

# Hankyu Hanshin Holdings Group Results Briefing Materials for Financial Results for the First Half of Fiscal 2022 (Ending March 2022)

November 5<sup>th</sup>, 2021

Hankyu Hanshin Holdings, Inc.

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

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※ With some information updated

Business forecasts and other projections herein are based on information available at present and logical assessments and do not represent any promise by the Company. The actual results may differ significantly from these projections due to various factors.

# **I . Performance Highlights for the First Half of Fiscal 2022 (fiscal year ending 31<sup>st</sup> March 2022)**

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# Consolidated Statements of Income(Summary)

	H1 FY2022 Results	FY2021 Results	Change	
Consolidated Subsidiaries	98 companies	95 companies	+3 (3 companies increase)	
Equity-Method Affiliates	11 companies	11 companies		
Total	109 companies	106 companies	+3	
(¥ million)	H1 FY2022 Results	H1 FY2021 Results	Change	Remarks
Revenue from operations	310,835	241,018	+69,816(—)	For details, please see next page
Operating income	10,104	-14,723	+24,827(—)	
Non-operating income	4,910	1,537	+3,373	Equity in income of affiliates +3,451
Non-operating expenses	5,308	6,209	-901	Equity in losses of affiliates -666
Ordinary income	9,707	-19,394	+29,102(—)	
Extraordinary income	38,085	5,031	+33,053	Gain on contributions for construction +26,852 Gain on sale of investment securities +3,535 Employment adjustment subsidies +2,129
Extraordinary loss	35,201	14,802	+20,399	Loss on reduction of noncurrent assets +26,842 COVID-19-related losses -6,237
Net income attributable to owners of the parent	5,857	-23,007	+28,864(—)	<p>Applying ASBJ 29 (Accounting Standard for Revenue Recognition) impacts revenue from operations in two main ways (the impact on operating income is negligible in each case) :</p> <p>1) We will now recognize revenue at the gross amount (rather than the net amount as before) for transactions in the travel business related to organized tours.</p> <p>2) We will now recognize revenue at the net amount (rather than the gross amount as before) for transactions in the retailing business related to sales and purchasing, and for transactions in the information and communication technology segment related to agency retail sales of electricity.</p>
(Reference)	H1 FY2022 Results	H1 FY2021 Results	Change	
Depreciation and amortization	28,447	26,509	+1,938	
Financial balance ① - ②	-3,689	-3,877	+188	
Interest and dividend income①	600	606	-5	
Interest expense②	4,289	4,484	-194	

Note: The percentage changes are not shown because the figures for FY2022 H1 comply with the Accounting Standard for Revenue Recognition (ASBJ No. 29), applied from the start of FY2022.

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

## [Key results in current period]

Revenues and income increased overall. While most business segments continued feeling pandemic impact, the impact had lessened compared to the same period last year.

(¥ million)	Revenue from operations		
	H1 FY2022 Results	H1 FY2021 Results	Change
Urban Transportation	76,480	72,278	+4,202
Real Estate	93,306	80,548	+12,758
Entertainment	34,407	14,768	+19,638
Information and Communication Technology	27,291	26,269	+1,022
Travel	8,215	887	+7,327
International Transportation	60,357	37,305	+23,052
Hotels	9,188	6,953	+2,234
Other	21,638	20,182	+1,455
Adjustment	-20,050	-18,175	-1,875
Total	310,835	241,018	+69,816

Impact of applying ASBJ 29  
+ ¥7.4 billion

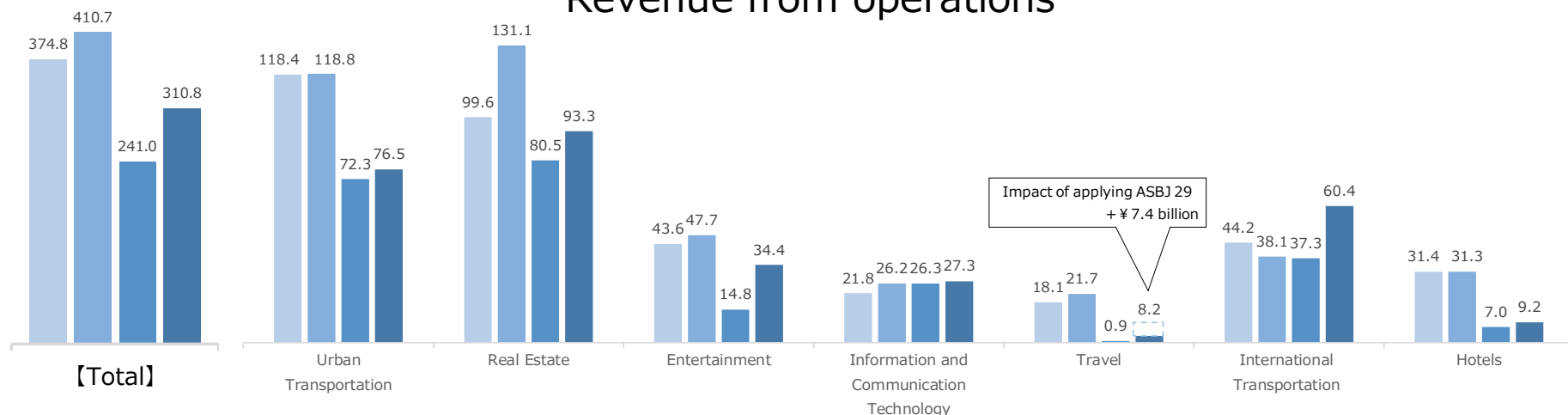
Operating income		
H1 FY2022 Results	H1 FY2021 Results	Change
-328	-7,046	+6,717
14,286	13,198	+1,088
8,084	-2,615	+10,700
2,009	2,218	-208
-8,362	-9,350	+987
3,320	463	+2,857
-6,945	-10,005	+3,060
542	214	+328
-2,503	-1,798	-704
10,104	-14,723	+24,827

# Consolidated Statements of Income by Segment (Four-Year YoY Comparisons)

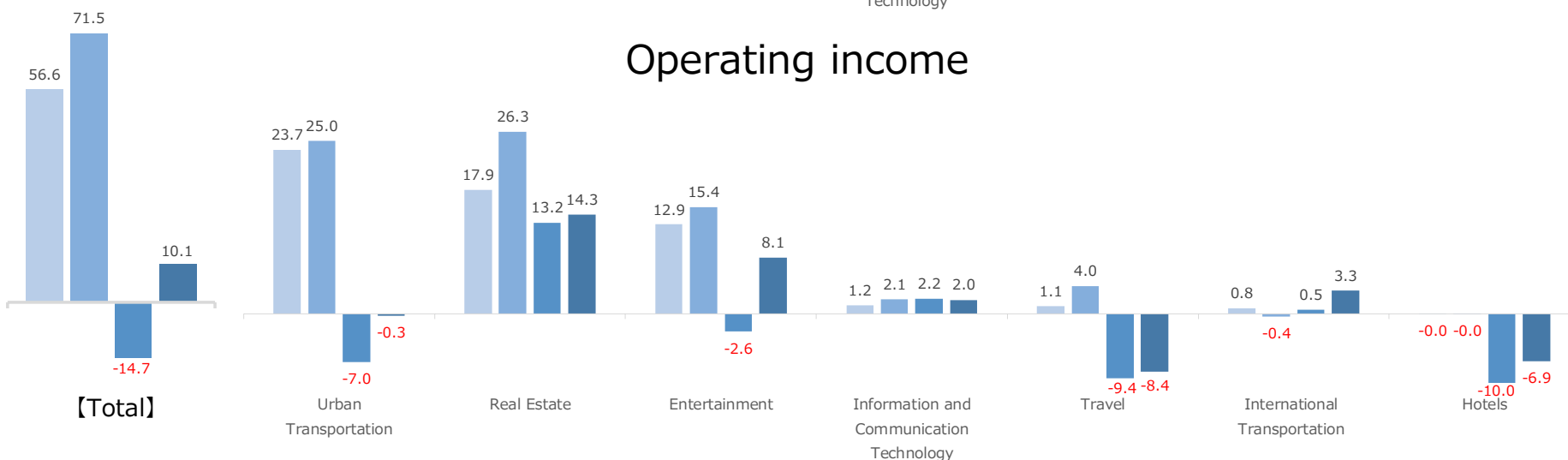
From left to right: FY2019 Q2, FY2020 Q2, FY2021 Q2, FY2022 Q2

(¥ billion)

## Revenue from operations

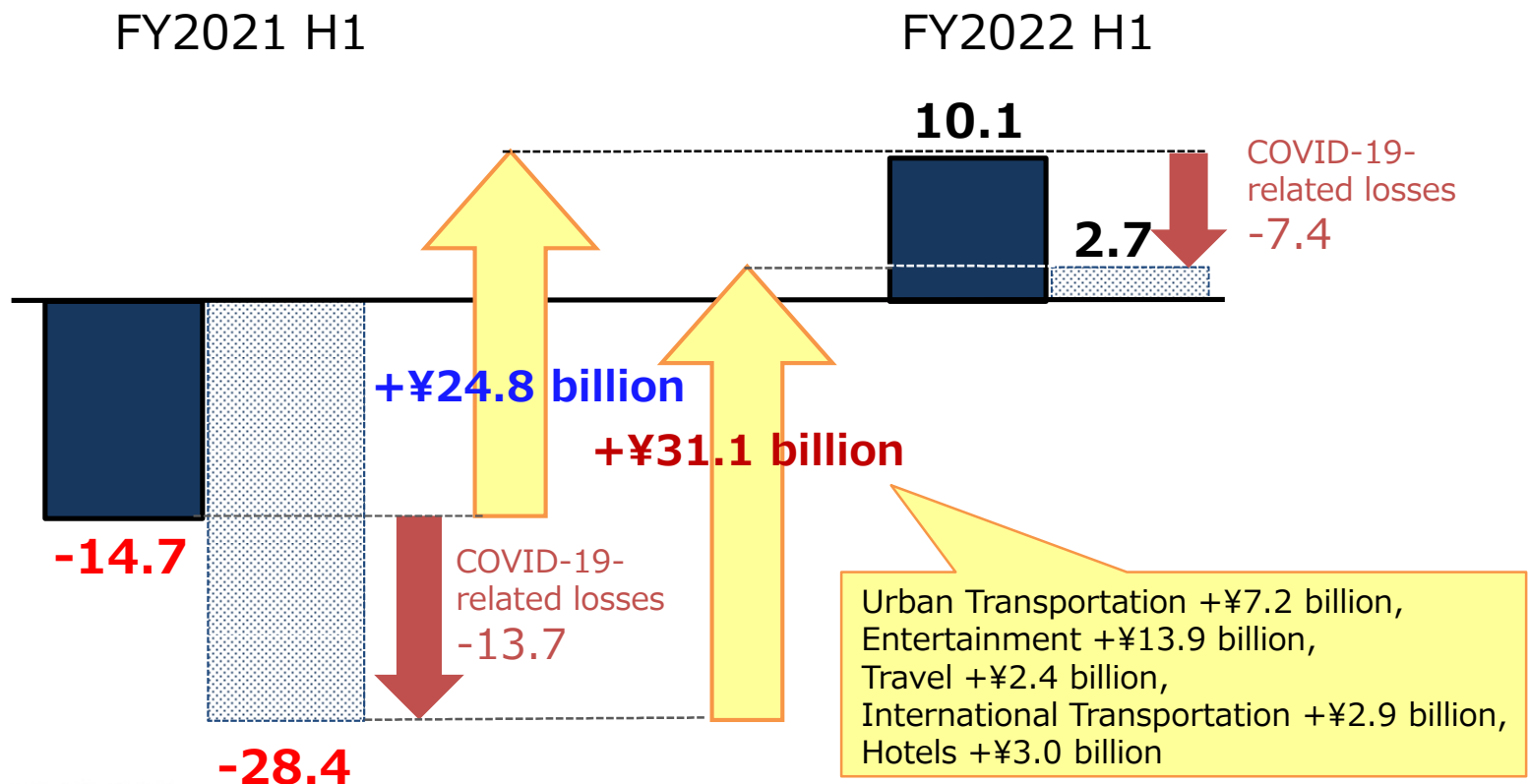


## Operating income



# Outlook for Operating Income (FY2021 H1→FY2022 H1)

- In FY2022 H1, operating income was **up ¥24.8 billion** YoY because, while business segments continued feeling pandemic impact, the impact had lessened compared to the same period last year.
- **The actual increase was ¥31.1 billion** when taking into account the Covid-related extraordinary losses (including fixed expenses during suspensions of operations and costs associated with cancelling events) in both periods. In FY2021 H1, the extraordinary losses totaled ¥13.7 billion. In FY2022 H1, they totaled ¥7.4 billion.



# Urban Transportation Results

Increase in revenue and income. The segment continued feeling pandemic impact (with fewer traveling amid a state of emergency), but the railway and automobile businesses experienced a recovery in ridership compared to the slump of the same period last year.

(¥ million)	H1 FY2022 Results	H1 FY2021 Results	Change	%
Revenue from operations	76,480	72,278	+4,202	+5.8%
Operating income	-328	-7,046	+6,717	—

[Breakdown by type of business]

(¥ billion)	Revenue from operations			Operating income		
	H1 FY2022 Results	H1 FY2021 Results	Change	H1 FY2022 Results	H1 FY2021 Results	Change
Impact of applying ASBJ 29 -¥1.9 billion						
Railway	56.1	52.3	+3.8	5.2	1.5	+3.6
Automobile	16.0	15.1	+0.9	-2.8	-4.8	+2.0
Retailing	5.2	6.4	-1.2	0.3	0.3	-0.0
Others	3.5	1.9	+1.6	0.1	-0.0	+0.1

\*Not including head office expenses /adjustments.

# [Urban Transportation] Railway Performance results

## Hankyu Corporation

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	H1 FY2022 Results	H1 FY2021 Results	Change	H1 FY2022 Results	H1 FY2021 Results	Change
Commuter pass	14,474	14,004	+470 (+3.4%)	143,524	137,773	+5,751(+4.2%)
Workers	12,701	12,983	-281(-2.2%)	103,228	110,520	-7,291(-6.6%)
Students	1,772	1,020	+752(+73.7%)	40,295	27,252	+13,043(+47.9%)
Other tickets	20,522	18,007	+2,515(+14.0%)	103,904	92,016	+11,887(+12.9%)
Total	34,997	32,011	+2,986(+9.3%)	247,428	229,789	+17,638(+7.7%)

## Hanshin Electric Railway

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	H1 FY2022 Results	H1 FY2021 Results	Change	H1 FY2022 Results	H1 FY2021 Results	Change
Commuter pass	5,348	5,223	+125(2.4%)	55,731	53,406	+2,324(+4.4%)
Workers	4,864	4,928	-63(-1.3%)	45,099	46,193	-1,093 (-2.4%)
Students	484	295	+189(+64.1%)	10,631	7,213	+3,418(+47.4%)
Other tickets	7,071	6,132	+939(+15.3%)	38,870	34,277	+4,593(+13.4%)
Total	12,420	11,355	+1,064(+9.4%)	94,602	87,684	+6,917(+7.9%)

\* 1) Revenue amounts less than one million yen, and numbers of passengers less than one thousand, are omitted.

2) For Hankyu Railway, "other ticket revenue/ridership" includes revenue/ridership associated with the PiTaPa usage sections.

3) Sum of tier 1 and tier 2 railway operators for both Hankyu Corporation and Hanshin Electric Railway

4) For commuter passes, revenue and ridership were previously counted from the date of sale. As of fiscal 2022, they are counted from the commencement date (the date from which the ticket is valid).

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

## 《Hankyu Corporation》 Transportation revenue (tier 1 + tier 2)

(¥ million)

Totals for commuter passes and other tickets	Q1	Q2	First half total
FY2022 Results	17,077	17,919	34,997
FY2021 Results	13,885	18,126	32,011
Change	+3,192	-206	+2,986
(%)	+23.0%	-1.1%	+9.3%

**Factors of YoY Change (estimated)**  
•COVID-19 impact (YoY change in impact)                      +¥2,974 million and others

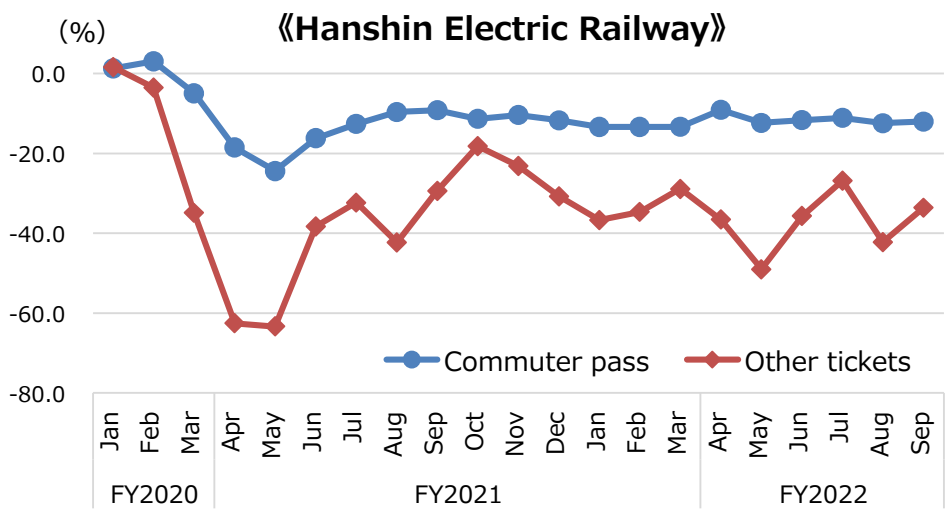
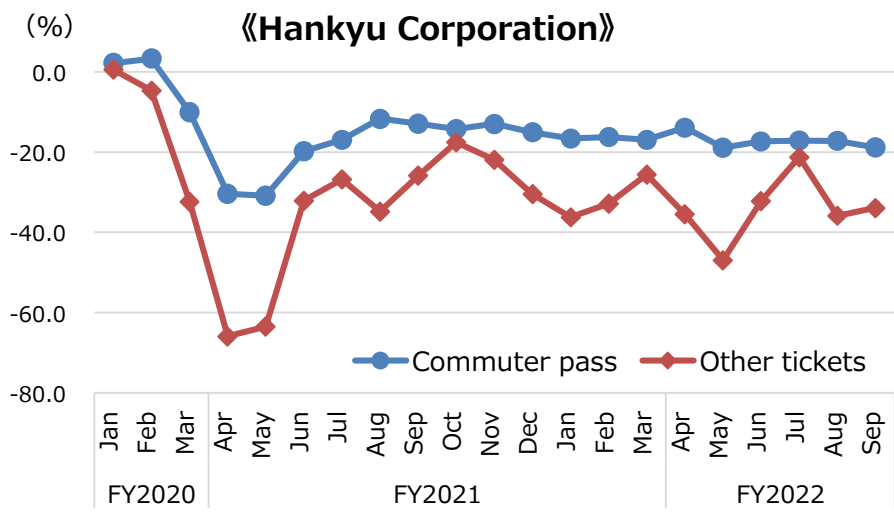
## 《Hanshin Electric Railway》 Transportation revenue (tier 1 + tier 2)

(¥ million)

Totals for commuter passes and other tickets	Q1	Q2	First half total
FY2022 Results	6,001	6,418	12,420
FY2021 Results	4,968	6,386	11,355
Change	+1,033	+32	+1,065
(%)	+20.8%	+0.5%	+9.4%

**Factors of YoY Change (estimated)**  
•COVID-19 impact (YoY change in impact)                      +¥1,021million and others

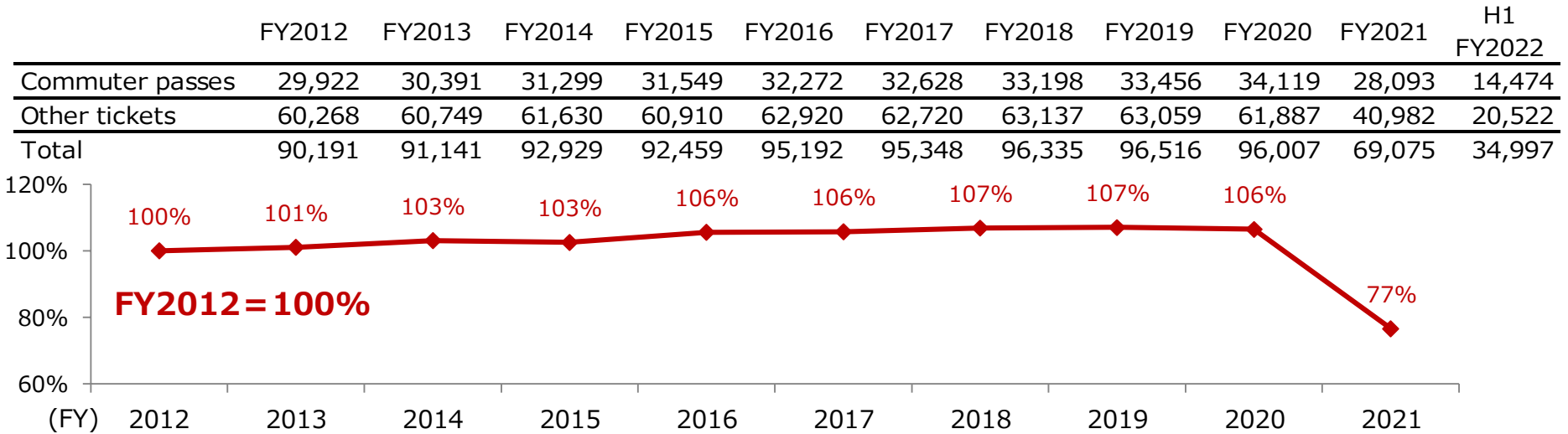
## Ridership (compared to same period of fiscal 2019 )



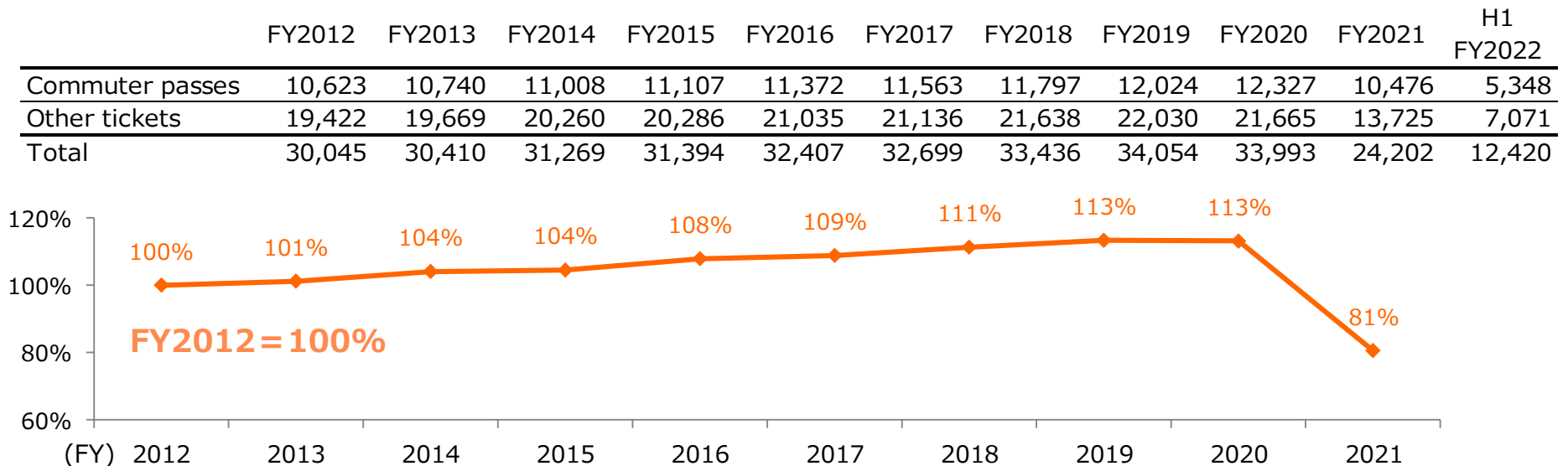
# [Urban Transportation] Referential Information

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

(¥ million)



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





# Real Estate Results

Increase in revenue and income. The real-estate leasing business continued feeling pandemic impact (temporary closures in shopping facilities under the state of emergency), but rent revenue recovered relative to the Covid-related slump of the same period last year. Additionally, the condominium business saw a year-on-year increase in condominium sales.

【Reference】 Condominium sales (condominiums held by the group) : +73 (351 units; previous year 279 units)

(¥ million)	H1 FY2022 Results	H1 FY2021 Results	Change	%
Revenue from operations	93,306	80,548	+12,758	+15.8%
Operating income	14,286	13,198	+1,088	+8.2%

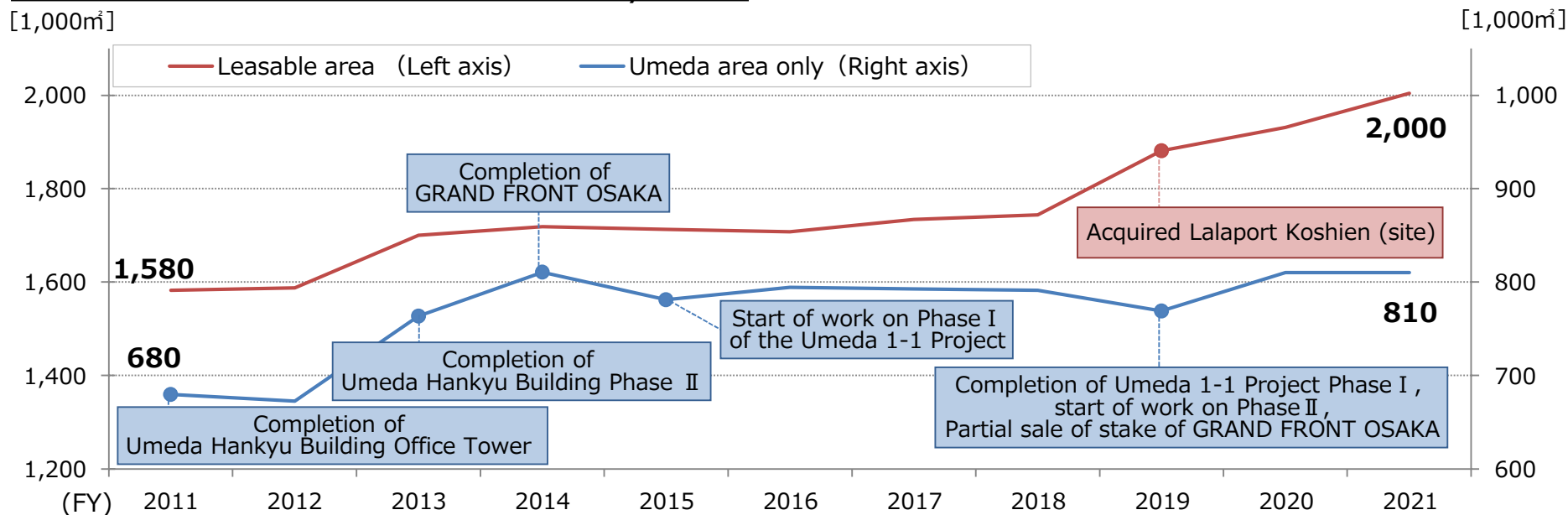
[Breakdown by type of business]

(¥ billion)	Revenue from operations			Operating income		
	H1 FY2022 Results	H1 FY2021 Results	Change	H1 FY2022 Results	H1 FY2021 Results	Change
Real estate leasing	49.7	46.6	+3.2	15.1	14.4	+0.7
Real estate sales and others	51.8	42.1	+9.8	3.4	2.9	+0.4

\*Not including head office expenses/adjustments.

# [Real Estate] Referential information

## Leasable area (at the end of fiscal year )



【Hankyu Nishinomiya Gardens】



【Umeda Hankyu Building】



【GRAND FRONT OSAKA】



# Entertainment Results

Increase in revenue and income. The segment continued feeling pandemic impact (restrictions on events amid a state of emergency), but in contrast to the same period last year, when many of the events were postponed or cancelled, the sports business benefitted from an upturn in Hanshin Tigers' regular season games, and the stage business benefitted from an upturn in Takarazuka Revue shows.

(¥ million)	H1 FY2022 Results	H1 FY2021 Results	Change	%
Revenue from operations	34,407	14,768	+19,638	+133.0%
Operating income	8,084	-2,615	+10,700	—

[Breakdown by type of business]

(¥ billion)	Revenue from operations			Operating income		
	H1 FY2022 Results	H1 FY2021 Results	Change	H1 FY2022 Results	H1 FY2021 Results	Change
Sports	16.9	9.2	+7.7	4.9	-1.4	+6.3
Stage	17.5	5.5	+12.0	3.8	-0.7	+4.5

\*Not including head office expenses /adjustments.

# [Entertainment] Referential information

## Hanshin Tigers Home Game : Admission numbers ※1

•Number of regular season games : 62 (+23 from previous year)

[Breakdown]

Hanshin Koshien Stadium : 3 games with no spectators,  
25 games open to season ticket holders only,  
25 games open to season ticket holders and  
pre-purchased ticket holders

Kyocera Dome : 9 games open to pre-purchased ticket holders

(Thousands of people) (CY)	2013	2014	2015	2016	2017	2018	2019	H1 2020	2020	H1 2021
Admissions	2,772	2,690	2,878	2,911	3,035	2,899	3,091	216	518	609
Ranking	2	2	3	4	2	6	3	2 ※2	2	2※2

※1 "Admissions" indicates the actual number of admissions for a given season (calendar year).

※2 Rankings are as of September 30.

## Takarazuka Revue : Audience numbers

•Number of shows : Takarazuka Grand Theater : 208 (+181 from previous year)

Tokyo Takarazuka Theater : 206 (+155 from previous year)

•Shows were suspended during the following periods:

Takarazuka Grand Theater : April 26 - May 10

Tokyo Takarazuka Theater : April 27 - May 10

(Thousands of people) (FY)	2014	2015	2016	2017	2018	2019	2020	H1 2021	2021	H1 2022
Total	2,672	2,668	2,825	2,844	2,996	3,128	2,991	298	1,565	1,480
Takarazuka Grand Theater	1,074	1,179	1,149	1,169	1,191	1,207	1,106	41	485	474
Tokyo Takarazuka Theater	977	969	1,000	967	992	990	917	53	460	417
Other theaters	621	520	623	586	619	598	572	63	200	226
Live screening※1	—	—	53	122	195	333	396	45	133	91
Live streaming※2	—	—	—	—	—	—	—	97	287	271

※1 Audiences who paid to see performance screened live in cinema

※2 Audiences who paid to view livestream performance on home TV or device

# Information and Communication Technology Results

Revenue increased due partly to an increased number of subsidiaries in the broadcasting and communications business. However, income decreased from the high level of the same period last year, when there was a large order in the information services business.

(¥ million)	H1 FY2022 Results	H1 FY2021 Results	Change	%
Revenue from operations	27,291	26,269	+1,022	+3.9%
Operating income	2,009	2,218	-208	-9.4%

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# Travel Results

Increase in revenue and income. The segment continued feeling pandemic impact (cancellations of international tours), but revenue increased with the application of the Accounting Standard for Revenue Recognition. Income increased thanks to lower costs.

(¥ million)	H1 FY2022 Results	H1 FY2021 Results	Change	%
Revenue from operations	8,215	887	+7,327	+825.7%
Operating income	-8,362	-9,350	+987	—

Impact of applying ASBJ 29  
+ ¥7.4 billion

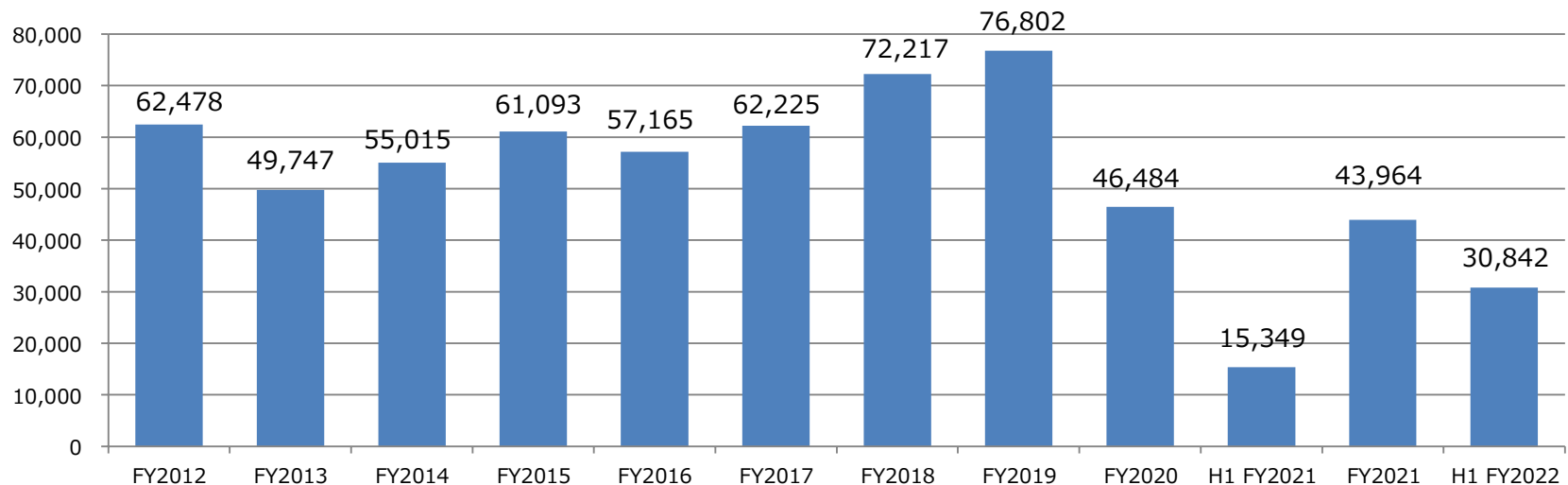
# International Transportation Results

Increase in revenue and income. Handling volume recovered from the Covid-related slump, and demand outstripped supply for air and ocean transport.

(¥ million)	H1 FY2022 Results	H1 FY2021 Results	Change	%
Revenue from operations	60,357	37,305	+23,052	+61.8%
Operating income	3,320	463	+2,857	+616.9%

## Air export consolidated freight weight (from Japan)

(unit : ton)





# Hotels Results

Increase in revenue and income. The segment continued feeling pandemic impact (with some hotels temporarily closing amid a state of emergency), but the accommodation and food/beverage businesses experienced a recovery, to some extent, in user numbers compared to the slump of the same period last year.

(¥ million)	H1 FY2022 Results	H1 FY2021 Results	Change	%
Revenue from operations	9,188	6,953	+2,234	+32.1%
Operating income	-6,945	-10,005	+3,060	—

## [Performance Highlights for the first half of Fiscal 2022※<sup>1</sup>]

### Occupancy rates of Hankyu Hanshin Hotels

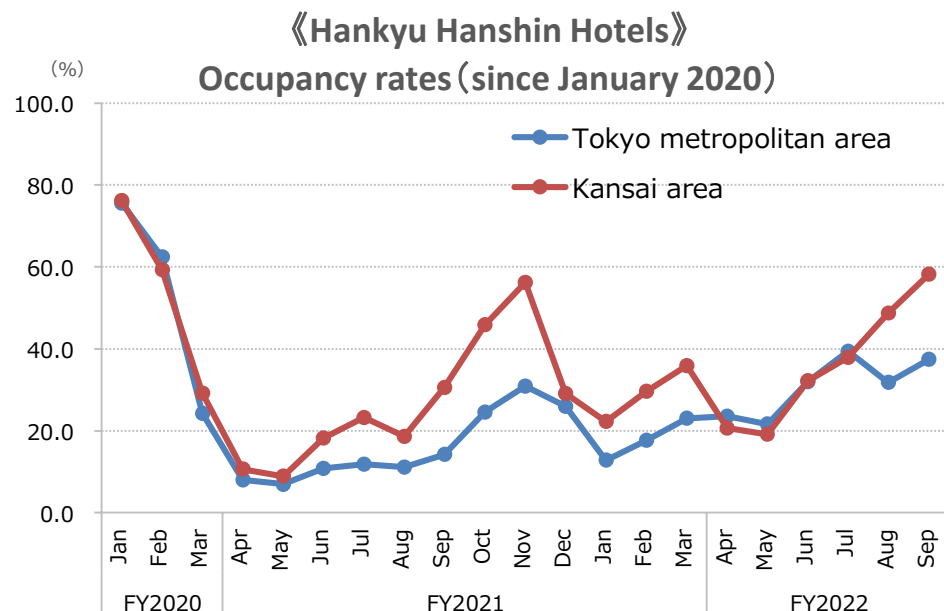
- Total 34.3% ※<sup>2</sup> (+18.1 points from previous year)
- Kansai area 35.3% (+15.9 points from previous year)
- Tokyo metropolitan area 31.2% (+20.4 points from previous year)

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

- Total ¥9,004 ※<sup>2</sup> (-¥1,309 from previous year)
- Kansai area ¥8,268 (-¥1,875 from previous year)
- Tokyo metropolitan area ¥11,252 (-¥373 from previous year)

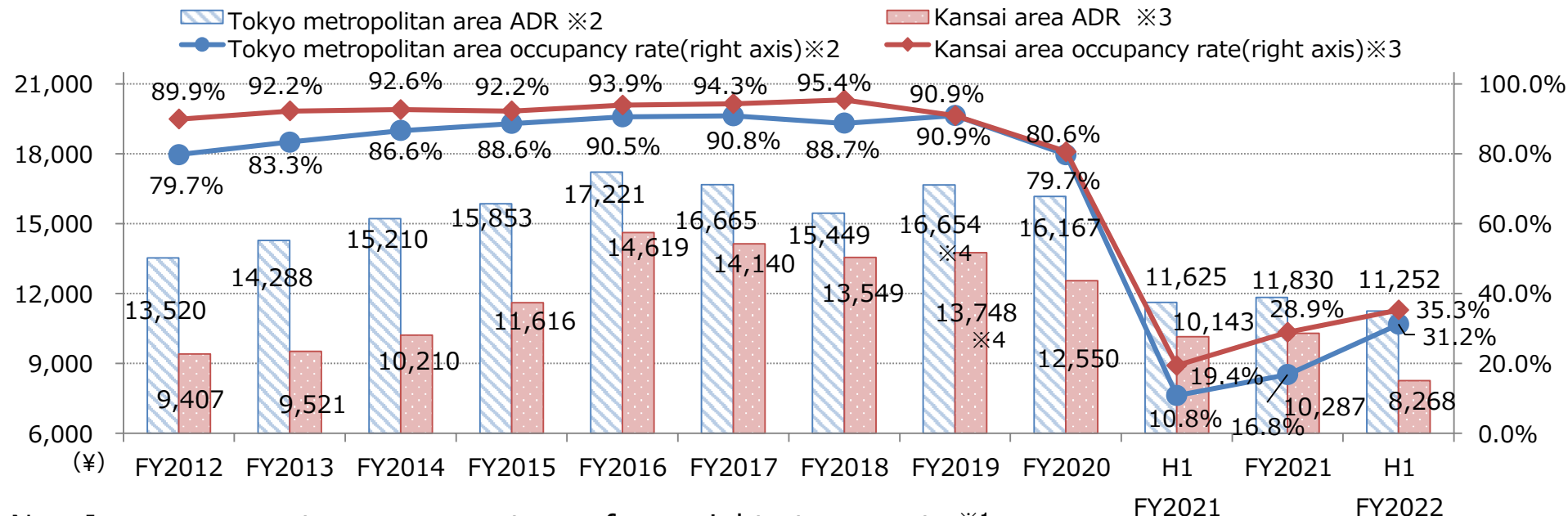
※<sup>1</sup> The data omits the COVID-related temporary closures of some hotels.

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

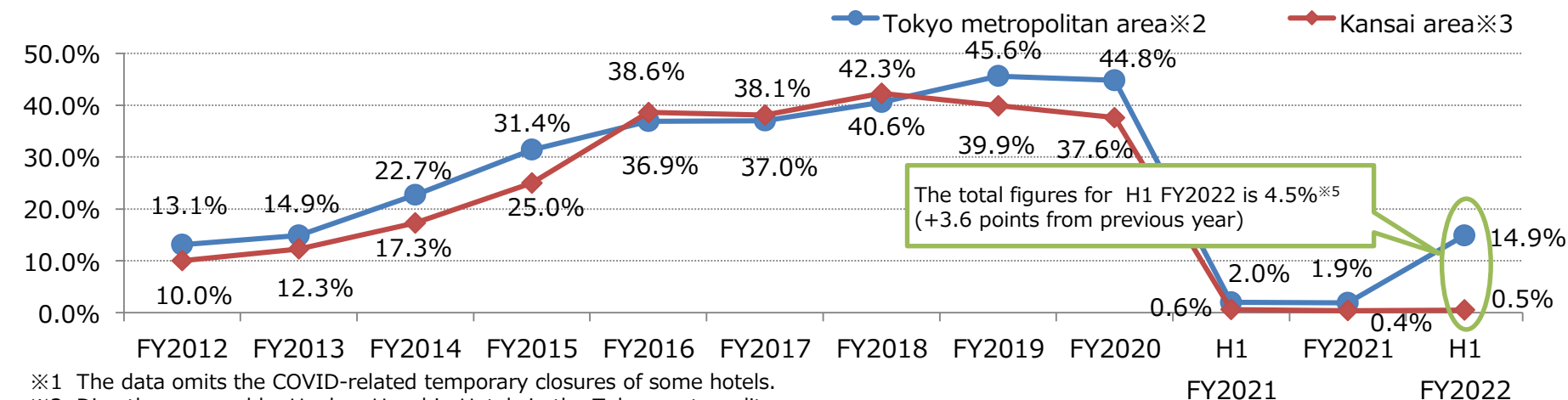


# [Hotels] Referential information

## 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)	H1 FY2022 Results	H1 FY2021 Results	Change
Operating income	10,104	-14,723	+24,827
Non-operating income	4,910	1,537	+3,373
Equity in income of affiliates	3,451	—	+3,451
Non-operating expenses	5,308	6,209	-901
Interest expenses	4,289	4,484	-194
Equity in loss of affiliates	—	666	-666
Ordinary income	9,707	-19,394	+29,102

# Consolidated Statements of Income

## (Extraordinary profit and loss)

(¥ million)	H1 FY2022 Results	H1 FY2021 Results	Change
Extraordinary profit and loss	2,883	-9,770	+12,653
Extraordinary income	38,085	5,031	+33,053
Gain on contributions for construction	27,100	248	+26,852
Gain on sale of investment securities	3,699	163	+3,535
Employment adjustment subsidies	6,574	4,445	+2,129
Other	710	173	+536
Extraordinary loss	35,201	14,802	+20,399
Loss on reduction of noncurrent assets	27,122	279	+26,842
COVID-19-related losses	7,448	13,685	-6,237
Other	630	836	-205

# Consolidated Statements of Income

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

(¥ million)	H1 FY2022 Results	H1 FY2021 Results	Change
Income before income taxes	12,590	-29,165	+41,755
Total income taxes	4,897	-7,088	+11,985
Income taxes—current	3,844	1,693	+2,150
Income taxes—deferred	1,052	-8,782	+9,835
Net income	7,693	-22,076	+29,770
Net income attributable to non-controlling interests	1,835	930	+905
Net income attributable to owners of the parent	5,857	-23,007	+28,864

# Consolidated Balance Sheets

(¥ million)		H1 FY2022 Results	FY2021 Results	Change	Remarks
Assets	Current assets	320,460	325,307	-4,846	
	Noncurrent assets	2,310,907	2,295,721	+15,186	Property and equipment and intangible assets +25,139 Investment securities -11,511
	Total assets	2,631,368	2,621,028	+10,339	
Liabilities	Current liabilities	354,011	380,618	-26,607	
	Long-term liabilities	1,365,082	1,330,424	+34,658	
	Total liabilities	1,719,093	1,711,042	+8,050	
					Debt 812,722 824,622 -11,900 Bonds 237,000 197,000 +40,000 Commercial papers 30,000 30,000 - Lease obligations 12,595 11,425 +1,169 Interest-bearing debt 1,092,318 1,063,048 +29,269
					Long-term deferred contribution for construction +13,474 Accounts payable -31,891
Net assets	Shareholders' equity	833,781	833,640	+141	Net income attributable to owners of the parent +5,857 Payment dividend -6,063
	Accumulated other comprehensive income	32,480	33,511	-1,030	
	Non-controlling interests	46,012	42,834	+3,178	
	Total net assets	912,274	909,985	+2,288	
Equity ratio		32.9%	33.1%	-0.2p	

# Consolidated Statements of Cash Flows

(¥ million)

	H1 FY2022 Results	H1 FY2021 Results
Cash flows from operating activities	21,317	-45,768
Income before income taxes	12,590	-29,165
Depreciation and amortization (※)	29,136	28,015
Decrease (increase) in inventories	-14,027	-20,726
Income taxes (paid) refunded	9,834	-21,922
Cash flows from investing activities	-41,170	-36,717
Purchases of noncurrent assets	-71,187	-79,095
Proceeds from sales of noncurrent assets	362	19,841
Purchases of investment securities	9,179	1,552
Receipt of contributions for construction	22,234	23,640
Cash flows from financing activities	20,739	83,325
Dividends paid	-6,063	-6,094
[Reference] Decrease (increase) in interest-bearing debt	29,269	91,986
Effect of exchange rate changes on cash and cash equivalents	761	-416
Increase (decrease) in cash and cash equivalents	1,647	423
Cash and cash equivalents at beginning of year	25,222	23,526
Increase in cash and cash equivalents from newly consolidated subsidiary	2,215	2,072
Cash and cash equivalents at end of year	29,086	26,021

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

## **II . Forecasts for Fiscal 2022 (fiscal year ending 31<sup>st</sup> March 2022)**



# Consolidated Statements of Income (Summary)

(¥ billion)	FY2022 Forecasts ①	FY2022 Forecasts (As of Jul.) ②	Change =①-②	Remarks	FY2021 Results ③	Change =①-③
Revenue from operations	740.0	770.0	-30.0 (-3.9%)	Revenue decrease: The Travel, Real Estate, and Urban Transportation segments will fall short of initial forecasts.	568.9	+171.1
Operating income	30.0	30.0	— (—)	No change in income: Revenue and income in the International Transportation and Entertainment segments higher than initially forecasted, better earnings in the Hotels segment.	2.1	+27.9
Ordinary income	25.0	23.0	+2.0 (+8.7%)	We forecast an increase from gain on equity in income of affiliates and lower interest expenses.	-7.6	+32.6
Net income attributable to owners of the parent	12.0	12.0	— (—)	The effect of higher ordinary income is offset by larger Covid-19-related losses.	-36.7	+48.7
(Reference)						
Capital Expenditures	139.7	137.5	+2.2		108.5	+31.2
Depreciation and amortization	60.7	60.7	—		55.7	+5.0
Financial balance (1) - (2)	-7.5	-8.3	+0.8		-7.8	+0.3
Interest and dividend income (1)	1.0	1.1	-0.1		1.1	-0.1
Interest expense (2)	8.5	9.4	-0.9		8.9	-0.4

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

(¥ billion)						
[Upper table] Revenue from operations	FY2022 Forecasts ①	FY2022 Forecasts (As of Jul.) ②	Change =①-②	Remarks	FY2021 Results ③	Change =①-③
[Lower table] Operating income						
Impact of applying ASBJ 29 +¥39.0 billion	740.0	770.0	-30.0		568.9	+171.1
Total	30.0	30.0	—		2.1	+27.9

## (Breakdown for each business segment)

Urban Transportation	-¥4.0 billion	166.2	173.7	-7.5	The railway and automobile businesses have seen less ridership than previously expected as a result of the Aug-Sep state of emergency.	156.9	+9.3
		8.7	11.3	-2.6		-5.1	+13.8
Real Estate		2,363	244.1	-7.8	Because of the Aug-Sep state of emergency, we expect less rent revenue in the real estate leasing business.	188.4	+47.9
		30.5	31.8	-1.3	Additionally, in the real estate sales business, the sales of some properties were rescheduled.	28.9	+1.6
Entertainment		62.4	59.2	+3.2	Audiences for Hanshin Tigers' regular season games and Takarazuka Revue shows have exceeded previous expectations.	42.2	+20.2
		7.3	5.6	+1.7		-2.3	+9.6
Information Communication Technology	-¥3.0 billion yen	62.6	61.6	+1.0	Revenue increase: Orders increased in the information services business. However, income to remain as initially forecasted.	58.1	+4.5
		6.0	6.0	—		5.6	+0.4
Travel	+¥50.0 billion	60.0	108.7	-48.7	Outlook for recovery in domestic tour sales has been downgraded.	12.0	+48.0
		-11.0	-8.7	-2.3		-7.4	-3.6
International Transportation		120.0	87.0	+33.0	Handling volume has surpassed expectations and demand should continue to outstrip supply for the time being.	85.6	+34.4
		5.0	2.8	+2.2		2.3	+2.7
Hotels		26.3	28.5	-2.2	Revenue decrease: The Aug-Sep state of emergency has resulted in a greater-than-expected Covid impact (closure of some hotels).	19.1	+7.2
		-13.8	-15.7	+1.9	Income increase: Less expenses, losses classified as extraordinary losses.	-17.9	+4.1

# COVID-19 Impact in Each Segment (assumptions for Fiscal 2022 forecasts)

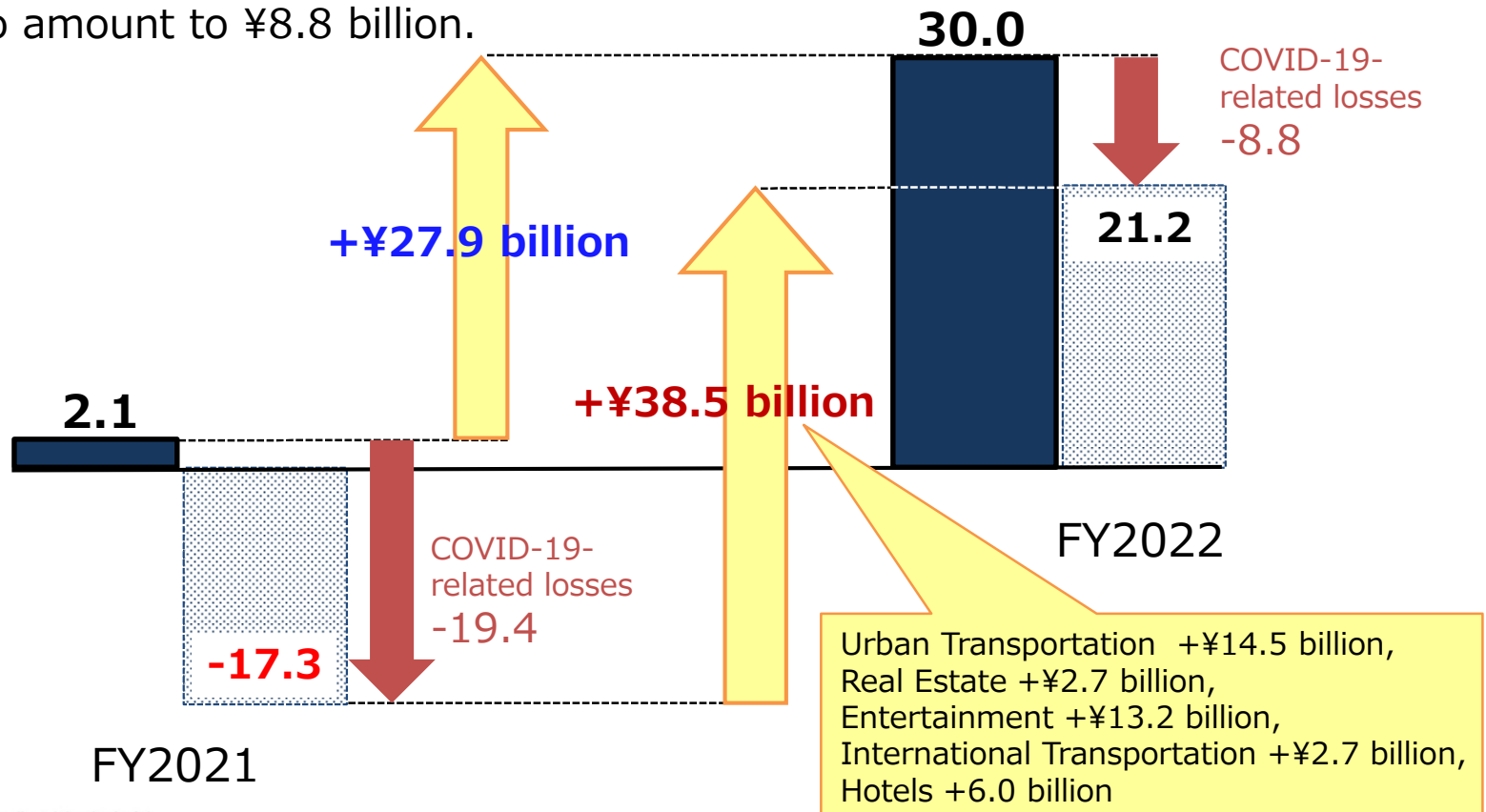
Stated below are the assumptions underlying the full-year forecasts. These assumptions take into account H1 performance.

Urban Transportation	<p>【Railway】</p> <p>The decline in revenue from other (non-season) tickets will gradually ease from the current level. By March 2022, the revenue will be just 10–20% lower than result for the same period in fiscal 2019.</p> <p>The impact on worker commuter pass revenue will persist throughout the period (the revenue will be around 10% lower than the fiscal 2019 level).</p> <p>The period-average for student commuter pass revenue will be just 10–20% lower than the fiscal 2019 level.</p> <p>【Automobile】</p> <p>For transit buses, the impact will be similar to that for railway.</p> <p>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>【Real estate leasing】</p> <p>Performance will recover significantly from the level of H1, when the state of emergency (store closures, reduced hours) impacted the segment.</p>
Entertainment	<p>【Sports】</p> <p>Pro baseball: For Q3 onward, baseball revenue will recover provided that there will be around 20,000 sellable seats for each Hanshin Tigers' regular season game.</p> <p>【Stage】</p> <p>Takarazuka Revue: For Q3 onward, theater production revenue will recover provided that theaters will return to full capacity (excluding frontmost seats).</p>
Travel	<p>In view of recent performance, from Q3 onward, domestic tours will recover (full-year performance will be around 50% down from the fiscal 2019 level).</p> <p>Demand for international tours will not recover within the fiscal year.</p>
Hotels	<p>Accommodation: Given recent demand trends in Japan, we expect performance to steadily recover from Q3. Inbound demand is unlikely to recover in the period (for hotels managed directly by Hankyu Hanshin Hotels※, domestic demand as of March 2022 will be around 40% less than it was in the same period in fiscal 2019).</p> <p>Food/beverage: Performance will gradually recover from Q3.</p>

※ Excludes hotel locations opened in fiscal 2020 or later.

# Outlook for Operating Income (FY2021→FY2022)

- For fiscal 2022, on the assumption that many businesses will see a reasonable recovery from the effects of the pandemic, we expect to achieve **¥30.0 billion in operating income**, **¥27.9 billion higher** than in fiscal 2021.
- However, **the actual year-on-year increase will be ¥38.5 billion** when taking into account the Covid-related extraordinary losses (including fixed expenses during suspensions of operations and costs associated with cancelling events). In FY2021, the extraordinary losses totaled ¥19.4 billion. For fiscal 2022, we are expecting such losses to amount to ¥8.8 billion.



# [Urban Transportation] Railway Performance Forecasts

## Hankyu Corporation

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	FY2022 Forecasts	FY2021 Results	Change	FY2022 Forecasts	FY2021 Results	Change
Commuter pass	29,162	28,093	+1,069(+3.8%)	290,781	277,068	+13,712(+4.9%)
Workers	25,442	25,625	-182(-0.7%)	206,635	216,044	-9,408(-4.4%)
Students	3,720	2,468	+1,252(+50.7%)	84,145	61,024	+23,121 (+37.9%)
Other tickets	47,184	40,982	+6,202(+15.1%)	239,101	208,035	+31,065 (+14.9%)
Total	76,347	69,075	+7,271 (+10.5%)	529,883	485,104	+44,778 (+9.2%)

## Hanshin Electric Railway

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	FY2022 Forecasts	FY2021 Results	Change	FY2022 Forecasts	FY2021 Results	Change
Commuter pass	10,766	10,476	+289 (+2.8%)	111,704	107,336	+4,367 (+4.1%)
Workers	9,726	9,750	-24 (-0.3%)	89,340	90,809	-1,469(-1.6%)
Students	1,040	726	+313 (+43.2%)	22,363	16,526	+5,837(+35.3%)
Other tickets	15,883	13,725	+2,157 (+15.7%)	87,179	76,214	+10,965 (+14.4%)
Total	26,649	24,202	+2,446 (+10.1%)	198,884	183,550	+15,333 (+8.4%)

- \* 1) Revenue amounts less than one million yen, and numbers of passengers less than one thousand, are omitted.  
 2) For Hankyu Railway, "other ticket revenue/ridership" includes revenue/ridership associated with the PiTaPa usage sections.  
 3) Sum of tier 1 and tier 2 railway operators for both Hankyu Corporation and Hanshin Electric Railway  
 4) For commuter passes, revenue and ridership were previously counted from the date of sale. As of fiscal 2022, they are counted from the commencement date (the date from which the ticket is valid).

# Management Indicators / Returns to Shareholders

## ■ Management Indicators

	FY2021 Results	FY2022 Forecasts (As of Jul. )	FY2022 Forecasts (As of Oct.)
Operating income	¥2.1 billion	¥30.0 billion	¥30.0 billion
EBITDA <sup>※1</sup>	¥60.3 billion	¥93.0 billion	¥93.0 billion
Interest-bearing debt	¥1,063.0 billion	¥1,150.0 billion	¥1,150.0 billion
Interest-bearing debt / EBITDA ratio	17.6 times	12.4 times	12.4 times
D/E ratio <sup>※2</sup>	1.2 times	1.3 times	1.3 times
Net income attributable to owners of the parent	-¥36.7 billion	¥12.0 billion	¥12.0 billion
ROE	-4.1%	1.4%	1.4%
(Reference)			
Net interest-bearing debt <sup>※3</sup>	¥1,035.5 billion	¥1,125.0 billion	¥1,125.0 billion
Net interest-bearing debt/EBITDA ratio	17.2 times	12.1 times	12.1 times

※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 2022

- For fiscal 2022, as announced in May 14, 2021, we expect to deliver a dividend at the same level as fiscal 2021: ¥50 per share<sup>※</sup>.

※ ¥25 interim (Dividend payment date : December 1,2021), ¥25 year-end (forecast)

# [Reference] Consolidated Statements of Income (Breakdown by type of business)

	Revenue from operations					Operating income				
(¥ billion)	FY2022 Forecasts ①	FY2022 Forecasts (As of Jul.) ②	Change =①-②	FY2021 Results ③	Change =①-③	FY2022 Forecasts ①	FY2022 Forecasts (As of Jul.) ②	Change =①-②	FY2021 Results ③	Change =①-③
Urban Transportation	166.2	173.7	-7.5	156.9	+9.3	8.7	11.3	-2.6	-5.1	+13.8
[Breakdown]										
Railway	121.5	125.0	-3.5	112.3	+9.2	17.3	19.5	-2.2	7.9	+9.4
Automobile	35.2	36.9	-1.7	32.7	+2.5	-3.8	-3.6	-0.2	-6.8	+3.0
Retailing	11.5	12.2	-0.7	14.0	-2.5	0.8	0.9	-0.1	0.8	+0.0
Others	8.3	10.1	-1.8	8.8	-0.5	0.6	0.6	—	0.7	-0.1
Real Estate	236.3	244.1	-7.8	188.4	+47.9	30.5	31.8	-1.3	28.9	+1.6
[Breakdown]										
Real estate leasing	112.8	114.7	-1.9	99.7	+13.1	28.3	28.9	-0.6	29.2	-0.9
Real estate sales and others	140.9	146.9	-6.0	105.7	+35.2	10.5	10.7	-0.2	8.3	+2.2
Entertainment	62.4	59.2	+3.2	42.2	+20.2	7.3	5.6	+1.7	-2.3	+9.6
[Breakdown]										
Sports	28.7	27.2	+1.5	21.1	+7.6	2.1	1.3	+0.8	-2.5	+4.6
Stage	33.7	31.9	+1.8	21.0	+12.7	6.5	5.7	+0.8	1.7	+4.8

Note: Segment totals may not match the aggregate of the amounts for each type of business due to separate head office expenses / adjustments.

# 《Reference》 Consolidated Statements of Capital Expenditure

(¥ billion)	FY2022 Forecasts ①	FY2022 Forecasts (As of Jul.) ②	Change ①-②	FY2022 Forecasts (As of May) ③	Change ①-③	FY2021 Results ④	Change ①-④
Total capital expenditure	139.7	137.5	+2.2	137.5	+2.2	108.5	+31.2
Urban Transportation	39.4			44.8	-5.4	29.5	+9.9
Real Estate	81.6			73.2	+8.4	68.8	+12.8
Entertainment	6.7			6.6	+0.1	1.7	+5.0
Information and Communication Technology	6.8			6.9	-0.1	4.5	+2.3
Travel	1.4			1.5	-0.1	1.4	—
International Transportation	2.9			2.9	—	0.7	+2.2
Hotels	0.9			1.2	-0.3	1.9	-1.0

Note : The figures announced on July 2021 did not include a segment breakdown.



# 《Reference》 Consolidated Statements of Depreciation and Amortization

(¥ billion)	FY2022 Forecasts ①	FY2022 Forecasts (As of Jul.) ②	Change ①-②	FY2022 Forecasts (As of May) ③	Change ①-③	FY2021 Results ④	Change ①-④
Total Depreciation and amortization	60.7	60.7	—	60.7	—	55.7	+5.0
(Breakdown for each business segment)							
Urban Transportation	27.7			27.8	-0.1	27.1	+0.6
Real Estate	20.4			20.8	-0.4	17.3	+3.1
Entertainment	3.8			3.6	+0.2	2.9	+0.9
Information and Communication Technology	4.9			5.1	-0.2	4.2	+0.7
Travel	0.9			1.0	-0.1	0.9	—
International Transportation	1.6			1.2	+0.4	1.3	+0.3
Hotels	2.2			2.3	-0.1	2.4	-0.2

Note : The figures announced on July 2021 did not include a segment breakdown.

# 《Reference》 Consolidated Statements of EBITDA

(¥ billion)	FY2022 Forecasts ①	FY2022 Forecasts (As of Jul.) ②	Change ①-②	FY2022 Forecasts (As of May) ③	Change ①-③	FY2021 Results ④	Change ①-④
Total EBITDA <sup>※</sup>	93.0	93.0	—	86.0	+7.0	60.3	+32.7
(Breakdown for each business segment)							
Urban Transportation	36.4			40.5	-4.1	21.9	+14.5
Real Estate	50.9			51.7	-0.8	46.4	+4.5
Entertainment	11.1			5.8	+5.3	0.7	+10.4
Information and Communication Technology	11.0			10.8	+0.2	9.9	+1.1
Travel	-10.1			-7.0	-3.1	-6.5	-3.6
International Transportation	6.6			2.8	+3.8	3.6	+3.0
Hotels	-11.6			-16.4	+4.8	-15.6	+4.0

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

Note : The figures announced on July 2021 did not include a segment breakdown.

# [Reference] Applying the Accounting Standard for Revenue Recognition (ASBJ 29)

- ◆ What is the new revenue standard?
  - ASBJ 29 specifies (1) when and (2) how a reporter will recognize revenue.
  - Based on International Financial Reporting Standards, ASBJ was enforced for all companies in Japan in April 2021 (the start of fiscal 2022).
- ◆ Summary of standard
  - ① The reporter must recognize revenue when the underlying sales or usage occurs (when the customer buys the good or uses the service).
  - ② If the reporter provides the good or service to the customer directly<sup>(Note 1)</sup>, then it must recognize the revenue at the gross amount<sup>(Note 2)</sup>. If the good or service is provided by an agent, then the reporter must recognize the revenue at the net amount<sup>(Note 2)</sup>.

(Note 1)  
Examples of criteria: The reporter is primarily responsible for fulfilling the promise to provide the specified good or service; the reporter has discretion in establishing the price for the good or service; the reporter has inventory risk before the specified good or service has been delivered.

(Note 2)  
Gross amount : All gross revenue from the sale is recorded as revenue from operations, without deducting sales costs.  
Net amount : Sales costs are deducted from gross revenue and the difference is recorded as revenue from operations.

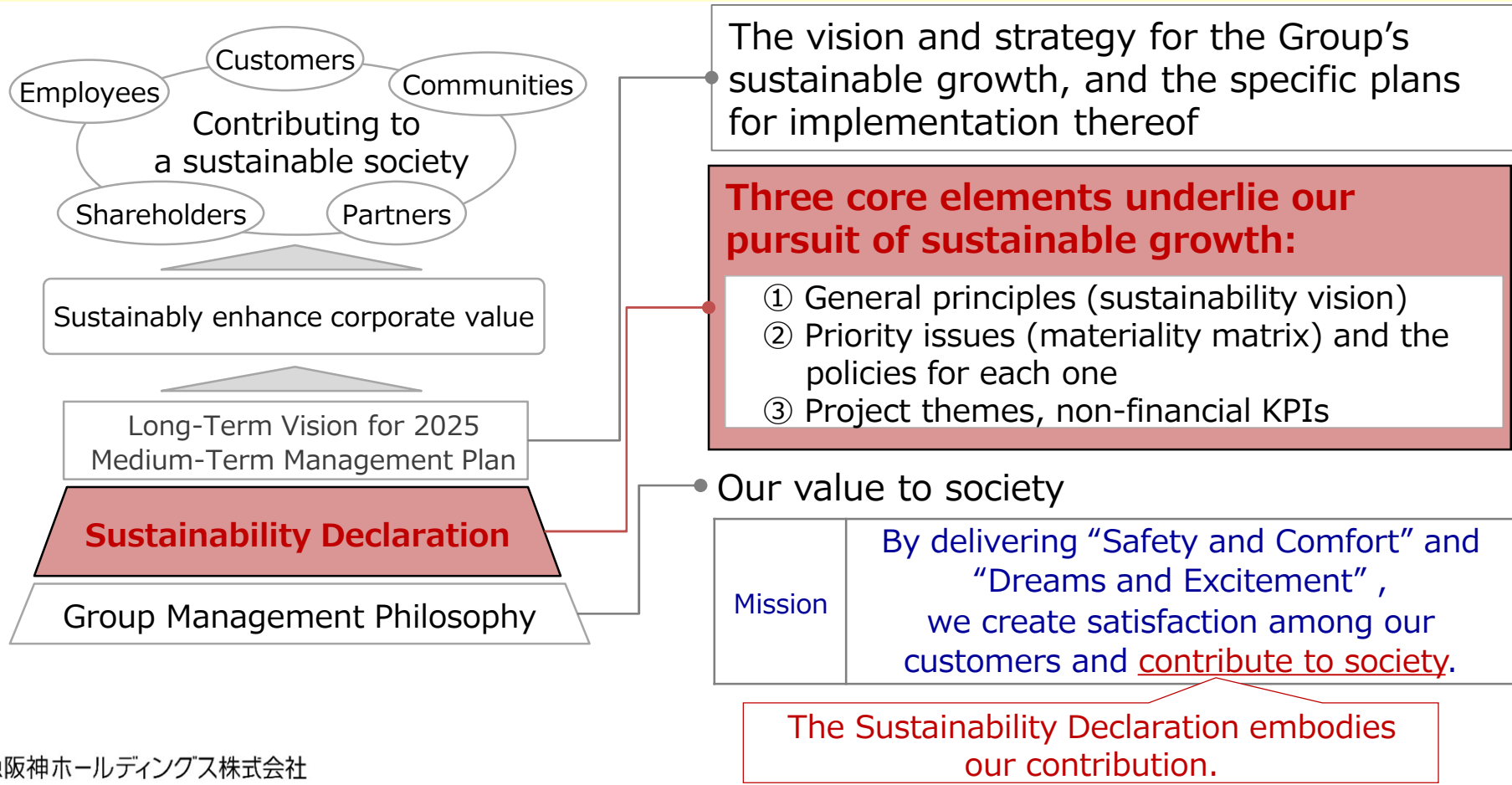
	Segment	Transaction	Current practice	New practice	Impact on revenue, income for fiscal 2022
①	Urban Transportation	Commuter pass	Report revenue prorated by month, <u>starting from month of sale</u>	Report revenue prorated by month, <u>starting from the month of commencement</u>	No impact on revenue or income (only the timing of recognition changes)
②	Travel	Organized tours※	Report revenue on <u>net basis</u>	Report revenue on <u>gross basis</u>	<u>Revenue approx. +¥50.0 billion</u> No impact on income
②	Urban Transportation	Sales and purchase in retailing business	Report revenue on <u>gross basis</u>	Report revenue on <u>net basis</u>	<u>Revenue approx. -¥4.0 billion</u> No impact on income

※The transactions most affected are those in the travel business related to organized tours.

# **Ⅲ. Sustainable Management**

# Sustainable Management

- 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 in 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.



# Sustainability Declaration

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

# Non-financial KPIs Based on Sustainability Declaration, Current ESG Efforts

## ■ Non-financial KPIs (Red box indicates new non-financial KPIs newly set for FY2022)

Priority issues	Non-financial KPIs		
Safe, reliable infrastructure	Zero culpable incidents in our railway business		
	※Applies to Hankyu Corporation/Hanshin Electric Railway/Kita-Osaka Kyuko Railway/Nose Electric Railway		
Empowering individuals	Employee satisfaction	Percentage of women in management positions	Percentage of women among new hires
	Always better than in previous survey ※The survey is conducted biennially in HHHD and six core companies	Around 10% (FY2031) ※Applies to HHHD and six core companies	Always more than 30% ※Applies to HHHD and six core companies
	Percentage of specific health guidance provision	Smoking prevalence	Paternity leave uptake
	More than 60% (FY2026) ※Applies to HHHD and six core companies	Less than 15% (FY2026) ※Applies to HHHD/Hankyu Corporation/Hanshin Electric Railway/Hankyu Hanshin Properties	100% (FY2026) ※Applies to HHHD and Hankyu Hanshin Properties
Environmental protection	Rate of CO2 emissions cuts①		Rate of CO2 emissions cuts②
	-26% compared to FY2014 (FY2031) ※Applies to: HHHD and subsidiaries' Japanese worksites		-40% compared to FY2014 (FY2031) ※Applies to Railway energy consumption of Hankyu and Hanshin's railway operations

• We are preparing to adjust our rate of CO2 emissions cuts targets in line with Japan's goal to go carbon neutral by 2050.

## ■ Current ESG Efforts

- As part of our commitment to sustainable business practices, we endorsed the **Task Force on Climate-related Financial Disclosures** and the **United Nations Global Compact** in May 2021.
- We now follow the TCFD disclosure framework (see next page for details).

# Current ESG Efforts

■ TCFD compliance

(For more details, see the Integrated Report 2021 (see pages 33–34)  
<https://www.hankyu-hanshin.co.jp/ir/library/integratedreports/>)

•In compiling Integrated Report 2021, we followed the TCFD recommendations for the core elements (governance, risk management, metrics and targets, and strategy). For strategy, we have identified the climate-related risks and opportunities in two segments with a relatively high exposure to climate change: the Urban Transportation segment (railway operations) and the Real Estate segment. We will further analyze these risks and opportunities, including their financial impacts, and incorporate them into our strategy.

Governance

- Our Corporate Sustainability Committee, chaired by the CEO, meets biannually to discuss social and environmental sustainability issues, action on climate change, and how to integrate sustainability into the management plan.
- The committee reports important matters to the Board of Directors

Risk Management

- We have created a dedicated position for managing risk across the group.
- Every year, we conduct a risk management survey to identify risks (including climate risks) and mitigation measures. The results are reported to the Board of Directors.

Metrics and Targets

- One groupwide non-financial KPI is a CO2 emissions cuts target.(see pp.42)
- For climate-related risks and opportunities in the Urban Transportation segment’s railway operations and in the Real Estate segment, we set dedicated non-financial KPIs to evaluate and manage the risks and opportunities.

Strategy

- We have identified the climate-related risks and opportunities in the above businesses.

● Examples of identified risks and opportunities

Risks	<div>Railway operations</div> <ul style="list-style-type: none"><li>•Energy costs will rise if a carbon tax is levied.</li><li>•Ultra-large-scale typhoons and increasingly heavy rainfall will lead to a greater chance of damage due to flooding (of marshaling yards, subway stations, electrical equipment, etc.) or destruction of embankments.</li></ul>
	<div>Real estate</div> <ul style="list-style-type: none"><li>•Building and refurbishing costs will rise if the levying of a carbon tax increases the costs of building materials, or if regulation (such as on ZEB) is tightened.</li></ul>
Opportunities	<div>Railway operations</div> <ul style="list-style-type: none"><li>•Because railways are relatively energy-efficient, we can command competitive prices, encouraging a switch to rail.</li></ul>
	<div>Real estate</div> <ul style="list-style-type: none"><li>•We could gain a competitive advantage if we can supply the need for buildings that are eco-friendly and disaster-resilient.</li></ul>

## <Reference> Our first sustainability bonds

- In December, we will issue our first sustainability bonds. The bonds will fund our efforts to address environmental and social challenges to sustainability.

Total value of issued bonds	¥10.0 billion yen	
Period issued	5 years	
Issuance date	December, 2021	
How the funds will be used	<b>Umeda 1-1 Project</b> <ul style="list-style-type: none"><li>•Fund construction of Osaka Umeda Twin Tours South</li><li>•Fund construction of public facilities in the vicinity</li></ul>	





## Priority issues : Environmental protection



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

#### Cut greenhouse gas emissions, Improve energy efficiency/conservation

- Introduce energy-saving rolling stock in railway operation business
- Introduce energy-saving technology in rental buildings
- Convert station, train and theaters lighting to LED

#### Use more renewable energy (e.g. solar)

- Installed solar energy systems
- 【Installed facilities】  
 Hanshin Koshien Stadium,  
 (Hankyu) Settsu-shi station,  
 (Hanshin) Oishi station,  
 HEP FIVE etc.



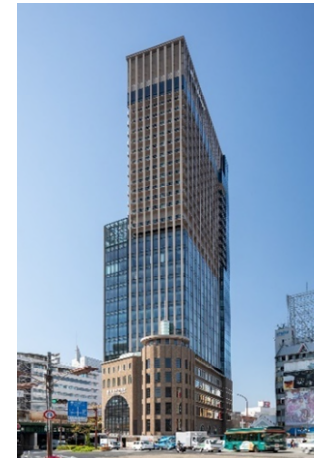
Hanshin Koshien Stadium

#### Produce less waste and recycle more

- Recycle more of the drink containers sold at Hanshin Koshien Stadium
- Phase out one-use plastic items in hotels business (Replacing plastic straws with ecofriendly alternatives etc.)

#### Aim for more eco-friendly buildings

- Obtain DBJ's Green Building Certification※ for new office buildings and large commercial buildings
- August 2021: Kobe-Sannomiya Hankyu Building earns three stars



Kobe Sannomiya Hankyu Building

#### 【Other awarded buildings】

Hankyu Nishinomiya Gardens (five stars), HEP FIVE (four stars), Umeda 1-1 project (five stars: Awarded to design/planning of Osaka Umeda Twin Tours South, which will be completed in spring 2022)

※ The DBJ's Green Building Certification recognizes buildings that exemplify best practices in ecological and social sustainability. There are five certification ranks (stars).



## Priority issues : Safe, reliable infrastructure



### 【Examples of actions to improve safety on the railway】

#### Preventing platform falls

- Platform screen doors (for preventing passengers falling onto the track) are being rolled out at Hankyu and Hanshin stations.



Kobe-sannomiya station  
(Hankyu)



Kobe-Sannomiya station  
(Hanshin)

### 【 Examples of actions for disaster preparedness and disaster mitigation】

#### Natural Disasters of extreme severity

- The rail companies are taking hard (physical) measures to control risks of flooding and earthquakes. They are also taking soft (non-physical) safety measures such as suspending services strategically and communicating risk information to passengers.

### 【Examples of actions to provide safe and comfortable facilities and services】

#### Improving accessibility

- The rail companies are improving accessibility in the train and on the platform to ensure safe and comfortable rail travel for all.
- Hankyu Corporation is yet to make the accessibility improvements at two stations: Kasuganomichi and Nakatsu. Of these, there is now a schedule in place for Kasuganomichi Station. The work should be completed by the end of fiscal 2023.

#### Staff and crew qualify as service care-fitters

- Alongside hard (physical) improvements, staff are being encouraged to train as Service Care-Fitters.
- Hanshin Electric Railway has encouraged such training since 2013. At the end of fiscal 2021, all its station staff and in-train staff have a Service Care-Fitter license.



2

Priority issues : Thriving communities

【Examples of actions to develop a good living environment】

Hankyu Corporation  
Developing the vicinity of Nishinomiya-Kitaguchi Station

- Hankyu Corporation has contributed to development of the vicinity of Nishinomiya-Kitaguchi Station. In 2008, it opened a large shopping facility, Hankyu Nishinomiya Gardens, by Nishinomiya-Kitaguchi Station, followed by an annex to the center and another new section named Hankyu Nishinomiya Gardens Gate. The corporation also attracted cultural and educational facilities. In this way, we have made the area more attractive and convenient, with plenty of high-quality housing, and we continue improving the area’s value.
  - This community-building effort has won affection: Nishinomiya-Kitaguchi has ranked top in the Most Desirable Neighborhood※ in Kansai survey for six years in a row.
- ※See page 77 for details about the Most Desirable Neighborhood survey.



Hankyu Nishinomiya Gardens

3

Priority issues : Life designs for tomorrow

【Examples of actions to improve existing services and create new business by utilizing ICT innovation】

Mimamorume : Hankyu Hanshin’s safety tracking service

- Mimamorume harness the strengths of ICT for better protection. Applications include a school safety tracking system, where IC chips are inserted into pupils’ schoolbags and sensors mounted on school gates enable tracking of their comings and goings via a phone app. (As of September 2021, some 1,600 schools and pre-schools have adopted Mimamorume.)
- Building on Mimamorume, we developed Machinaka Mimamorume, an app that connects with local authorities to watch over elderly and vulnerable residents.



A Mimamorume IC chip inserted into a schoolbag



Priority issues : Empowering individuals



【Examples of actions to improve employee satisfaction, creating a more positive workplace】

- We conduct a periodic employee questionnaire and use the results to identify ways to improve job satisfaction.

【Examples of actions to promote a healthy workplace】

- Formulate and announce the Hankyu Hanshin Holdings Group’s Declaration on Employee Health Management (April 2018)
- 15 group companies have been listed among the “Health and Productivity Management” Organizations of 2021.

Large enterprise category (White 500)	Hankyu Corporation, Hanshin Electric Railway, Itec Hankyu Hanshin  健康経営優良法人 2021 Health and productivity ホワイト500
Large enterprise category	Hankyu Hanshin Properties, Hankyu Travel International, Hankyu Hanshin Express, Hankyu Hanshin Hotels, Bay Communications
SME category (Bright 500)	Hankyu Hanshin REIT Asset Management
SME category	Kita-Osaka Kyuko Raikway, Chuo Densetsu, Hankyu Taxi, Hankyu Hanshin Insurance Services, Hankyu Mediac, Hanshin Cable Engineering

【Examples of actions for promoting diversity】

■ Empowering Women in the Workplace

- MSCI Japan Empowering Women Index (WIN) chosen as constituent for second consecutive year. (July 2021)  
**2021** CONSTITUENT MSCI JAPAN  
**EMPOWERING WOMEN INDEX (WIN)**  
MSCI <https://www.msci.com/our-solutions/esg-investing>
- We are hiring more women and training them for leadership positions.

■ Encouraging uptake of paternity leave

- Paternity leave has been improved. (January 2021 : HHHH and Hankyu Hanshin Properties)

■ 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).
- Assist Hankyu Hanshin was certified as a Monisu Employer—an SME recognized as an employer of people with disabilities (December 2020).

【Examples of actions to respect human rights and prevent harassment】

- We run training courses for preventing workplace bullying and harassment.





## Priority issues : Empowering individuals



### [Examples of actions to cultivate tomorrow's leaders]

- We are taking the following two actions as part of the Hankyu Hanshin Dreams and Communities of the Future Project※.

#### Hankyu Hanshin Dreams and Communities Challenge Troop

- Our group companies (railway, theaters, stadium, hotels etc.) provide some of their facilities and employees for summer camps that feature authentic hands-on learning activities for elementary students.
- By the end of September 2021, more than 18,000 elementary school students were invited to a total of 415 programs. (The program was suspended in FY2021 because of COVID-19)



#### 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.
- By the end of September 2021, Hankyu Corporation staff have visited a total of 257 schools and talked to more than 21,000 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), and the top prize in the FY2021 MEXT awards for recognizing companies that offer activities for young people (Organized by Ministry of Education, Culture, Sports, Science and Technology)

※Hankyu Hanshin Dreams and Communities of the Future Project

Since 2009, 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.



私たちは、未来へつなぐ  
「地域環境づくり」と「次世代の育成」に  
貢献します。

# 《Reference》 SDGs Train 2020

## Social Environmental

This is how we commemorated the 10th anniversary of Hankyu Hanshin Dreams and Communities of the Future Project:

### SUSTAINABLE 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 200 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) The SDG-themed trains ran on 100% renewable (in real terms) energy.
  - (3) To add momentum to the SDG agenda, the trains will remain in service until FY2026, when Osaka will host Expo 2025.
- In September 2020, Tokyu Group started running their own SDG-themed trains. Together, we promote the SDGs agenda in East and West Japan.



SDG-themed rail livery: The Dreams and Communities trains



Japan SDGs Awards ceremony held at the Prime Minister's Office in December 2020


- In FY2020, this initiative was awarded the Signpost to the Future Award at the 17<sup>th</sup> Corporate Philanthropy Awards. (Organized by Japan Philanthropic Association)

- In FY2021, we received the Special Award "SDGs Partnership Award"

at the 4<sup>th</sup> Japan SDGs Awards. (Organized by the SDGs Promotion Headquarters at the Prime Minister's Office)



6



Priority issue : Robust governance

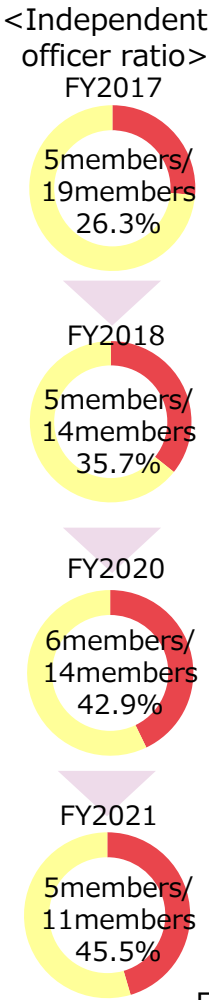
Notes: Regarding Corporate Governance Report, please visit our website.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

Actions to promote effective and transparent corporate governance

FY2016	<b>Established the Corporate Governance President Committee</b> •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 auditors (standing Audit and Supervisory Committee members since Jun 2020) and outside directors)
FY2017	<b>Started evaluating the effectiveness of the Board of Directors</b> •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 preceded by preliminary questionnaires since fiscal 2021)
FY2018	<b>Scrapped the corporate adviser system</b>
FY2019	<b>Resolved to discontinue anti-takeover measures Established compensation committee</b> •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)
FY2020	<b>Revised compensation structure</b> •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.
FY2021	<b>Changed corporate structure to that of a “company with an audit &amp; supervisory board”</b> •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).



# **IV. Referential Materials**

## **(1) Future Strategy**

**(Reproduced from the results briefing materials released in May 2021※)**

※ With some information updated



# Reviewing Progress on Medium-Term Management Plan

## ■ Reviewing Progress on Medium-Term Management Plan(FY2019~FY2022)

- In May 2017, we unveiled the Long-Term Vision for 2025, a vision for sustained growth in a changing landscape.
- Our first task was to devise an action plan for the first four-year phase (fiscal 2019–2022) of this long-term strategy—the result was the current Medium-Term Management Plan. Since then, we have pressed ahead with strategies based on the Long-Term Vision with the aim of raising operating income level to the ¥110.0 billion level by the end of the current medium term, fiscal 2022. (see pages 64-65 for a description of Long-Term Vision for 2025).



- Until the pandemic struck, we were on course to meeting our targets for fiscal 2022. Growth was proceeding as planned, and we were confident that we could maintain financial soundness while investing toward higher future growth.



- However, the pandemic rocked many of our businesses, with devastating consequences for our group's overall performance.
- Another problem is that the business landscape has changed markedly from what we assumed when drawing up the Medium-Term Management Plan. For these reasons, **it is now impossible to achieve the above medium-term target (¥110.0 billion operating income by fiscal 2022).**



Accordingly, **we have withdrawn this target, meaning that there is currently no interim target for the Long-Term Vision.**

# Projections for recovery from effects of pandemic

## ■ Projections for recovery from effects of pandemic

- We have projected that economic activities will recover in a three broad phases.
- Based on current trends, phase 2 will probably begin in fiscal 2023 and phase 3 in fiscal 2024. That said, the opaque outlook makes it impossible to state a precise timespan.

FY2021	FY2022	FY2023	After FY2024
Phase 1		Phase 2	Phase 3
In Japan, short-distance travel resumes. Travel distances gradually increase, and the impact of physical distancing eases off.		Travel gradually resumes across the world.	The pandemic is brought under control. Economic activities in Japan and abroad recover significantly.



Even by phase 3, the business landscape will not have fully recovered to pre-pandemic levels.

# Overhauling the Medium-Term Management Plan: Assumptions

- In pre-pandemic times, many of our businesses (the urban transportation, real estate, sports and stage, travel, and hotels businesses) maintained their competitive edge in the B2C sector by delivering products and services in offline, in-person settings. Their business model was predicated on people traveling.
- However, the pandemic has undermined this business model, and even if we reach phase 3, there can be no full return to the pre-pandemic landscape. The pandemic has created a new normal in which people travel less and spend more time online. This new normal has far-reaching strategic implications for our organization.



- Since the business landscape has diverged significantly from our strategic assumptions, we need to radically overhaul the medium-term plan.
- That said, the exact timing of the phases remains unclear, and we do not yet know what the new normal (from phase 3) will look like.
- Another source of uncertainty is our new projects (including projects to make more effective use of hotel land in Umeda and Senri-Chuo, shown on page 57 and 58) and participation in a plan for the construction of new railway lines in Osaka. It will take time until we get a clear picture of how these plans will proceed.



- Thus, for fiscal 2022, we want to turn around performance as soon as possible and accelerate efforts to prepare for the new normal. Our action plan is shown on the next page.
- See page 63 for the assumptions underlying the medium- to long-term plan.

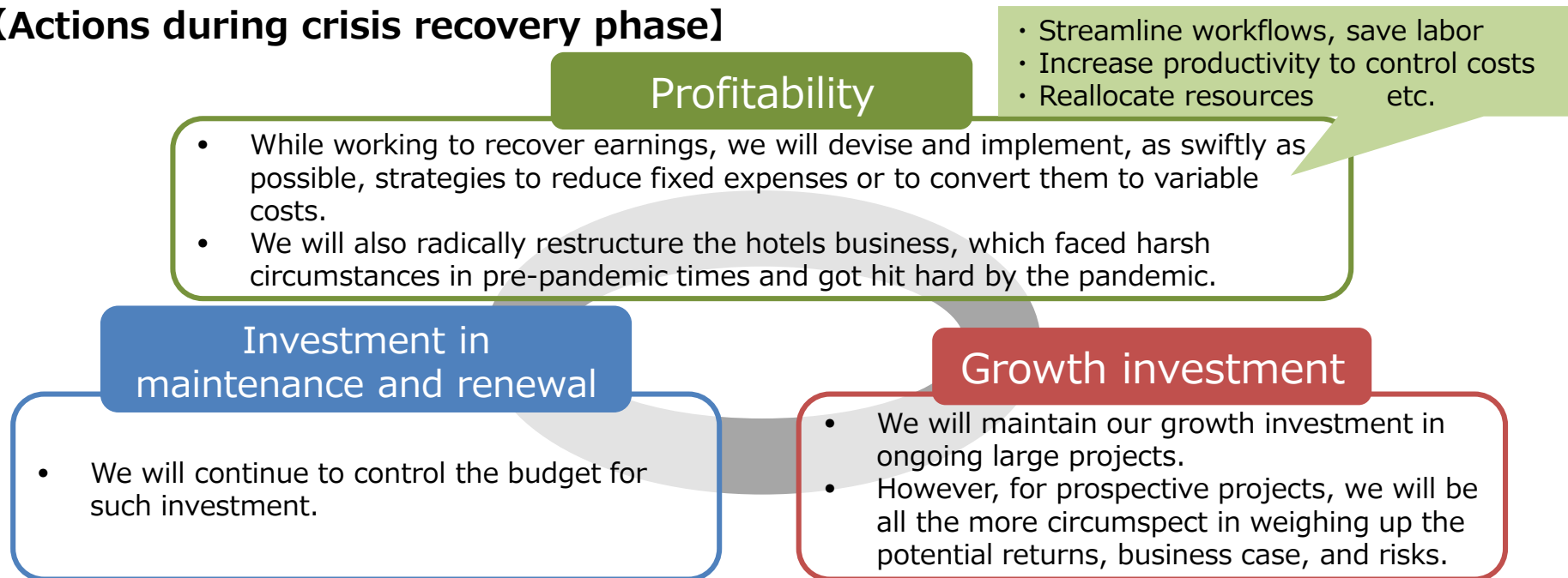
# Current strategy(FY2022)

## ■ Current strategy(FY2022)

### <Task 1> Establish crisis recovery phase

- We will establish a crisis recovery phase, during which we focus all efforts on achieving a swift recovery from the effects of the pandemic.
- During this phase, we will undertake the following actions to turn around performance as soon as possible and contain the impact on financial soundness.

#### [Actions during crisis recovery phase]



### <Task 2> Adapt to the new normal

- Recognizing that the pandemic hastened a shift to a new normal, we will adapt accordingly (see pages 59-62).

# Structural Reforms in the Hotels Business②

## ■ Description of Structural Reforms in the Hotels Business

### ① Operational

- In the hotels business, we decided some time ago that any new hotels we open should be no-frills hotels, and we put the existing full-service hotels under review in terms of the business model and use of assets, with a view to ensuring the profitability of the real estate.
- We will focus resources on no-frills hotels (which have good profit potential) and a selected number of full-service hotels. Conversely, we will close hotels that are unprofitable, underperforming, or dilapidated. Seven hotels will be closed, as shown below.

End of FY2022	Dai-ichi Hotel Annex, Kichijoji Dai-ichi Hotel, remm Kagoshima※1, Umeda OS hotel※2 ※1 By the end of FY2022, remm Kagoshima will cease to be a directly managed hotel and become a chain hotel managed by the property's owner. ※2 Umeda OS hotel is managed under contract by Hankyu Hanshin Hotels (to be closed at the end of December 2021)
End of FY2023	Daiichi Hotel Tokyo Seafort
Around the end of FY2025	Hotel new Hankyu Osaka ⇒ see page 57
Around the end of FY2026	Senri Hankyu Hotel ⇒ see page 58

### ② Personnel

- As well as downsizing the workforce as part of the restructuring program (reallocating resources), we will run a business process inventory to see where we could improve productivity. In this way, we hope to achieve enable leaner operation. By hiring fewer people, we will allow the workforce to shrink naturally.

### ③ Financial

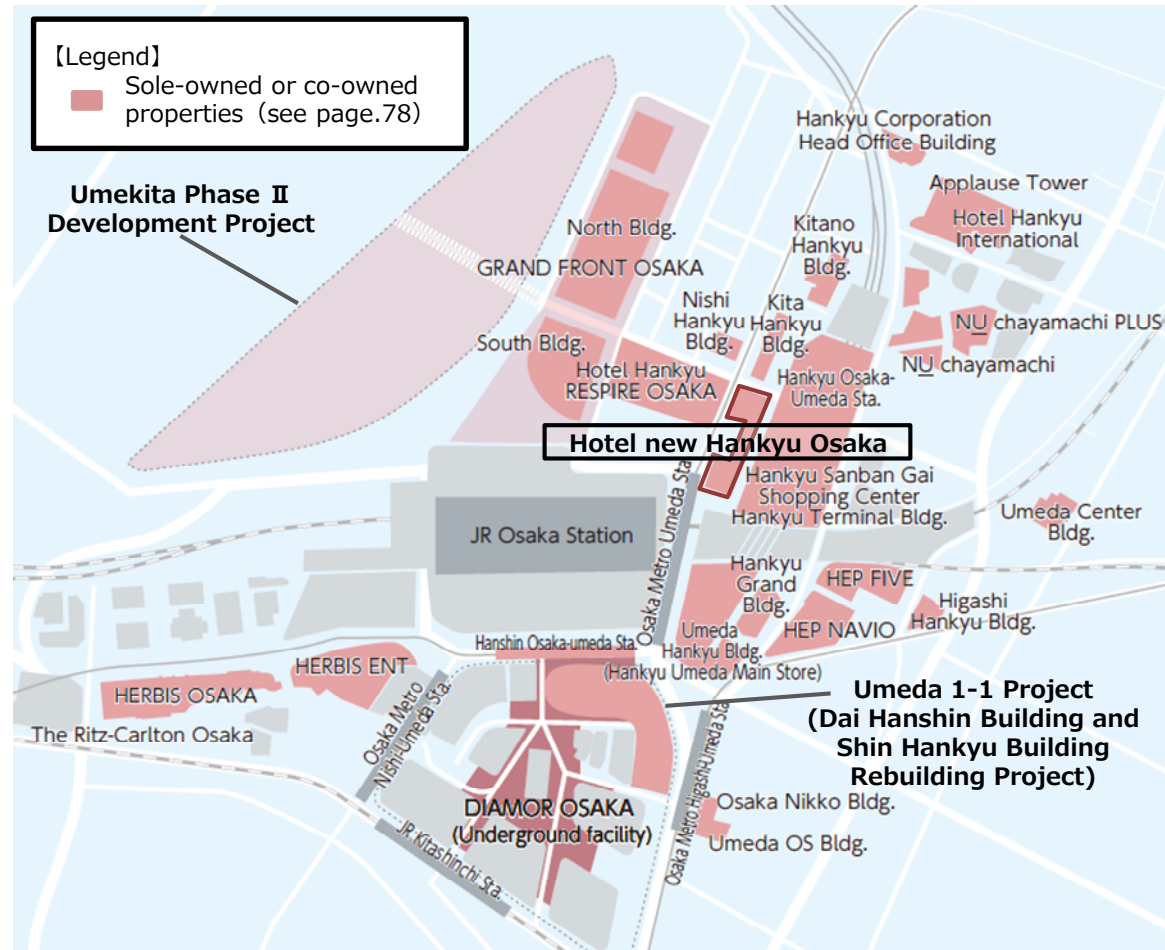
- We are prepared to record impairment loss to reflect the diminished profitability of assets amid the pandemic.

# Strategy for Developing the Osaka-Umeda Area

- As mentioned on previous page, Hotel new Hankyu Osaka and Senri Hankyu Hotel will close. The locations of the hotels, Umeda and Senri-Chuo, are key strategic areas for us, so once the hotels close we will find ways to increase the usage of the real estate in order to raise its value and contribute to the development of both areas.

## ■ Strategy for the Osaka-Umeda area

- We had been mulling the closure of Hotel new Hankyu Osaka for some time. The building was decaying significantly and, despite its prime location, the hotel was not generating the revenue one would expect from such a location.
- We finally decided to close the hotel by around the end of fiscal 2025. This decision was precipitated by two factors: the opening, nearby the hotel, of Hotel Hankyu RESPIRE Osaka (which is of a similar scale), and progress on a plan to relocate facilities attached to Hotel new Hankyu Osaka.
- Umeda 1-1 Project is scheduled to be completed next spring, so once Hotel new Hankyu Osaka closes, we will set aside the site for another large project, through which we will increase the site's usage.



## The Osaka-Umeda area

# Strategy for Developing the Senri-Chuo Area in Osaka

## ■ Strategy for Senri-Chuo Area

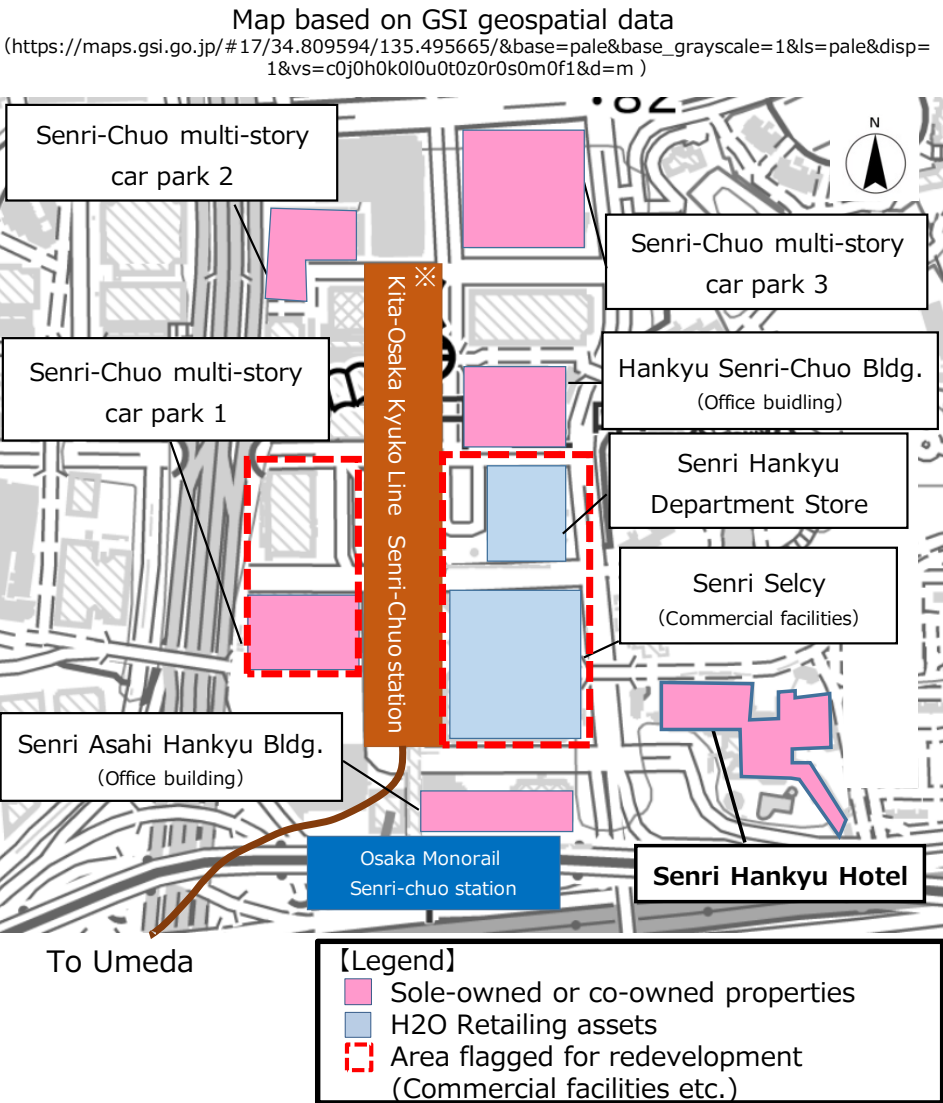
- Senri Hankyu Hotel is dilapidated and will be closed by around the end of FY2026.
- Meanwhile, the Senri-Chuo area, a key strategic area for us, will be affected by a plan to redevelop the vicinity around Senri-Chuo Station (Senri Hankyu Department Store, Senri Selcy etc.), adjacent to Senri Hankyu Hotel.
- Accordingly, once the hotel is closed, we will explore ways to make effective use of the land to improve the quality of the Senri-Chuo area. Mindful of the need to maintain the vibrancy and convenience of the area around the station, we will keep an eye on the plans to redevelop the area and decide about the land use accordingly.

■ Time from Senri-Chuo Station to Osaka's main terminals  
(The train runs direct to below stations as the Kita-Osaka Kyuko Line is connected with the Midosuji Line of the Osaka Metro)

•To Shin-Osaka station    approx. 14 minutes

•To Umeda station            approx. 20 minutes

## Overview of the Senri-Chuo area



※Kita-Osaka Kyuko Railway is extending its line 2.5 km northward from its current northern terminus, Senri-Chuo Station. The extension will begin service in FY2024. (see page 68)



# Adapting to the New Normal①

## ■ The pandemic has transformed lifestyles

COVID-19 induced trends

- Consumers want **contactless commerce** and they want to **avoid crowded spaces**
- Increasingly, **businesses are digitizing, supporting workplace flexibility, and engaging in SDGs** (e.g. supporting efforts to go **carbon neutral**)

### Lifestyle changes

#### Changes in population behavior

Fewer unnecessary outings

More dispersed workforce,  
dispersed learning

More even and diverse travel demand

More options for where to live

#### Changes in corporate sector

More workplace flexibility

More BCP

#### Emphasis on quality of life

More emphasis on health and safety, more health consciousness

Rising desire for self-expression and active role in society

Rising desire for communication in reaction to the shift to virtual

※ Working from home, digital nomadism, working at a satellite office, workation, etc.

### New lifestyle needs

Remote work※

Accelerated digitalization

More online consumption

More emphasis on SDGs

Better private spaces

Growing demand for real-life (but safe) experiences



# Adapting to the New Normal②

## ■ Direction of Adapting to the New Normal

- The new normal threatens to undermine the earnings capacity of our existing businesses. Accordingly, to help ensure sustained growth in the new normal, we will undertake a two-pronged digital transformation that will enable our businesses to maintain or improve their competitive edge.

### Two-pronged digital transformation

#### ① Use digital technology to improve existing businesses

- Offline-based existing businesses will use digital technology to streamline and enhance the profitability of their offline products and services.

#### Use digital marketing (digitally aggregate and analyze customer data)

- Using groupwide ID, the businesses will pool their customer data and use big data analytics to understand customer behavior.

In April 2021, we opened the **Data Analytics Lab** in a joint project with the University of Tokyo.

#### ② Create digital revenue streams

- To create digital revenue streams, we will build a digital twin city that reproduces real-world environments in a digital space.

Naming this two-pronged strategy the **Hankyu Hanshin DX Project**, we will accelerate plans to integrate it into our medium- to long-term strategy.

# Adapting to the New Normal③ (Examples of actions in individual businesses)

## Urban Transportation

- Our railway business will monitor rail travel demand and adjust timetables as necessary. We will also use robotics and IoT-driven technology to streamline station operations and maintenance work.
- They will also capture new revenue opportunities in the new normal. For example, they will consider providing premium seating (seats reserved for a surcharge) to capture the rising demand for more space and privacy in rail travel.

## Real Estate

- The real-estate leasing business has added satellite offices to its office rentals lineup. The first satellite office (Hankyu Hanshin ONS Senri-Chuo) opened in April 2021. This office is managed by Point0 Inc. Point0 (pronounced “point zero”) is a satellite workspace project in which numerous companies are participating. It has pooled the technology and knowhow of the companies to help ensure that this office space has safe, comfortable ventilation, high-level security, and a pleasant interior. The second satellite office opened in Kobe-Sannomiya Hankyu Building(see page 71) in October 2021. A third will open in the Kyoto Kawaramachi area this winter.
- For shopping facilities, we will focus on providing the kind of offline shopping experiences that cannot be replicated online. For housing, we will focus on product ideas that cater to new lifestyles like working from home.



The second satellite office: Hankyu Hanshin ONS Kobe-Sannomiya

# Adapting to the New Normal④ (Examples of actions in individual businesses)

## Entertainment

- In July 2020, Takarazuka Revue started streaming its shows, allowing fans to watch the shows at home on their TV or smartphone. The streamed shows had many views.
- In July 2021, we teamed up with NTT Docomo to pilot a streaming service that uses an 8K ultra-zoom feature and superimposing.
  - ※1 This feature allows the viewer to zoom in to any part of the footage without sacrificing the resolution. Our pilot stream marked the world debut of this feature.
  - ※2 This feature allows the viewer to select from multiple layers of live footage (which might include VR images or different camera angles).
- We will keep trialing digitized forms of theatrical entertainment with a view to expanding revenue.



8K ultrazoom: The viewer can zoom in on the action, keeping the 8K resolution

## Travel

- Hankyu Travel International provided online tours on Zoom.
- Our travel business starts doing even more online including increasing digital advertising as a share of total ad spending and enhancing online booking services.

## Other

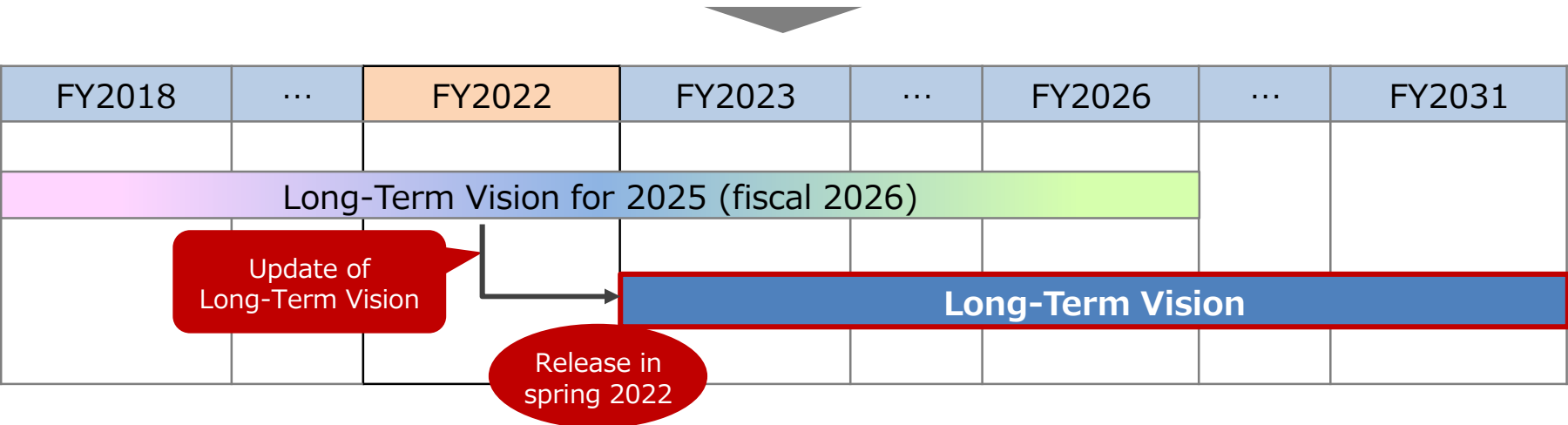
- Working across the group, we created a 3D digital model of Koshien Stadium. In March 2021, we used this virtual space to host our first online exhibition.
- At a second event held in September 2021, we hired a celebrity to deliver an online seminar to attract more people.



# Medium- to long-term Strategy (Updating of Long-Term Vision)

## ■ Updating of Long-Term Vision

- As we remain in the midst of the pandemic, it is hard to predict how the new normal will look. However, we need to get clear grasp as soon as possible so that we can present a roadmap for the future.
- Our Long-Term Vision for 2025 (fiscal 2026) was formulated on the assumption that lifestyles and business practices would inevitably change sooner or later. However, the pandemic has hastened these changes and we must update the Long-Term Vision accordingly※.
- ※In updating the vision, we are mindful of the need to do the following:
  - Adapt to changes in consumer behavior driven by the pandemic, embrace digital transformation, drive a workplace revolution , and contribute to the SDG agenda (by going carbon neutral by 2050 for instance)
- Thus, we are updating the plan with an eye on the pace of recovery in demand and the transition in business conditions. We hope to release the new vision in spring 2022 under the title Vision for 2030.



# 《Reference》 Long-Term Vision for 2025 (Overall vision)

Announced  
in May 2017

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  
optimization and differentiation.

#### **Strategy③**

Groupwide initiatives,  
new business fields, etc.

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

#### **Strategy④**

Further  
technological  
advances (AI, IoT,  
etc.)

The coming age of full-  
scale population decline

Economic growth  
in Asia

Declining birth rate  
and aging population

Growing numbers of  
overseas visitors

Crumbling infrastructure

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

Tightening of labor  
market

Concentration of population  
into urban areas

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

# 《Reference》 Long-Term Vision for 2025 (Four strategies)

Announced  
in May 2017

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・overseas

## 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.

## Flow business

Strengthen competitiveness by thoroughly pursuing brand optimization and differentiation.

### Strategy③

Thoroughly optimize 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.

Stock (Use assets)

Flow (non-assets)

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

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

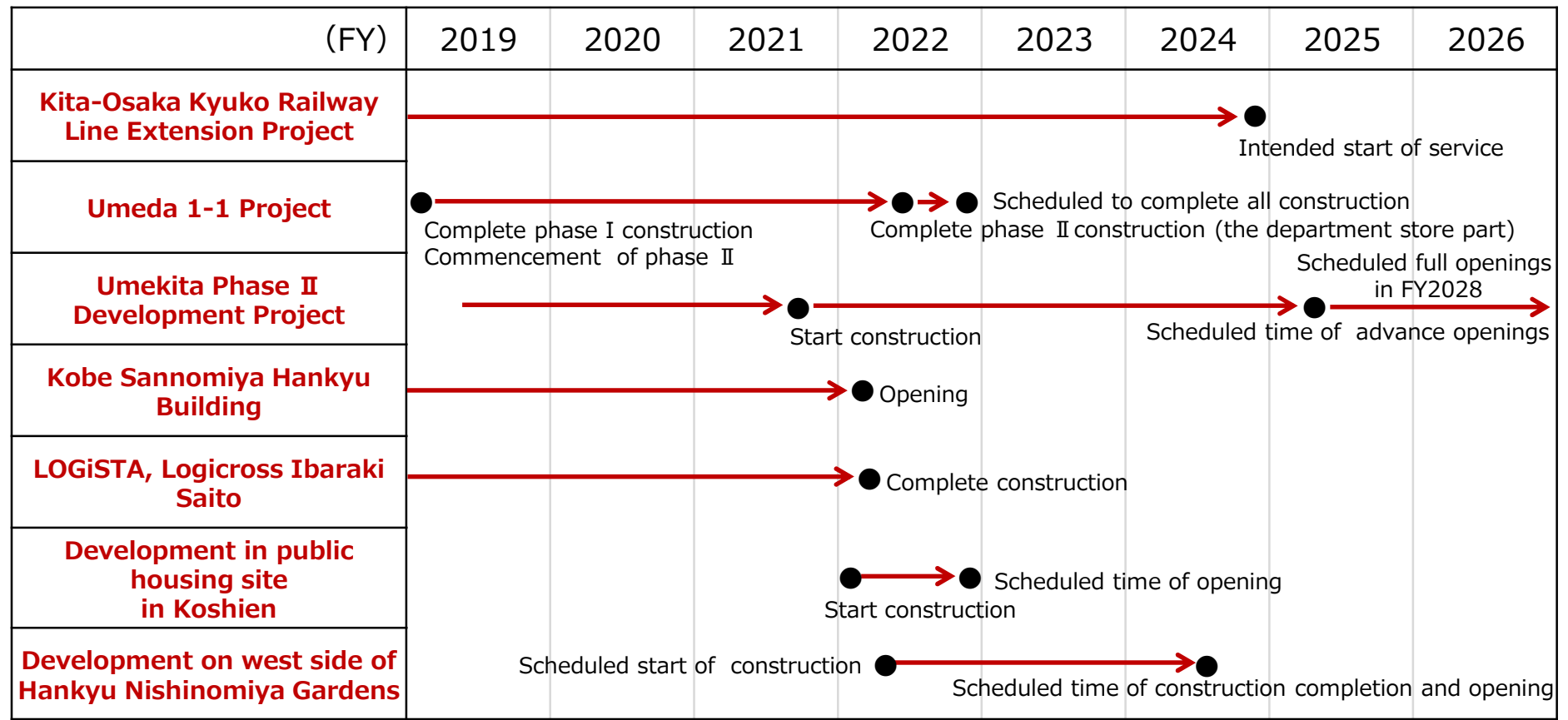
### Strategy④

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.

## **IV. Referential Materials**

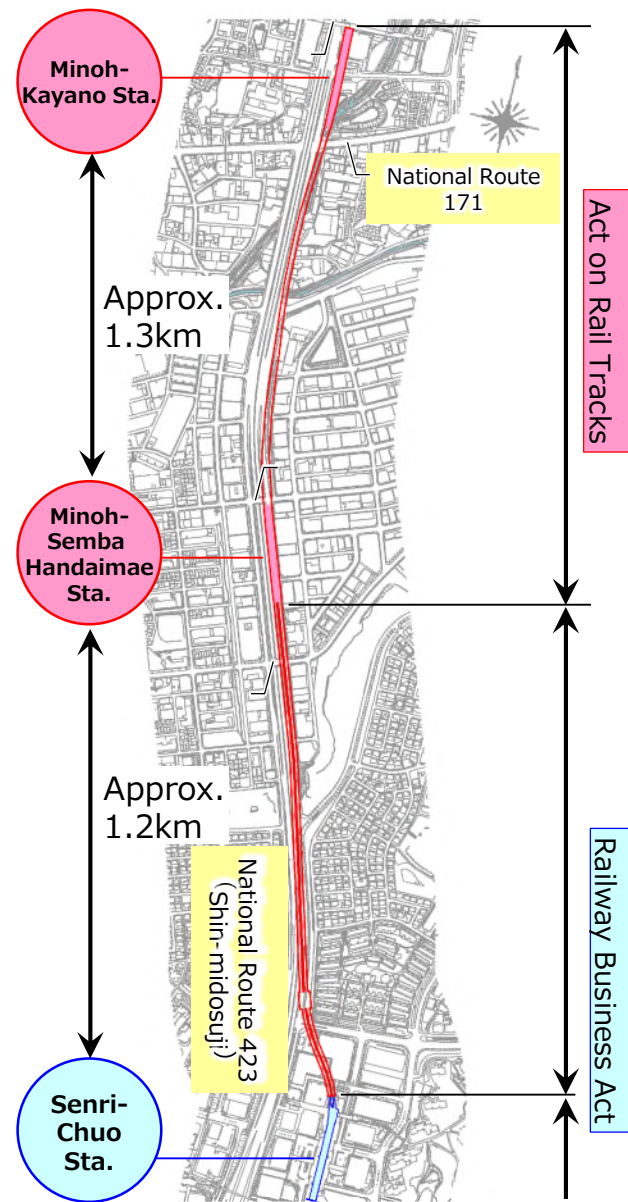
### **(2) Progress in Each Project**

# 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: ¥87.4 billion yen
- Demand: 45,000 people per day

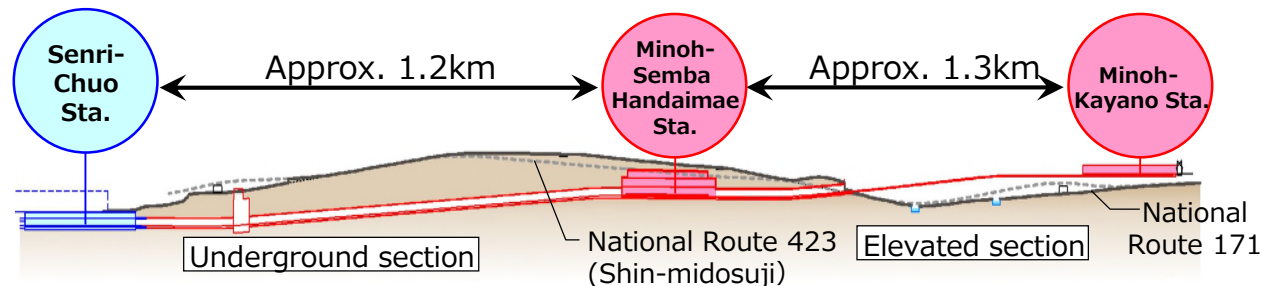
## 【Business scheme】

- 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 program: 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> ※1
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

※1 Including the road between Dai Hanshin Building and Shin Hankyu Building

## 【Schedule】

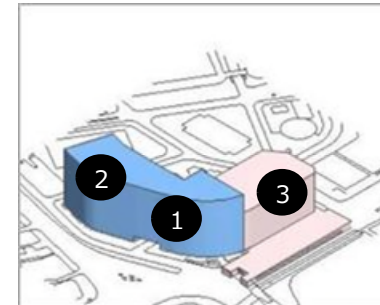
July 2015	Begin phase I construction
April 2018	Complete phase I construction (Shin Hankyu Building and Dai Hanshin Building East Wing)
June 2018	Partial opening of new department store Phase II (west wing of Dai Hanshin Building): Start demolition work
June 2019	Begin phase II construction
September 2021	Completion of phase II construction, the department store part
October 2021	Opening of the new department store in the phase II department store part
Spring 2022	Complete all construction※2 and open office floors and halls

※2 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'.

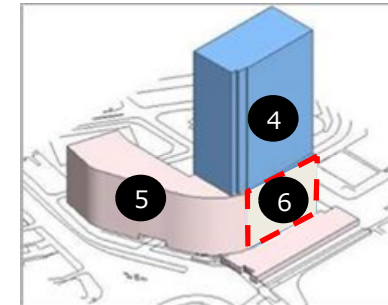
## 【Conceptual illustration of the building exterior】



## 【Phase I】



## 【Phase II】



- 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)
- ⑥ The part completed in September 2021 (Completion of the department store part)

# 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※1>

Zone	North zone	South zone
Site area	Approx. 15,720㎡	Approx. 30,430㎡
Total floor space	Approx. 149,200㎡	Approx. 407,250㎡
Facilities	Innovation facilities, hotel, residence, others	MICE facilities, offices, hotels, commercial facilities, residence, others

※1 As described in press release issued when work began (December 2020)

### <Schedule>

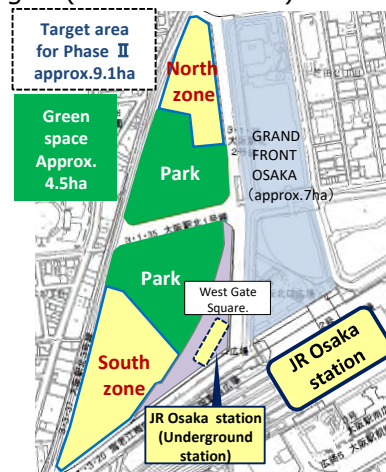
Dec 2020	Construction in private-sector zones
Around summer 2024	Advance openings※3
FY2028	Full openings

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

### <Urban open space specifications※2>

Site area	45,000㎡
Total facility floor area	12,500㎡
Facilities	Museum, experiential learning facilities, roofed open spaces, restaurants, shops, others




※2 This is the competitive tender submitted in May 2018.



(based on the image released in December 2020; subject to change)





# Project progress along other line-side areas①

In order of opening date	<b>Kobe Sannomiya Hankyu Building</b> 	<b>LOGiSTA, Logicross Ibaraki Saito</b> (Project to construct Saito Moegi Distribution Center) <div>   </div> <div> <div>A zone</div> <div>B zone</div> </div>
Location	2-1, 4-chome Kanocho, Chuo-ku, Kobe (Direct access to Hankyu Kobe-sannomiya Station)	1-chome, Saito Moegi, Ibaraki (In the Sanroku Line area of the eastern section of Ibaraki City's International Culture Park 'Saito')
Site area	Approx. 7,100m <sup>2</sup>	A zone : Approx. 51,000m <sup>2</sup> (※) B zone : Approx. 16,000m <sup>2</sup> (※)
Total floor space	Approx. 34,300m <sup>2</sup>	A zone : Approx. 116,000m <sup>2</sup> (※) B zone : Approx. 31,000m <sup>2</sup> (※)
Number of floors	Building's main section : 29 floors above ground and 3 below ground Section under elevated railway : 2 floors above ground and 1 floor below ground	A zone : 5 floors above ground B zone : 4 floors above ground
Purpose	hotel "remm plus Kobe Sannomiya", offices, commercial facilities "EKIZO Kobe Sannomiya, railway station"	logistics facilities
Scheduled opening	April 26, 2021	May 31, 2021(completion date)

※ Includes the portion belonging to our partner

# Project progress along other line-side areas②

In order of opening date	Development in public housing site in Koshien	Development on west side of Hankyu Nishinomiya Gardens
		
Location	58 Koshien-cho, Nishinomiya, Hyogo (South side of Hanshin Koshien Stadium)	544 Takamatsu-cho, Nishinomiya, Hyogo (Direct access to Hankyu Nishinomiya-kitaguchi Station)
Site area	Approx. 3,200m <sup>2</sup>	Approx. 3,000m <sup>2</sup> ※
Total floor space	Approx. 5,000m <sup>2</sup>	Approx. 18,300m <sup>2</sup> ※
Number of floors	3 floors above ground	14 floors above ground
Purpose	The Museum Of Hanshin Koshien Stadium, commercial facilities	commercial facilities, offices, rental housing
Scheduled opening	March 2022	September 2023

## **IV. Referential Materials**

### **(2) Other**

# Consolidated Subsidiaries

(As of September 30, 2021)

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 HANKYU HANSHIN PROPERTIES SINGAPORE
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 Nihon Protec Mimamorume Himeji Cable Television Bay Communications BAN-BAN Networks 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

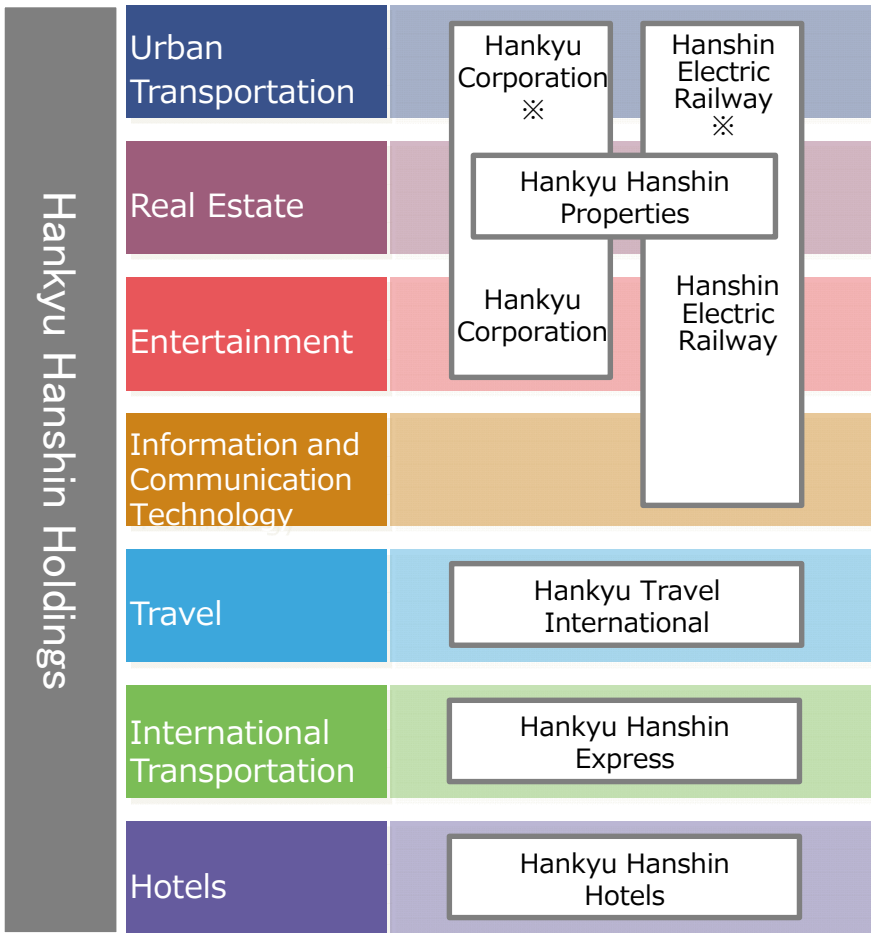
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Name of segment	
Name of sub-segment	Name of consolidated subsidiary (Only listed companies that are managed as segment)

# Revenue from Operations and operating income as a FY2021

## Management composition

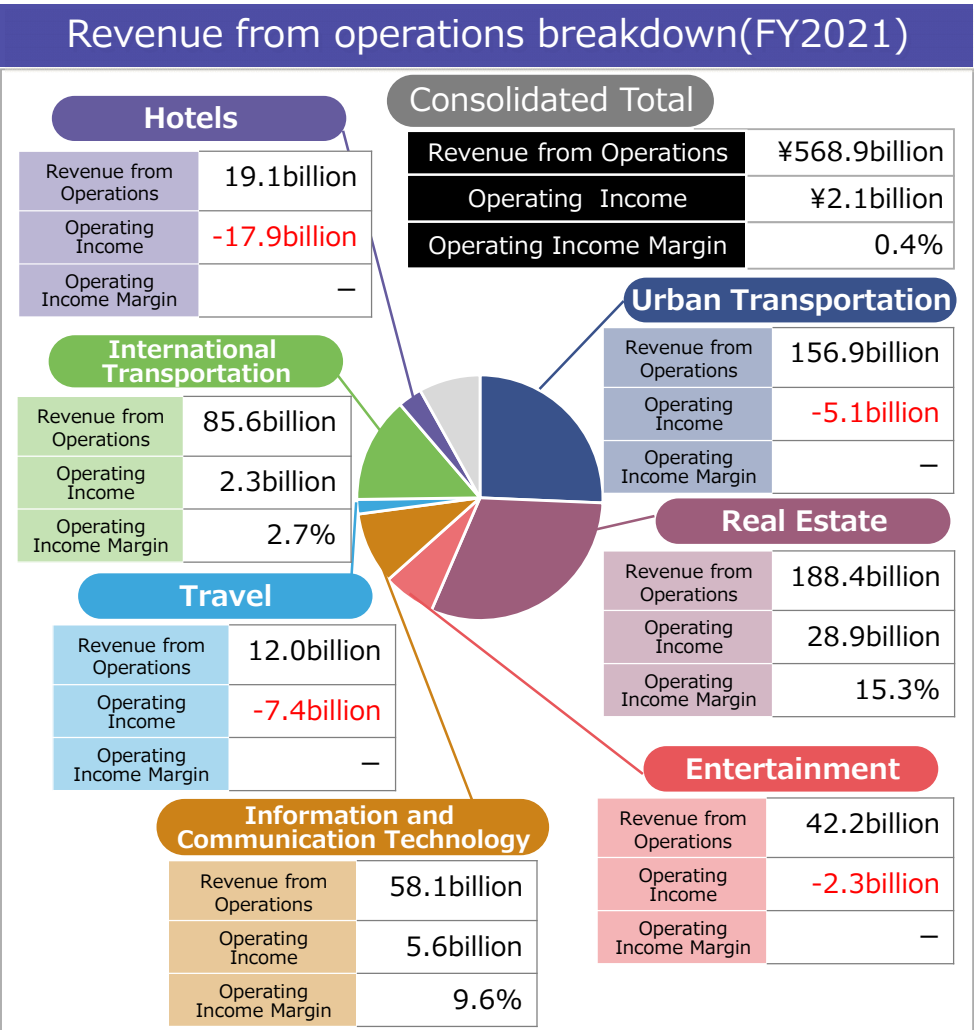
(As of March 31, 2021)



※ 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. (In FY2019 results, approximately 60% of revenue from operations and 80% of operating income)





# Areas served by the Hankyu and Hanshin lines①

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

### Osaka Prefecture:

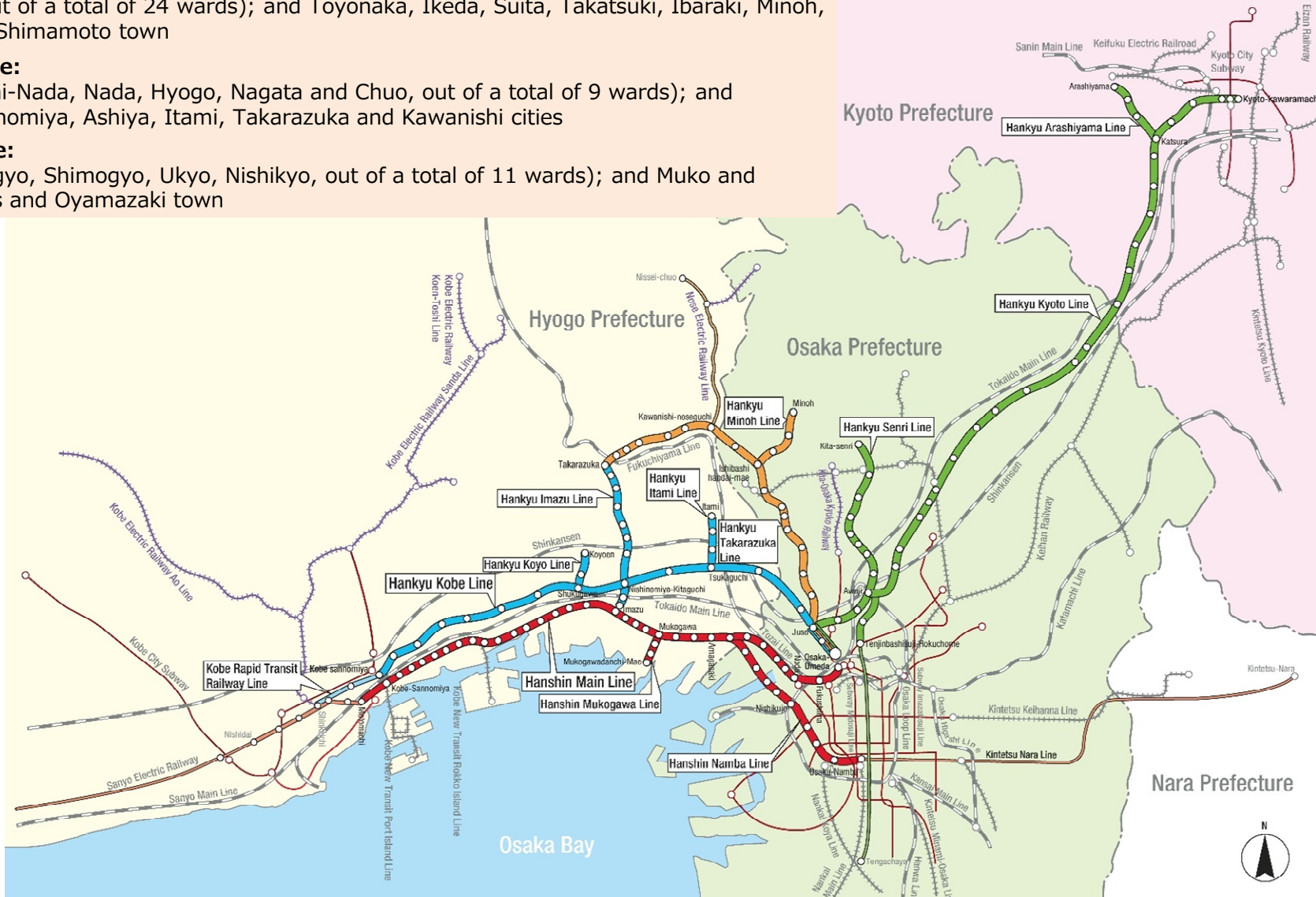
Osaka City (Fukushima, Konohana, Nishi, Naniwa, Nishi-Yodogawa, Higashi-Yodogawa, Yodogawa, Kita and Chuo, out of a total of 24 wards); and Toyonaka, Ikeda, Suita, Takatsuki, Ibaraki, Minoh, Settsu cities and Shimamoto town

### 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:

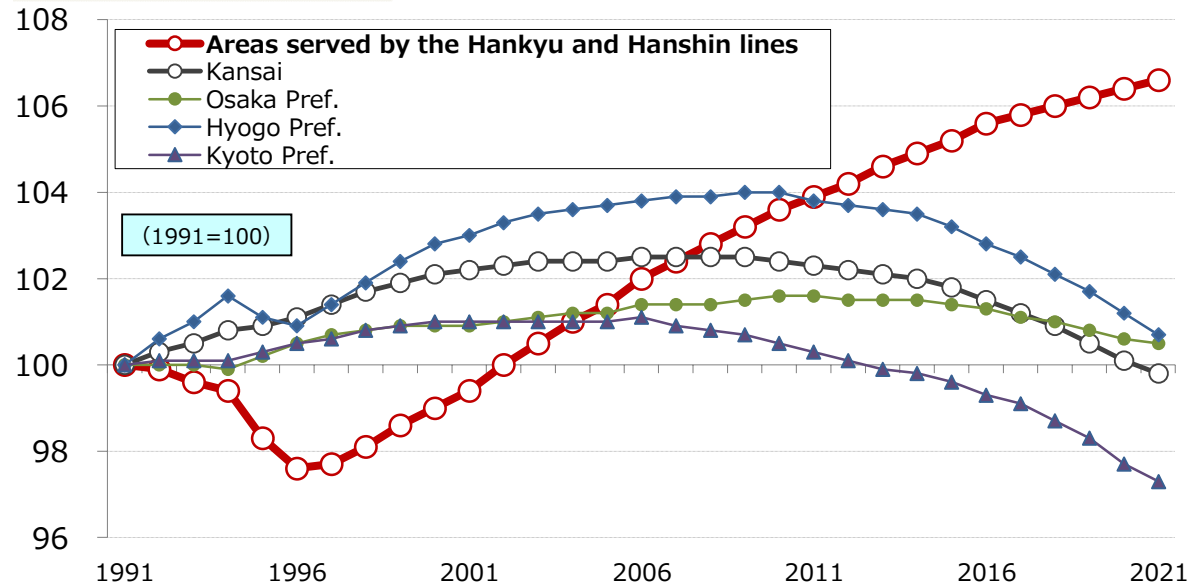
Kyoto City (Nakagyo, Shimogyo, Ukyo, Nishikyo, out of a total of 11 wards); and Muko and Nagaokakyo cities and Oyamazaki town



## 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 1,2021)



	(km <sup>2</sup> )	(thousand)
	Area	Population
Areas served by the Hankyu/Hanshin line	1,318	5,638
Osaka Pref. (service areas)	449	2,711
Hyogo Pref. (service areas)	471	2,262
Kyoto Pref. (service areas)	398	665
Non-Hankyu/Hanshin Service Areas	26,033	14,485
Osaka Pref. (non-service areas)	1,456	5,878
Hyogo Pref. (non-service areas)	7,930	3,148
Kyoto Pref. (non-service areas)	4,214	1,805
Shiga Pref.	4,017	1,386
Nara Pref.	3,691	1,331
Wakayama Pref.	4,725	938
Total	27,351	20,123

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

Ranking	Station	(Area)	Ranking	Station	(Area)
1	Nishinomiya-Kitaguchi	(Nishinomiya, Hyogo Pref.)	11	Mikage(Hankyu)	(Kobe, Hyogo Pref. )
2	Osaka-Umeda, Osaka	(Osaka, Osaka Pref.)	12	Hommachi	(Osaka, Osaka Pref.)
3	Shukugawa	(Nishinomiya, Hyogo Pref.)	13	Tennoji	(Osaka, Osaka Pref.)
4	Senri-Chuo	(Toyonaka, Osaka Pref.)	14	Kita-senri	(Suita, Osaka Pref.)
5	Okamoto	(Kobe, Hyogo Pref.)	15	Karasuma Oike	(Kyoto, Kyoto Pref.)
6	Ashiya	(Ashiya, Hyogo Pref.)	16	Toyonaka	(Toyonaka, Osaka Pref.)
7	Ashiyagawa	(Ashiya, Hyogo Pref.)	17	Ibaraki	(Ibaraki, Osaka Pref.)
8	Kobe-Sannomiya, Sannomiya	(Kobe, Hyogo Pref.)	18	Kuraku-enguchi	(Nishinomiya, Hyogo Pref.)
9	Takarazuka	(Takarazuka, Hyogo Pref.)	19	Fukushima	(Osaka, Osaka Pref.)
10	Takatsuki, Takatsuki-shi	(Takatsuki, Osaka Pref.)	20	Esaka	(Suita, Osaka Pref.)

Except for Hommachi (12), Tennoji (13), Karasuma Oike (15) and Ibaraki (17), 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., Dai-kyo 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, 2021.

# Overview of Osaka-Umeda area①

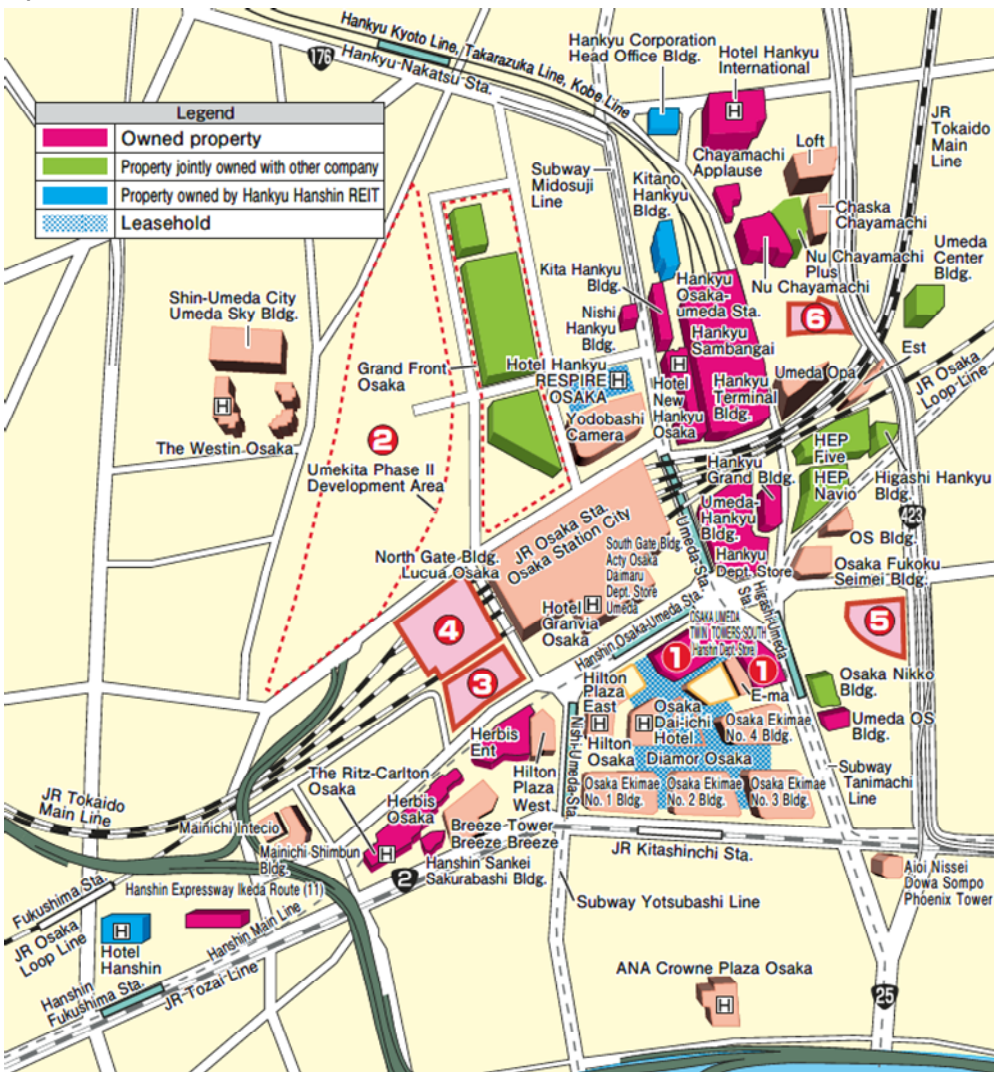
## Major rental properties (As of the end of September, 2021)

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
Osaka Umeda Twin Towers South (Hanshin Department Store area)	103	13 floors above the ground and 3 below ground	2021
Umeda Hanshin Daiichi Bldg. (HERBIS OSAKA)	82	40 floors above ground and 5 below ground	1997
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 (partially 4 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)	19	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)

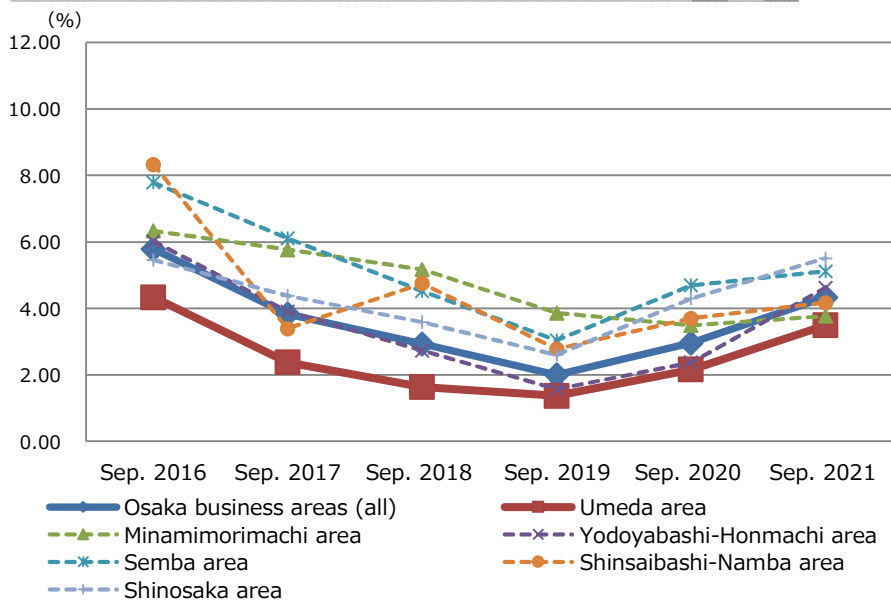
## Developments in Umeda district

- (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) Commercial Development Northwest of Osaka Station - West Japan Railway Company etc.
  - ⑤ (Provisional Name) Umeda Sonezaki Project (UMEDA GARDEN) -Sumitomo Realty & development Co., Ltd.
  - ⑥ Chayamachi B-2 District Redevelopment Project -TOKYU LAND CORPORATION Co., Ltd.



# Overview of Osaka-Umeda area②

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

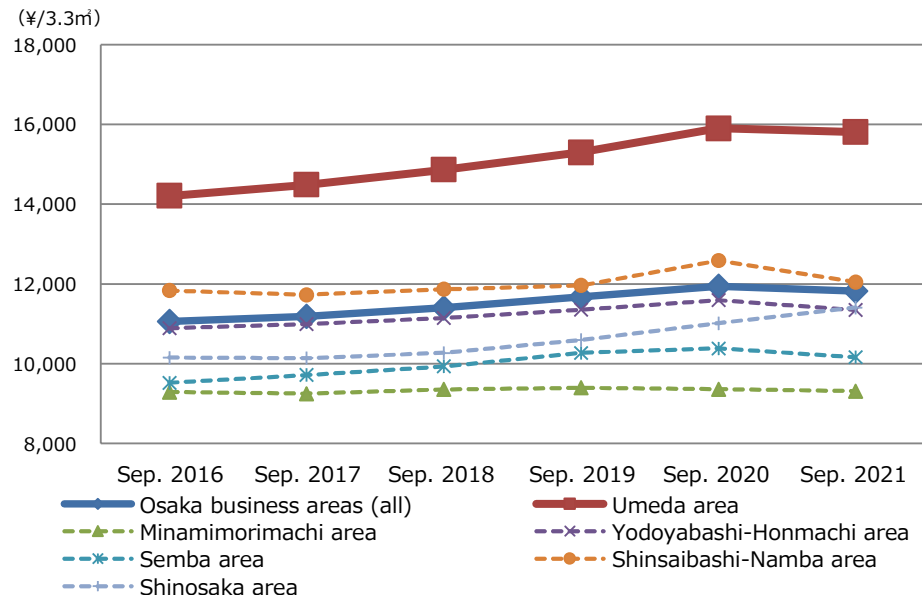


(%)	Sep. 2016	Sep. 2017	Sep. 2018	Sep. 2019	Sep. 2020	Sep. 2021
Osaka business areas (all)	5.79	3.83	2.93	2.00	2.96	4.33
Umeda area	4.33	2.38	1.63	1.37	2.16	3.49
Minamimorimachi area	6.33	5.77	5.17	3.86	3.49	3.77
Yodoyabashi-Honmachi area	6.02	3.91	2.73	1.57	2.37	4.62
Semba area	7.79	6.11	4.52	3.04	4.69	5.12
Shinsaibashi-Namba area	8.33	3.39	4.75	2.78	3.70	4.17
Shinosaka area	5.46	4.38	3.59	2.60	4.30	5.51

(Reference)

Tokyo business areas (all)	3.70	3.17	2.33	1.64	3.43	6.43
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## Trends in rent among six main business districts in Osaka



(¥/3.3m²)	Sep. 2016	Sep. 2017	Sep. 2018	Sep. 2019	Sep. 2020	Sep. 2021
Osaka business areas (all)	11,061	11,187	11,398	11,670	11,944	11,818
Umeda area	14,210	14,487	14,863	15,297	15,900	15,808
Minamimorimachi area	9,291	9,249	9,357	9,396	9,362	9,314
Yodoyabashi-Honmachi area	10,891	10,994	11,149	11,356	11,595	11,348
Semba area	9,521	9,717	9,932	10,271	10,383	10,164
Shinsaibashi-Namba area	11,833	11,725	11,865	11,962	12,584	12,046
Shinosaka area	10,152	10,140	10,273	10,594	11,014	11,409

(Reference)

Tokyo business areas (all)	18,336	18,995	20,438	21,855	22,733	20,858
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Source: Miki Shoji, "Office Data."



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

Directly managed hotels (Hankyu Hanshin Hotels)	22 Hotels	6,868 rooms	48 Hotels 12,582 rooms
Other (franchises, etc.)	26 Hotels	5,714 rooms	

(As of October 1, 2021)



Hankyu-Hanshin-Daiichi  
Hotel Group

Directly managed hotels	Other(franchises, etc.)
Dai-ichi Hotel Tokyo	Tokyo Dai-ichi Hotel Iwanuma Resort
Dai-ichi Hotel Annex	Tokyo Dai-ichi Hotel Tsuruoka
remm plus Ginza	Tokyo Dai-ichi Hotel Shin-Shirakawa
remm Tokyo Kyobashi	Ginza Creston
remm Hibiya	Hotel Yaenomidori Tokyo
remm Akihabara	Ours Inn Hankyu
remm Roppongi	Dai-ichi Hotel Ryogoku
Daiichi Hotel Tokyo Seafort	Dai-ichi Inn Ikebukuro
Kichijoji Dai-ichi Hotel	Dai-ichi Inn Shonan
Hotel new Hankyu Kyoto	Dai-ichi Inn Shinminato
remm Shin-Osaka	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	Royal Park Hotel Kurashiki
Senri Hankyu Hotel	Hotel Ichibata
Takarazuka Hotel	Kure Hankyu Hotel
remm plus Kobe Sannomiya	Takamatsu Kokusai Hotel
remm Kagoshima	JR Hotel Clement Takamatsu
	JR Hotel Clement Tokushima
	The Crown Palais New Hankyu Kochi
	Tokyo Dai-ichi Hotel Matsuyama
	Imabari Kokusai Hotel

※Hankyu Hanshin Hotels are entrusted operation

