Supplementary Briefing During the Briefing on Earning Results for Fiscal 2024 (Ended March 2024) Presented by Yasuo Shimada, President and Representative Director

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

FY2024 financial results (P3)

- We saw revenue and profit increase in our FY2024 financial results compared to the previous fiscal year. This increase came on the back of a recovery in the demand for hotel accommodation, a modest recovery in passenger volume in the Urban Transportation segment, and strong performance in the Sports business following the Hanshin Tigers winning the league championship and the Japan Series. We achieved this increase despite the effects of the temporary uptick in demand seen in the previous fiscal year in the Travel and International Transportation segments subsiding.

Long-term vision, medium-term management plan (P4)

Direction of long-term management

- The whole of the Group is currently continuing to discuss various matters about our plan to "transform into a corporate group capable of delivering a sustainable ROE of 8%."
- We are not yet at the stage where I can give you details on that. Nonetheless, I would like to take this opportunity to explain a little about the current status of our considerations.

Background considerations (P33)

- The Group is promoting various measures based on the long-term vision we established in FY2023. However, as the pace of environmental changes further accelerates, we are aiming to secure and maintain a stable capacity to generate capital to enrich lifestyles in line-side areas in the future by delivering "Safety and Comfort" and "Dreams and Excitement." At the same time, we believe it is vital to earn a stable reputation in capital markets.
- As a means of doing that, we have come to recognize our challenge is to "transform into a corporate group capable of delivering a sustainable ROE of 8%."

Direction of further review towards achieving reforms (P34)

- As we transform, we are proceeding with discussions while keeping an eye on areas such as market potential and competitive advantages of the Company in relation to the business portfolio which is a matter we must consider before considering that transformation. We are ascertaining where there are opportunities for growth and considering how we should allocate our limited management resources from three broad perspectives: finance challenges, business challenges and human resource challenges.
- In terms of finance challenges, we are considering how to allocate capital in consideration of a balance between growth investment and financial soundness. In addition, we are considering our capital structure and ideal ROIC with an awareness of our target of an ROE of 8%.
- In terms of business challenges, we will grow profits in ways that are not simply an extension of previous business activities such as by adopting a proactive approach to new growth markets upon tailoring our initiatives taking into account factors such as the growth potential of markets.
- In terms of human resource challenges, we will continue to invest in human capital as a source of growth. At the same time, we want to focus our human resources in growth areas while also working to improve productivity.

Addressing finance challenges (P35)

- We believe it is essential to achieve a sustainable ROE of 8% considering global capital markets. To achieve that, we will look to the use of leverage with a view to improving our ROIC.
- On the other hand, we also recognize the necessity of gaining trust from creditors and stably raising capital. Accordingly, we will continue to place importance on our interest-bearing debt/EBITDA ratio.
- We can both expand our leverage and maintain our interest-bearing debt/EBITDA ratio by improving our ROIC. Therefore, we are aiming to achieve an interest-bearing debt/EBITDA ratio in the 5X range to maintain a financial soundness that is among the highest for private railway operators in the future. We are discussing our desire to maintain this ratio in the 6X range should investment costs temporarily peak.

Addressing business challenges (P36)

- It is inevitable that the existing market in the top left (1) will shrink due to the declining birthrate and the aging population. Nevertheless, we will maximize our cash generation capabilities by further refining the ideas we have accumulated up to now in relation to this. On the other hand, it is essential we steadily move ahead with large projects like the Naniwasuji Connection Line / Shin-Osaka Connection Line Project and the Shibata 1 Project as in the bottom left (2) to realize our aim to be the absolute best among the Kansai networks. However, these projects require a large amount of capital to be invested. It will also take a considerable amount of time for the effects of those projects to materialize.
- Accordingly, to balance both the promotion of large projects and the expectations from capital markets, in addition to initiatives to attract new customers in our existing business model, we are also making aggressive moves in markets where we can expect growth such as in the Overseas Real Estate business. We hope to grow profits in ways that are not just an extension of previous business activities. We would like to give shape to (3) and (4) as soon as possible to give a sense of direction.

Long-term vision for business expansion (P37)

- We demonstrate the concept of these four classifications in chronological order here.
- The existing market at the bottom, the one in the top left (1) I mentioned earlier, will inevitably shrink if we do nothing as the birthrate declines and the population ages. Nevertheless, we will strive to maximize our cash generation capabilities while responding to changes in the demand structure. In addition, as shown in the bottom left (2), the effects of large projects will materialize in the latter half of the 2030s and further boost income. However, costs will come first with the need for investment accompanied by the execution of these projects in the short term.
- In response to this, we will first aim to grow profit by attracting new customers such as those who come to Japan from other countries in our existing business model in the top right (3).
- In addition, we need to expand into new growth markets to grow profit that is not just an extension of past business endeavors by using a cumulation of past efforts as a springboard for the bottom right (4).
- One of the measures to achieve that is to expand our business domains and areas by using our know-how from our existing businesses such as the Overseas Real Estate business. Another measure is to expand into new business domains where we can expect growth. We are considering what kind of expansion to aim for in the future for both of these measures.

At-a-glance view of cash allocation (P4)

- I would like to look at our view of cash allocation during this medium-term management period. In terms of inflows, under an assumption of an EBITDA of 690 billion yen, we will increase growth investment by raising capital through asset sales and additional borrowings. In terms of outflows, under the assumption of investment in maintenance and renewal at 240 billion yen on a same level as depreciation, growth investment will be 520 billion yen focused on the Real Estate segment.
- We give a comparison with the previous plan on slide 43. In terms of inflows, EBITDA will increase 20 billion yen compared to the previous plan. Meanwhile, in terms of outflows, investment in maintenance and renewal will be at the same size as our previous plan. Growth investment will increase by a total of 130 billion yen when we include the areas we set as strategic investment in the previous plan. We will cover the outflow of 120 billion yen, for which the deficit will increase during the period of the plan compared to the previous plan, with asset sales of 30 billion yen and additional borrowings of 90 billion yen.

- We would like to tailor this kind of thinking into our long-term management direction.
- We will increase growth investment focused on the Real Estate segment in anticipation of an increase in the size of business from FY2027 onward this time. Nevertheless, we will continue to allocate our limited management resources with a more approach in which we separate the areas where we should and shouldn't focus on more than ever before.
- I would like to give you our view on the composition ratio of invested capital in the future. For example, businesses expected to grow such as the Overseas Real Estate business will serve as the future growth drivers of the Group. We will significantly raise the composition ratio of invested capital while appropriately managing risk. On the other hand, we expect the composition ratio for existing stock businesses in Japan including the Urban Transportation and Real Estate Leasing businesses to decline relatively in the long-term.
- That is the status of our consideration for the direction of our long-term management. I should note here that aiming for an ROE of 8% is a means not an end. We will continue to nimbly respond to changes in the world and to provide the products and services truly needed by society. Moreover, we will appropriately allocate management resources from the perspective of our ideal business portfolio to realize growth in ways that are not simply an extension of previous business activities. In this way, we want to further increase the pace of reform over the whole of the Group.

FY2025 performance forecasts (P5)

- We expect an increase in revenue due to an increase in the number of condominiums in the Real Estate segment in our full-year forecast for FY2025. Nevertheless, we forecast profit to be on a par with the previous fiscal year due to a rebound from transitory factors impacting profit in the previous period such as extraordinary demand related to professional baseball and orders for support services for local governments in the Travel segment.

Shareholder returns (increased dividend) (P5)

- We increased our annual dividend per share in FY2024 from the previous 50 yen to 55 yen.
- We will increase our annual dividend per share in FY2025 by 5 yen to 60 yen based on recent business performance.
- Our total return ratio is 30%. We plan to allocate the amount less this cash dividend to acquiring treasury stock in both FY2024 and FY2025.

Initiatives for the Takarazuka Revue incident (P6)

- On March 28, we announced our initiatives to prevent a recurrence of the incident in which a member of the Takarazuka Revue died in September last year. In addition, we held a briefing session for investors on April 8. We explained the causes of the incident, the further promotion of initiatives aimed at empowering each individual over the whole of the Group, the enhancement of our risk management structure and other efforts from our perspective as the holding company.
- The Takarazuka Revue is engaging in the initiatives described on this slide, including a review of its performance plan. It will announce its progress on these initiatives as the occasion calls on its website.
- Moreover, the Advisory Board established in Hankyu Corporation held its first meeting on April 25. Its members exchanged opinions about the current issues and the direction of future measures. The board will continue to provide advice and recommendations through this fiscal year on themes such as the establishment of a management support structure for revue members, initiatives to encourage a change in thinking and behavior among revue members and related parties, enhancement of the governance structure over the whole of the Group, and more.
- Based on the content of the Board's advice and recommendations, we will strive to establish an environment where all the related parties involved in the management of the Takarazuka Revue, including its members, can concentrate solely on providing good stage performances with peace of mind. At the same time, we would like to establish a more effective governance structure for the Group at an early stage.

Progress in long-term vision and medium-term plan (P7)

- Finally, I would like to look at several recent topics.
- We will introduce PRiVACE on the Hankyu Kyoto Line in July. This will be the Group's first premium seating service. We hope to provide a high-quality space under the concept of "turning everyday travel time into 'me-time' spent in a private space."
- In addition, we will open Grand Green Osaka in our Umekita Phase II Development Project in this September. Furthermore, Hankyu Hanshin Hotels will open GRAN RESPIRE OSAKA in the second half of FY2025. We would like to further increase the value of the Osaka Umeda area.
- We acquired Neo Soho Mall adjacent to the Central Park Mall in Indonesia in September 2023 in our Overseas Real Estate business. In addition, we added two rental housing sites to our portfolio in FY2024 in U.S. following our entry there in FY2023. Against this backdrop, we also entered the Real Estate Leasing business in Australia by acquiring the 60 Margaret commercial and office complex facility. We would like to continue expanding our Overseas Real Estate business as a growth driver while appropriately managing risk in the future.