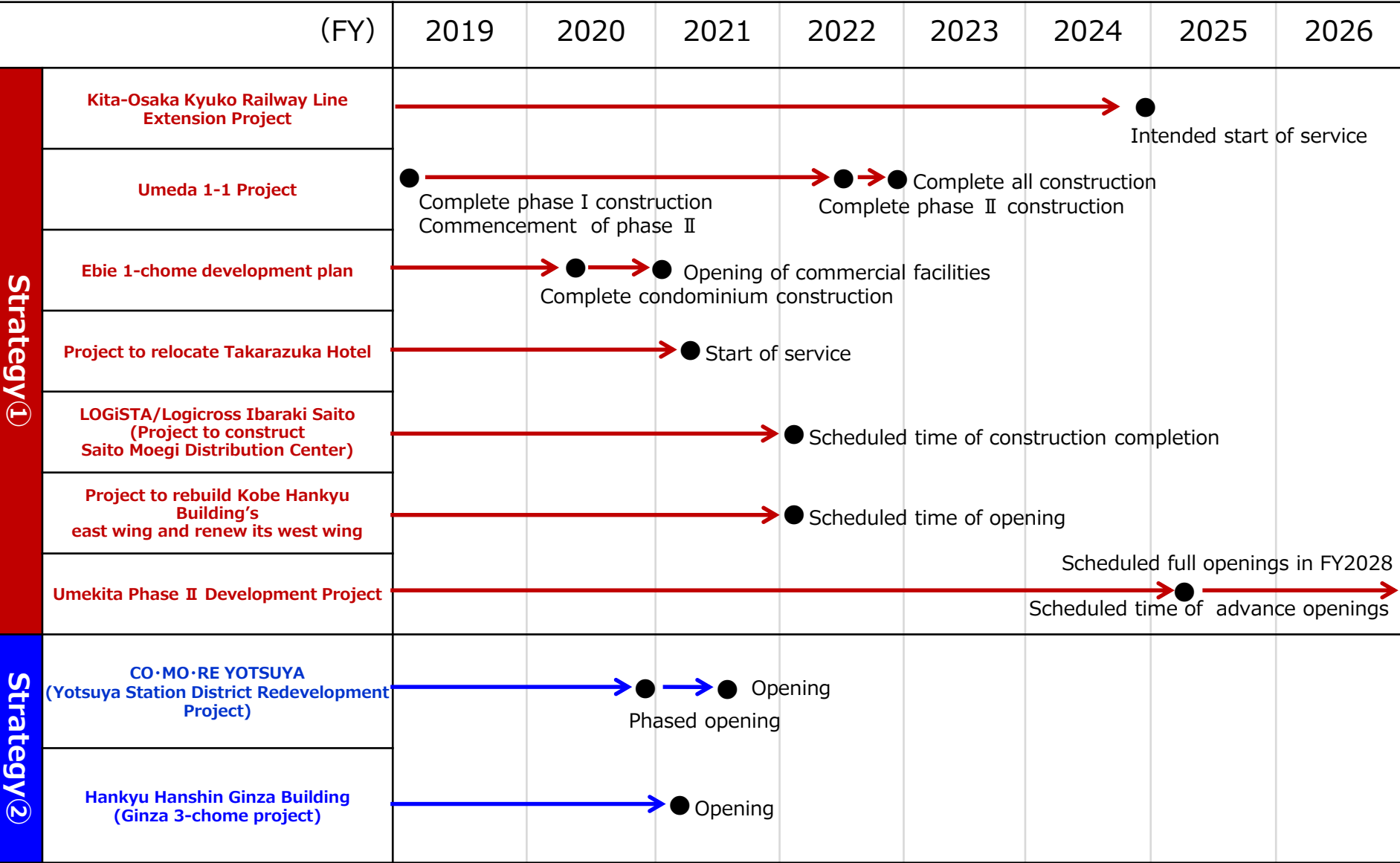
Flow (non-assets)

# **III. Referential Materials**

## **(3) Progress in Each Project**

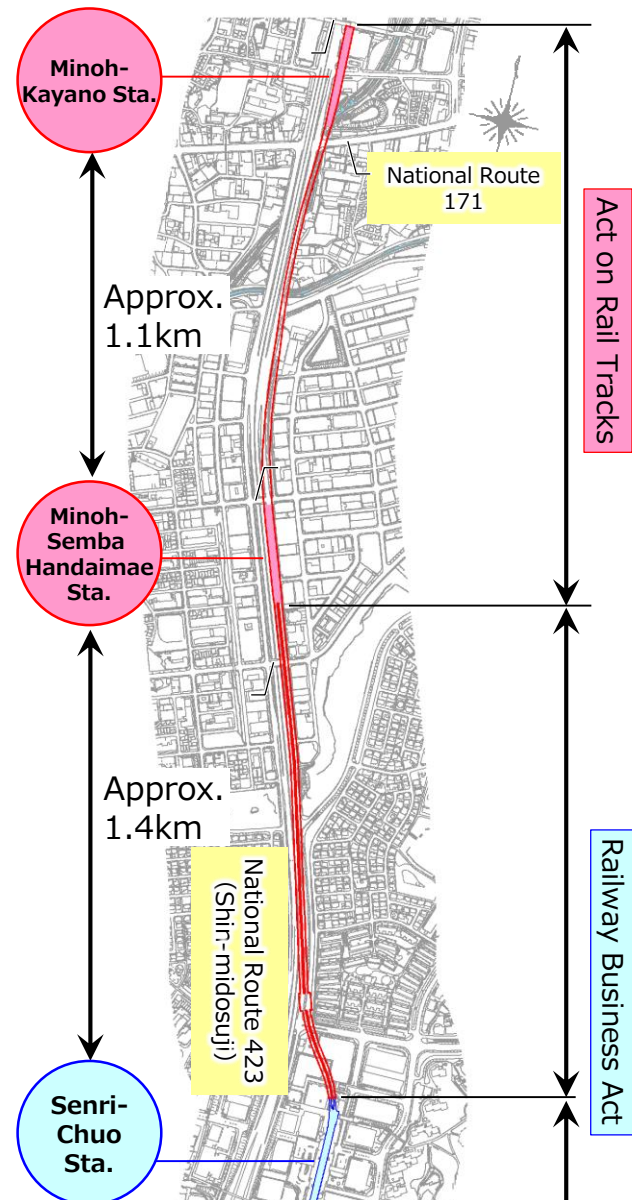


# Schedule for Each Project





# Kita-Osaka Kyuko Railway Line Extension Project



## 【Development plan summary】

- Extension distance:  
2.5 km, from *Senri-Chuo Sta.* to *Minoh-Kayano Sta.*
- New stations:  
*Minoh-Semba Handaimae Sta.*, *Minoh-Kayano Sta.*
- Estimated project cost: ¥65.0 billion yen
- Demand: 45,000 people per day

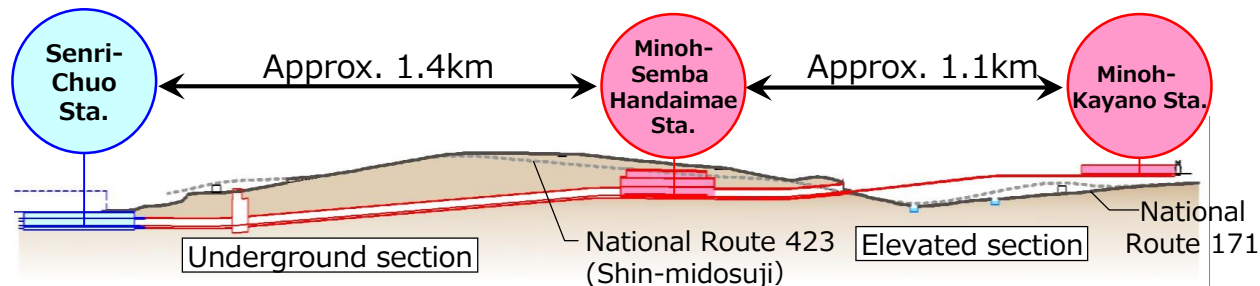
## 【Business scheme】

- Developer:  
Kita-Osaka Kyuko Railway Co., Ltd. and Minoh City (development of infrastructural components between *Minoh-Semba Handaimae Sta.* and *Minoh-Kayano Sta.*)
- Operator: Kita-Osaka Kyuko Railway Co., Ltd.
- Funding programme: Social capital development grant
- Portion to be borne by Kita-Osaka Kyuko Railway Co., Ltd.:  
¥11.0 billion yen; Amount commensurate with profits

## 【Schedule】

December, 2015: Obtained a license for railway business and a charter for railway track operations

December, 2016: Commencement of construction  
FY2024 : Intended start of service



# Umeda 1-1 Project (Name of the building : Osaka Umeda Twin Towers South)

## 【Project summary】

Location	1-1 Umeda, Kita-ku, Osaka
Site area	Approx. 12,200 m <sup>2</sup> *
Total floor space	Approx. 260,000 m <sup>2</sup>
Number of floors	38 floors above ground and 3 below ground
Purpose	Department store, offices, halls, etc.
Planned total investment	¥89.7 billion
Construction completion	Spring 2022

\* Including the road between Dai Hanshin Building and Shin Hankyu Building

## 【Schedule】

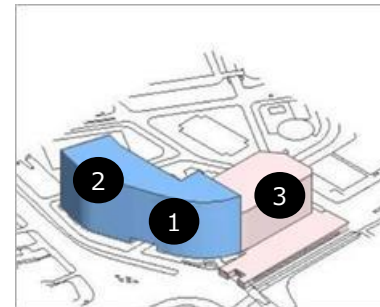
July 2015	Begin phase I construction
April 2018	Complete phase I construction* (Shin Hankyu Building and Dai Hanshin Building East Wing)
June 2018	Partial opening of new department store. Phase II (west wing of Dai Hanshin Building): Start demolition work
June 2019	Begin phase II construction
Autumn 2021	Complete phase II construction (new department store part) and fully open new department store
Spring 2022	Complete all construction and open office floors

\* The project is scheduled to be completed in spring 2022. In that year, Umeda Hankyu Building, which houses Hankyu Department Store (Hankyu Umeda Main Store), will be renamed 'Osaka Umeda Twin Towers North', and the two adjacent buildings will be christened the 'Osaka Umeda Twin Towers'.

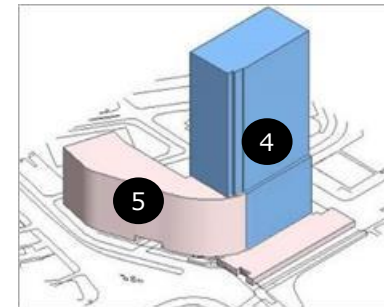
## 【Conceptual illustration of the building exterior】



## 【Phase I】



## 【Phase II】



The rentable area is smaller than that planned during phase I.

- ① Dai Hanshin Building East Wing
- ② Shin Hankyu Building
- ③ Dai Hanshin Building West Wing (businesses operating)
- ④ Dai Hanshin Building West Wing (under construction)
- ⑤ Phase I (businesses operating)

# Umekita Phase II Development Project

## 【Background】

- JV9, which includes Hankyu Corporation, and Hankyu Hanshin Properties Corporation entered a consortium with four other firms. The consortium submitted a bid for the Umekita Phase II Development Project in a public tendering process organized by the Urban Renaissance Agency (a semipublic Independent Administrative Institution). The consortium won the bidding.
- The core theme of the project is to integrate green space with innovation. Building on the first phase of the project (which culminated in the opening of Grand Front Osaka), the consortium is working to achieve this theme and set a new standard in urban design for Kansai and even the whole of Asia.

## 【Outline of plan】

### <Private-sector zone specifications>

Zone	North zone	South zone
Site area	15,720m <sup>2</sup>	30,430m <sup>2</sup>
Total floor space	154,200m <sup>2</sup>	413,000m <sup>2</sup>
Facilities	Innovation facilities, hotel, residence, others	MICE facilities, offices, hotels, commercial facilities, residence, others

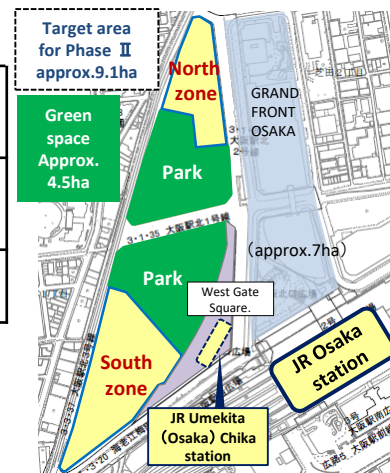
### <Urban open space specifications>

Site area	45,000m <sup>2</sup>
Total facility floor area	12,500m <sup>2</sup>
Facilities	Museum, experiential learning facilities, roofed open spaces, restaurants, shops, others

### <Schedule>

Second half of FY2021	Construction in private-sector zones
Around summer 2024	Advance openings※
FY2028	Full openings



※For some private-sector zone facilities and part of the urban open space



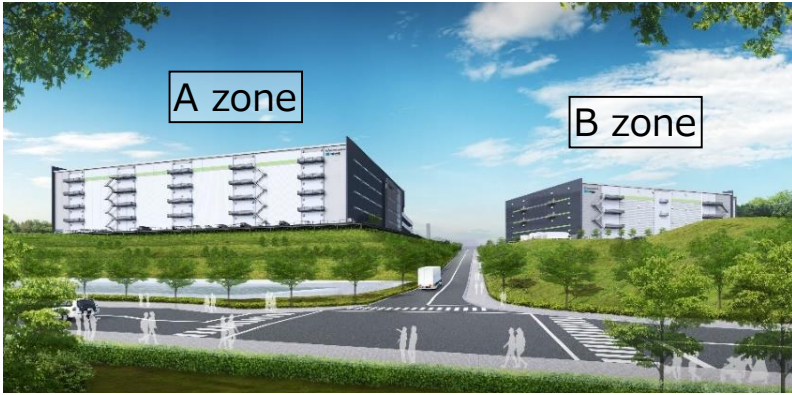

How the area as a whole will look once completed



# Project progress along other line-side areas①

In order of opening date	<b>Ebie 1-Chome Development Plan</b>	<b>Project to relocate Takarazuka Hotel</b>
		
Location	1-chome Ebie, Fukushima-ku, Osaka	1-chome Sakaemachi, Takarazuka, Hyogo
Site area	Approx. 27,900㎡(※)	Approx. 12,300㎡
Total floor space	Approx. 52,200㎡(※) (condominium)	Approx. 23,000㎡
Number of floors	20 floors above ground (condominium) Number of units:566units(※)	5 floors above ground and 1 below ground
Purpose	condominium(Geo Fukushima Noda <i>The Marks</i> ), commercial facilities (land to let)	rooms (200rooms) party hall (4 halls) restaurant (4 facilities)
Scheduled opening	July 2020 Condominium handover completed March ~ April 2020 Opening of commercial facilities	June 21, 2020

# Project progress along other line-side areas②

In order of opening date	<b>LOGiSTA/Logicross Ibaraki Saito</b> <b>(Project to construct Saito Moegi Distribution Center)</b> 	<b>Project to rebuild Kobe Hankyu Building's east wing and renew its west wing</b> 
Location	1-chome Saito Moegi, Ibaraki, Osaka (In the Sanroku Line area of the eastern section of Ibaraki City's International Culture Park 'Saito')	4-chome Kanocho, Chuo-ku, Kobe
Site area	A zone : Approx. 51,000m <sup>2</sup> ※ B zone : Approx. 16,000m <sup>2</sup> ※	Approx. 7,100m <sup>2</sup>
Total floor space	A zone : Approx. 116,000m <sup>2</sup> ※ B zone : Approx. 31,000m <sup>2</sup> ※	Approx. 33,300m <sup>2</sup>
Number of floors	A zone : 5 floors above ground B zone : 4 floors above ground	East wing : 29 floors above ground and 3 below ground West wing : 1 floor under railway station (some sections with 2 floors above ground / basement level)
Purpose	logistics facilities (A zone : large multitenant logistics facility [High-tech facilities designed to be used by multiple tenants] 、 B zone : multitenant logistics facility [Box-type facilities that can be leased in one building or split into 2 to 4 tenants] )	hotel(scheduled to open the second "remm plus" brand hotel), offices, commercial facilities, railway station
Scheduled opening	A zone : End of May 2021(scheduled completion) B zone : End of April 2021(scheduled completion)	Spring 2021

※ Includes the portion belonging to our partner

# Project progress in the Tokyo metropolitan areas

In order of opening date	<b>CO・MO・RE YOTSUYA</b> (Yotsuya Station District Redevelopment Project) 	<b>Hankyu Hanshin Ginza Building</b> (Ginza 3-chome project) 
Location	1-chome Yotsuya, Shinjuku-ku, Tokyo	3-chome Ginza, Chuo-ku, Tokyo
Site area	Approx. 17,900m <sup>2</sup> ※	Approx. 310m <sup>2</sup>
Total floor space	Approx. 139,600m <sup>2</sup> ※	Approx. 2,900m <sup>2</sup>
Number of floors	31 floors above ground and 3 below ground	11 floors above ground and 1 below ground
Purpose	office, commercial facilities, residence, educational services, publicgood, parking	commercial facilities
Scheduled opening	February 2020 ~ Phased occupancy/opening September 30, 2020 Opening	May 2020

※ Includes the portion belonging to our partner.

# **III. Referential Materials**

## **(4) Other**

# Consolidated Subsidiaries

(As of September 30, 2020)

Urban Transportation	
Railway operations	Hankyu Corporation Hanshin Electric Railway Nose Electric Railway Kita-Osaka Kyuko Railway Kobe Rapid Transit Railway Hankyu Hanshin Electric System Railway Operation Hankyu Hankyu Railway Service
Automobile	Hankyu Bus Hanshin Bus Hankyu Kanko Bus Osaka Airport Transport Hankyu Taxi Hanshin Taxi Osaka Hanshin Taxi Hankyu Hanshin Motor Technology Hankyu Driving School Hattori Ryokuchi Haks Hanshin Hankyu Commuterbus Management Osaka Motor Technology (OMTEC)
Retailing	Eki Retail Service Hankyu Hanshin Hankyu Style Labels
Other	Alna Sharyo Hankyu Sekkei Consultant Hanshin Station Net Hanshin Sharyo Maintenance

Real Estate	
Real estate leasing and sales	Hankyu Hanshin Properties Hankyu Corporation Hanshin Electric Railway Hankyu Hanshin Estate Service Osaka Diamond Chikagai Kyokuto Advanced Development
Other	Hankyu Hanshin Building Management Hankyu Hanshin High Security Service Hankyu Hanshin Clean Service Hankyu Hanshin REIT Asset Management Hankyu Hanshin Real Estate Investment Advisors Hankyu Hanshin Housing Support Hankyu Hanshin Properties Join HANKYU HANSHIN LOGISTICS INDONESIA
Entertainment	
Sports	Hanshin Electric Railway Hanshin Tigers Baseball Club Hanshin Contents Link Corporation P & P Hamamatsu Wellness Hanshin Mt.Rokko Cable Car & Tourism
Stage	Hankyu Corporation Takarazuka Creative Arts Takarazuka Stage Umeda Arts Theater
Information and Communication Technology	
Information and Communication Technology	Hanshin Electric Railway Itec Hankyu Hanshin System Giken YMIRLINK Rworks Mimamorume Himeji Cable Television Bay Communications Hanshin Cable Engineering

Travel	
Travel agency	Hankyu Travel International Hankyu Hanshin Business Travel Hankyu Travel Support Hanshin Travel International
International Transportation	
International transportation	Hankyu Hanshin Express Hankyu Hanshin Logipartners HANKYU HANSHIN EXPRESS (USA,DEUTSCHLAND,UK,NETHERLANDS BEIJING,SHANGHAI,GUANGZHOU,HK, TAIWAN,KOREA,Southeast Asia, SINGAPORE,THAILAND,MALAYSIA, PHILIPPINES,INDONESIA,VIETNAM, INDIA : 18 companies) HANKYU HANSHIN INTERNATIONAL LOGISTICS SHANGHAI HANKYU HANSHIN LOGISTICS INDONESIA
Hotels	
Hotel management	Hankyu Hanshin Hotels Hanshin Hotel Systems Arima View Hotel Amanohashidate Hotel Kure Hankyu Hotel

【Legend】

Name of segment	
Name of sub-segment	Name of consolidated subsidiary (Only listed companies that are managed as segment)

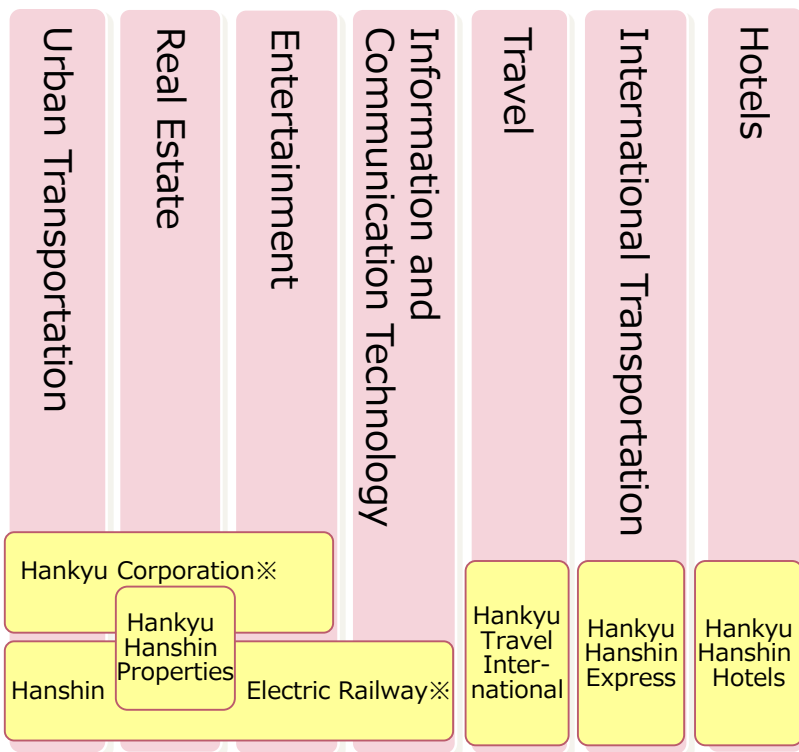


# Revenue from Operations and operating income as a FY2019

## Management composition

(As of March 31, 2020)

### Hankyu Hanshin Holdings



※ In the Umeda and line-side areas, Hankyu Corporation and Hanshin Electric Railway will retain their real estate for leasing and developing and work with Hankyu Hanshin Properties to promote community building efforts in connection with public transport networks and local governments.

## Earnings structure

- The Urban Transportation and Real Estate businesses generate stable cash flows and account for approximately 60% of revenue from operations and 80% of operating income.

### Revenue from operations breakdown(FY2020)

#### Consolidated Total

Revenue from Operations	¥762.7billion
Operating Income	¥95.2billion
Operating Income Margin	12.5 %

#### Hotels

Revenue from Operations	¥60.3billion
Operating Income	-¥3.1billion
Operating Income Margin	-

#### International Transportation

Revenue from Operations	¥76.2billion
Operating Income	¥0.2billion
Operating Income Margin	0.3 %

#### Travel

Revenue from Operations	¥33.8billion
Operating Income	¥0.2billion
Operating Income Margin	0.6 %

#### Information and Communication Technology

Revenue from Operations	¥58.6billion
Operating Income	¥5.6billion
Operating Income Margin	9.6 %

#### Urban Transportation

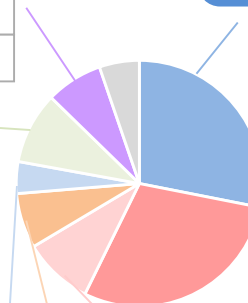
Revenue from Operations	¥227.2billion
Operating Income	¥40.1billion
Operating Income Margin	17.6 %

#### Real Estate

Revenue from Operations	¥236.0billion
Operating Income	¥41.5billion
Operating Income Margin	17.6 %

#### Entertainment

Revenue from Operations	¥74.0billion
Operating Income	¥11.7billion
Operating Income Margin	15.8 %



# Areas served by the Hankyu and Hanshin lines①

## Definition of the areas served by the Hankyu and Hanshin lines

## Osaka Prefecture:

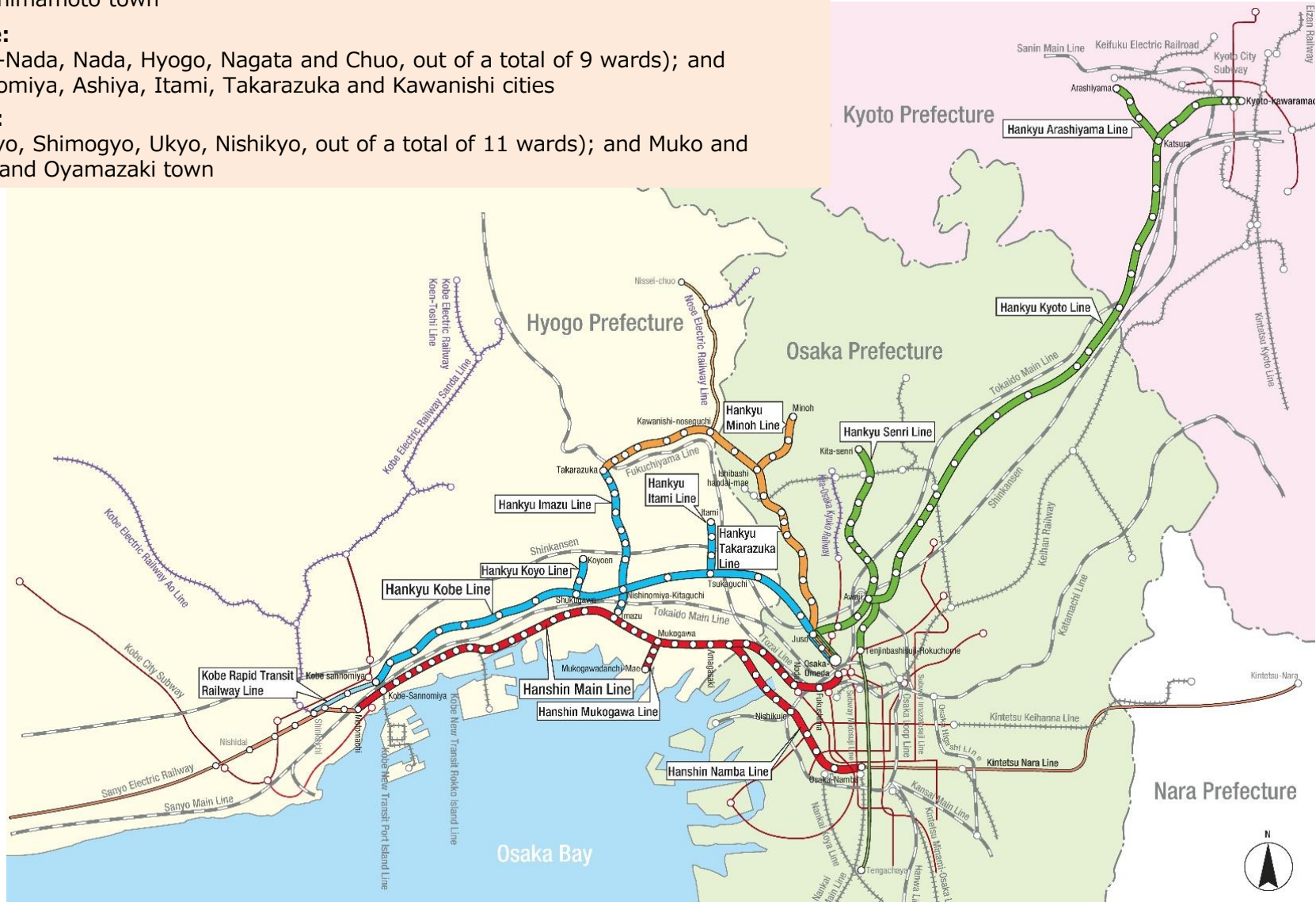
Osaka City (Fukushima, Konohana, Nishi, Naniwa, Nishi-Yodogawa, Higashi-Yodogawa, Yodogawa, Kita and Chuo, out of a total of 24 wards); and Toyonaka, Ikeda, Suita, Takatsuki, Ibaraki, Minoh, Settsu cities and Shimamoto town

## Hyogo Prefecture:

Kobe City (Higashi-Nada, Nada, Hyogo, Nagata and Chuo, out of a total of 9 wards); and Amagasaki, Nishinomiya, Ashiya, Itami, Takarazuka and Kawanishi cities

## Kyoto Prefecture:

Kyoto City (Nakagyo, Shimogyo, Ukyo, Nishikyo, out of a total of 11 wards); and Muko and Nagaokakyo cities and Oyamazaki town

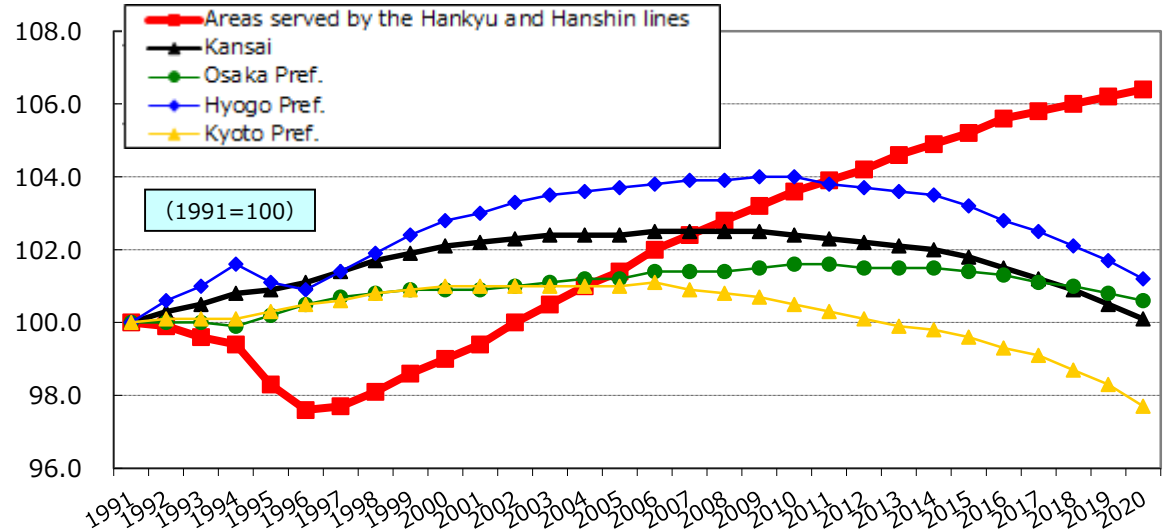


## Areas served by the Hankyu and Hanshin lines②

## Population Trends

Sources: Prepared by the Company based on data from "Local Economy Directory," published by Toyo Keizai, Inc., and "Basic Resident Register," published by the Ministry of Internal Affairs and Communications. (as of January 1,2020)

	(km <sup>2</sup> )	(thousand)
	Area	Population
Areas served by the Hankyu/Hanshin line	1,318	5,625
Osaka Pref. (service areas)	449	2,694
Hyogo Pref. (service areas)	471	2,265
Kyoto Pref. (service areas)	398	667
Non-Hankyu/Hanshin Service Areas	26,033	14,564
Osaka Pref. (non-service areas)	1,456	5,903
Hyogo Pref. (non-service areas)	7,930	3,170
Kyoto Pref. (non-service areas)	4,214	1,815
Shiga Pref.	4,017	1,388
Nara Pref.	3,691	1,340
Wakayama Pref.	4,725	947
Total	27,351	20,189



## Survey of prospective condominium purchasers regarding their preferred Kansai residential area

Ranking	Station	(Area)	Ranking	Station	(Area)
1	Nishinomiya-Kitaguchi	(Nishinomiya, Hyogo Pref.)	11	Takatsuki, Takatsuki-shi	(Takatsuki, Osaka Pref.)
2	Shukugawa	(Nishinomiya, Hyogo Pref.)	12	Esaka	(Suita, Osaka Pref.)
3	Osaka-Umeda, Osaka	(Osaka, Osaka Pref.)	13	Yodoyabashi	(Osaka, Osaka Pref.)
4	Okamoto	(Kobe, Hyogo Pref.)	14	Takarazuka	(Takarazuka, Hyogo Pref.)
5	Mikage	(Kobe, Hyogo Pref. )	15	Tsukaguchi	(Amagasaki, Hyogo Pref.)
6	Ashiyagawa	(Ashiya, Hyogo Pref.)	16	Sumiyoshi	(Kobe, Hyogo Pref.)
7	Senri-Chuo	(Toyonaka, Osaka Pref.)	17	Kobe	(Kobe, Hyogo Pref.)
8	Kobe-Sannomiya, Sannomiya	(Kobe, Hyogo Pref.)	18	Hommachi	(Osaka, Osaka Pref.)
9	Tennoji	(Osaka, Osaka Pref.)	18	Fukushima	(Osaka, Osaka Pref.)
10	Ashiya	(Ashiya, Hyogo Pref.)	20	Nakatsu	(Osaka, Osaka Pref.)

Except for Tennoji (9), Yodoyabashi (13) and Hommachi (18), all of the top 20 stations are on Hankyu Hanshin Holdings group lines

Source: A survey of prospective condominium purchasers regarding their preferred residential area, conducted by seven major real estate developers (Sumitomo Realty & Development Co., Ltd., Daikyo Incorporated, Tokyu Land Corporation, Tokyo Tatemono Co., Ltd., Nomura Real Estate Development Co., Ltd., Mitsui Fudosan Residential Co., Ltd., and Mitsubishi Jisho Residence Co., Ltd.) and included in a press release dated September 30, 2020.



# Overview of Umeda area①

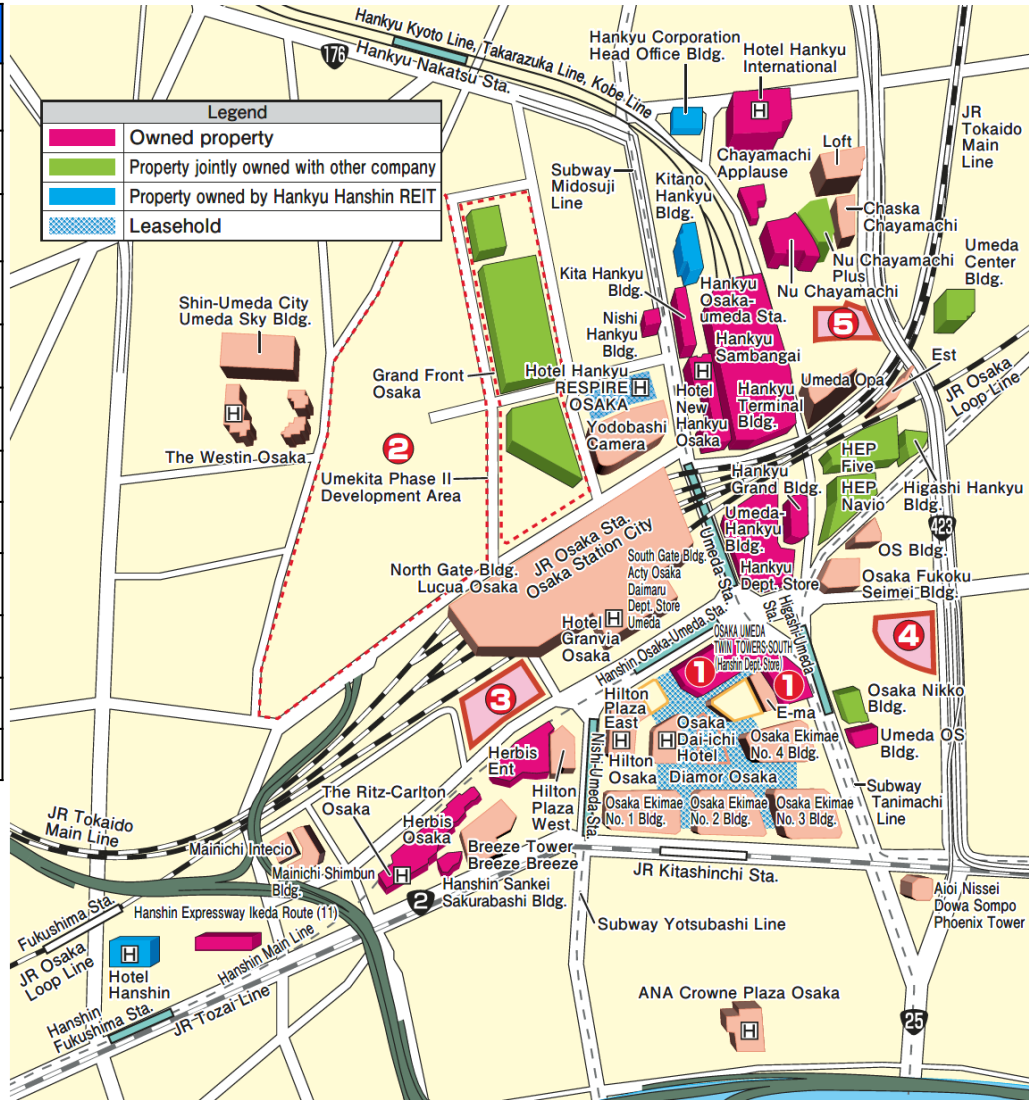
## Major rental properties (as of the end of September, 2020)

Property name	Leasable area (1,000m) ※1	Number of floors	Completed
Umeda Hankyu Bldg. (Hankyu Dept.Store-office tower)	213	41 floors above ground and 2 below ground	2012
Umeda Hanshin Daiichi Bldg. (HERBIS OSAKA)	82	40 floors above ground and 5 below ground	1997
Osaka Umeda Twin Towers South (Umeda 1-1 project Phase I)	58	13 floors above the ground and 3 below ground	2018
Umeda Hanshin Daini Bldg. (HERBIS ENT)	54	28 floors above ground and 4 below ground	2004
Hankyu Chayamachi Bldg. (Applause Tower)	52	34 floors above ground and 3 below ground	1992
Hankyu Sanban Gai Shopping Centre	39	5 floors above ground and 2 below ground	1969
Hankyu Grand Bldg.	36	32 floors above ground and 3 below ground	1977
Hankyu Terminal Bldg.	27	18 floors above ground and 4 below ground	1972
Hankyu Five Bldg.※2 (HEP FIVE)	20	10 floors above ground and 3 below ground	1998
NAVIO Hankyu (HEP NAVIO)	16	10 floors above ground and 2 below ground	1980
GRAND FRONT OSAKA※3	14	38 floors above ground and 3 below ground	2013
NU chayamachi	12	9 floors above ground and 2 below ground	2005

※1 : Leasable area does not include areas for public use  
※2 : Jointly owned property with Hankyu Hanshin REIT Asset Management  
※3 : Jointly owned property with others (other than Hankyu Hanshin REIT Asset Management)

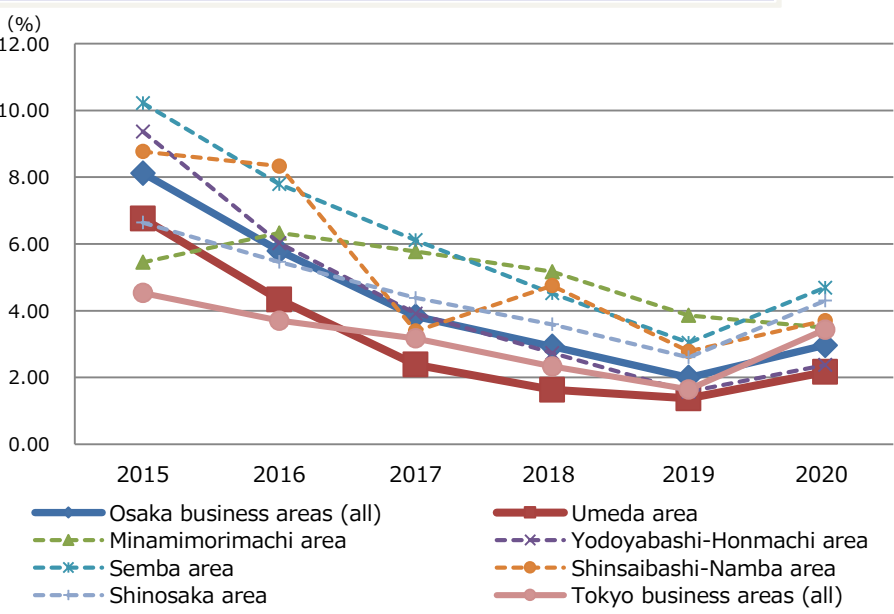
## Developments in Umeda district

- (red = Hankyu Hanshin Holdings group related Projects)
- ① Umeda 1-1 Project (Osaka Umeda Twin Towers South)
  - ② Umekita Phase II Development Project
  - ③ Umeda 3-chome Project (Provisional Name)  
- Japan Post Holdings Co. Ltd./Osaka Terminal Building Co., Ltd.
  - ④ (Provisional Name) Umeda Sonezaki Project -Sumitomo Realty & development Co., Ltd.
  - ⑤ Chayamachi B-2 District Redevelopment Project -TOKYU LAND CORPORATION Co., Ltd.



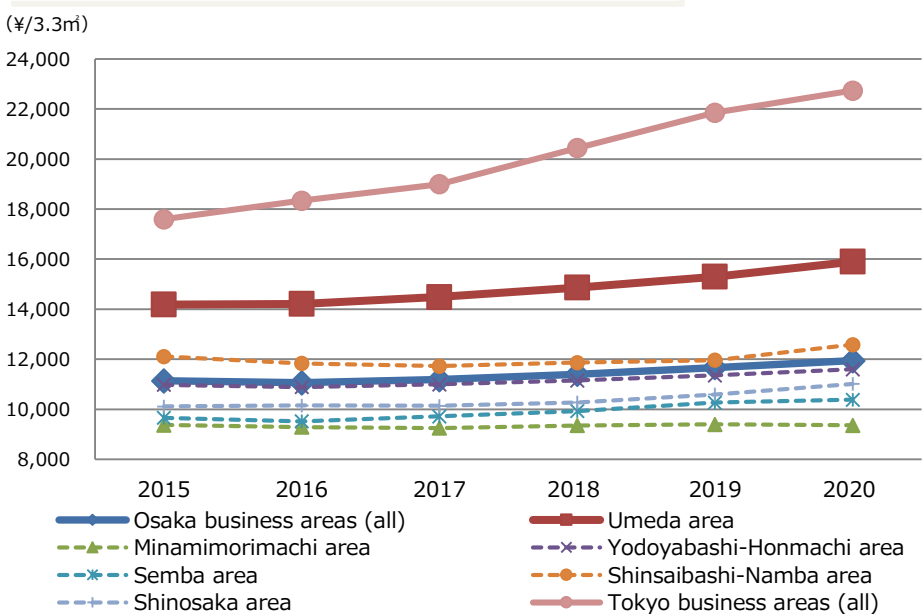
# Overview of Umeda area②

Trends in average vacancy rates among six main business districts in Osaka



(%)	2015	2016	2017	2018	2019	2020
Osaka business areas (all)	8.12	5.79	3.83	2.93	2.00	2.96
Umeda area	6.76	4.33	2.38	1.63	1.37	2.16
Minamimorimachi area	5.45	6.33	5.77	5.17	3.86	3.49
Yodoyabashi-Honmachi area	9.37	6.02	3.91	2.73	1.57	2.37
Semba area	10.22	7.79	6.11	4.52	3.04	4.69
Shinsaibashi-Namba area	8.77	8.33	3.39	4.75	2.78	3.70
Shinosaka area	6.64	5.46	4.38	3.59	2.60	4.30
Tokyo business areas (all)	4.53	3.70	3.17	2.33	1.64	3.43

Trends in rent among six main business districts in Osaka



(¥/3.3m)	2015	2016	2017	2018	2019	2020
Osaka business areas (all)	11,135	11,061	11,187	11,398	11,670	11,944
Umeda area	14,189	14,210	14,487	14,863	15,297	15,900
Minamimorimachi area	9,376	9,291	9,249	9,357	9,396	9,362
Yodoyabashi-Honmachi area	10,976	10,891	10,994	11,149	11,356	11,595
Semba area	9,663	9,521	9,717	9,932	10,271	10,383
Shinsaibashi-Namba area	12,110	11,833	11,725	11,865	11,962	12,584
Shinosaka area	10,113	10,152	10,140	10,273	10,594	11,014
Tokyo business areas (all)	17,594	18,336	18,995	20,438	21,855	22,733

(Comparison of average rents in September of respective years)  
Source: Miki Shoji, "Office Data."

# Hotel network of the Hankyu-Hanshin-Daiichi Hotel Group

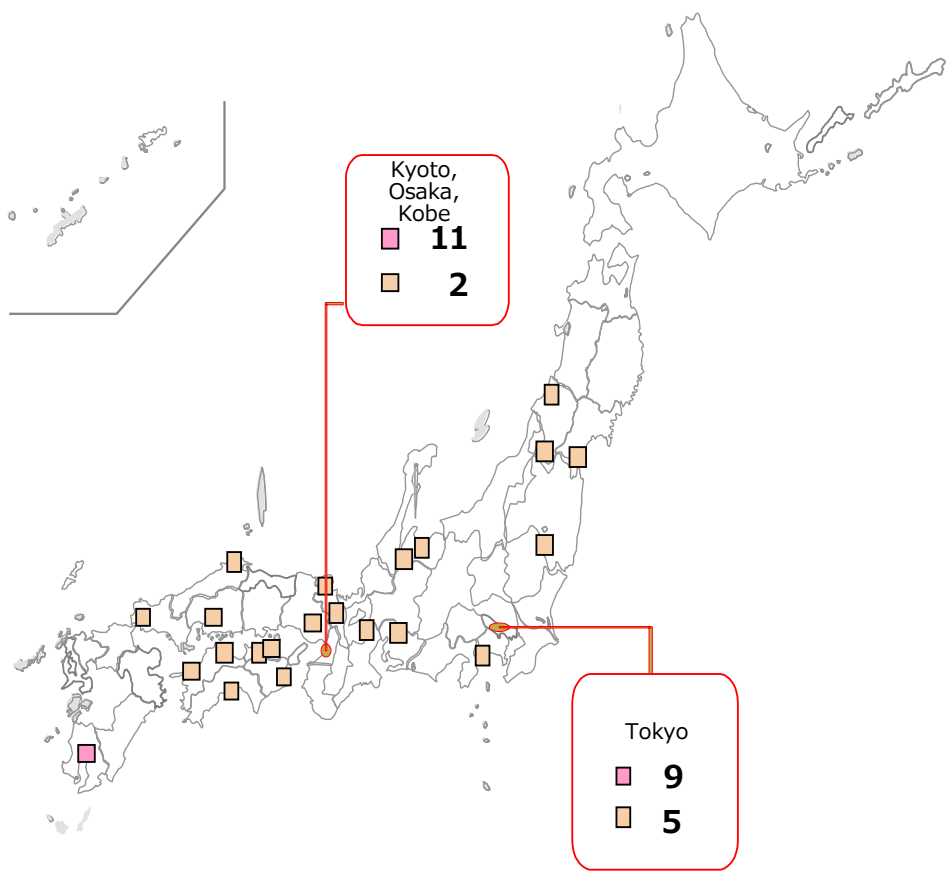
Directly managed hotels (Hankyu Hanshin Hotels)	21Hotels	6,659 rooms	49Hotels 12,470 rooms
Other (franchises, etc.)	28Hotels	5,811 rooms	

(scheduled on October 1, 2020)



阪急阪神第一ホテルグループ

Directly managed hotels	
Dai-ichi Hotel Tokyo	Ours Inn Hankyu
Dai-ichi Hotel Annex	Ginza Creston
Daiichi Hotel Tokyo Seafort	Dai-ichi Hotel Ryogoku
Kichijoji Dai-ichi Hotel	Dai-ichi Inn Ikebukuro
remm Hibiya	Hotel Yaenomidori Tokyo
remm Akihabara	Dai-ichi Inn Shonan
remm Roppongi	Toyama Dai-ichi Hotel
remm Tokyo Kyobashi	Dai-ichi Inn Shinminato
remm plus Ginza	Tokyo Dai-ichi Hotel Nishiki
Hotel Hankyu International	Hotel Boston Plaza Kusatsu
Hotel new Hankyu Osaka	Hotel Royal Hill Fukuchiyama
Hotel new Hankyu Annex	Amano Hashidate Hotel
Umeda OS hotel ※	Osaka Dai-ichi Hotel
Hotel Hankyu RESPIRE OSAKA	Hotel Bay Gulls
Hotel Hanshin Osaka	Arima Kirari Hotel
Hotel Hanshin Annex Osaka	Kure Hankyu Hotel
remm Shin-Osaka	Hotel Ichibata
Senri Hankyu Hotel	Tokyo Dai-ichi Hotel Shimonoseki
Takarazuka Hotel	Takamatsu Kokusai Hotel
Hotel new Hankyu Kyoto	JR Hotel Clement Takamatsu
remm Kagoshima	JR Hotel Clement Tokushima
Other(franchises, etc.)	The Crown Palais New Hankyu Kochi
Tokyo Dai-ichi Hotel Iwanuma Resort	Tokyo Dai-ichi Hotel Matsuyama
Tokyo Dai-ichi Hotel Tsuruoka	Imabari Kokusai Hotel
Tokyo Dai-ichi Hotel Yonezawa	
Tokyo Dai-ichi Hotel Shin-Shirakawa	



※Hankyu-Hanshin Hotels are entrusted operation