

# **Hankyu Hanshin Holdings Group**

## **Results Briefing Materials for Financial Results for Fiscal 2022 (Ended March 2022) And Materials for Long-Term Vision**

May 20, 2022

Hankyu Hanshin Holdings, Inc.

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

# Contents

<b>I . Performance Highlights for Fiscal 2022 (Ended March 2022)</b>	... 2
<b>II . Long-Term Vision: <i>Toward 2040</i></b>	... 22
<b>III . Summary of the Medium-Term Management Plan</b>	... 53
<b>IV . Forecast for fiscal 2023 (Ending March 2023)</b>	... 67

## **Separate Document: Reference Data**

**(1) Supplementary Data on FY2022 Results and FY2023  
Forecasts**

**(2) Earnings Forecasts for Each Segment**

**(3) Progress in Each Project**

**(4) Sustainable Management**

**(5) Other**

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 Fiscal 2022 (Ended March 2022)**

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# Consolidated Statements of Income(Summary)

	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)				
	FY2022 Results	FY2021 Results	Change	Remarks
Revenue from operations	746,217	568,900	+177,317 ( — )	For details, please see next page
Operating income	39,212	2,066	+37,145 ( — )	
Non-operating income	10,885	3,572	+7,313	Equity in income of affiliates +7,167
Non-operating expenses	11,648	13,262	-1,614	Equity in loss of affiliates -1,622
Ordinary income	38,450	-7,623	+46,073 ( — )	
Extraordinary income	42,969	13,167	+29,801	Gain on contributions for construction +24,754 Gain on sale of investment securities +3,479
Extraordinary loss	42,827	46,557	-3,730	Structural reform-related loss -18,618 COVID-19-related losses -9,863 Loss on reduction of noncurrent assets +24,734
Net income attributable to owners of the parent	21,418	-36,702	+58,121 ( — )	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) : 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. 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.
(Reference)	FY2022 Results	FY2021 Results	Change	
Depreciation and amortization	59,107	55,733	+3,374	
Financial balance ① - ②	-7,408	-7,783	+374	
Interest and dividend income①	1,108	1,102	+5	
Interest expense②	8,516	8,885	-368	

Note: The percentage changes are not shown because the figures for FY2022 results 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 period under review]

Revenues and income increased. Although the COVID impact persisted, the impact was less than in the previous year, and many businesses experienced recovery to some extent.

(¥ million)	Revenue from operations			Operating income		
	FY2022 Results	FY2021 Results	Change	FY2022 Results	FY2021 Results	Change
Urban Transportation	161,623	156,926	+4,696	5,629	-5,108	+10,737
Real Estate	230,526	188,360	+42,166	32,952	28,923	+4,029
Entertainment	62,864	42,192	+20,672	9,263	-2,258	+11,522
Information and Communication Technology	59,181	58,083	+1,097	5,867	5,556	+311
Travel	60,419	11,960	+48,459	-5,748	-7,397	+1,648
International Transportation	143,296	85,552	+57,743	8,019	2,308	+5,711
Hotels	25,554	19,145	+6,409	-13,176	-17,927	+4,750
Other	51,666	49,840	+1,826	2,385	1,881	+503
Adjustment	-48,914	-43,160	-5,754	-5,979	-3,911	-2,068
Total	746,217	568,900	+177,317	39,212	2,066	+37,145

Impact of applying ASBJ 29

- ¥ 3.8 billion

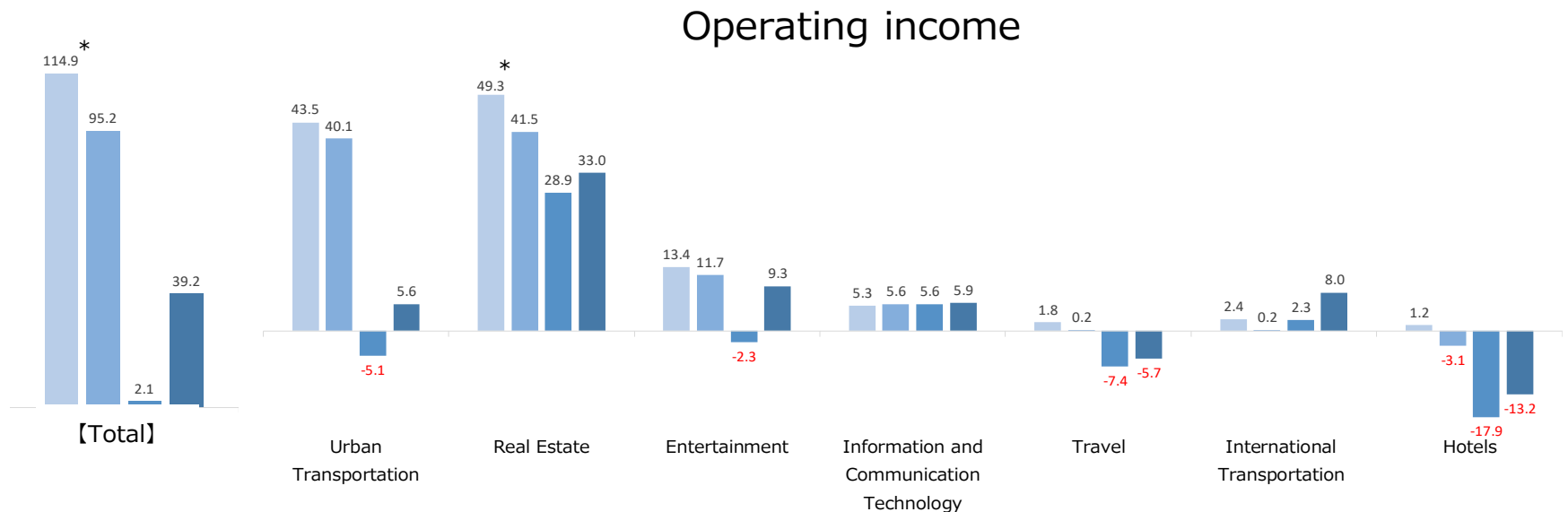
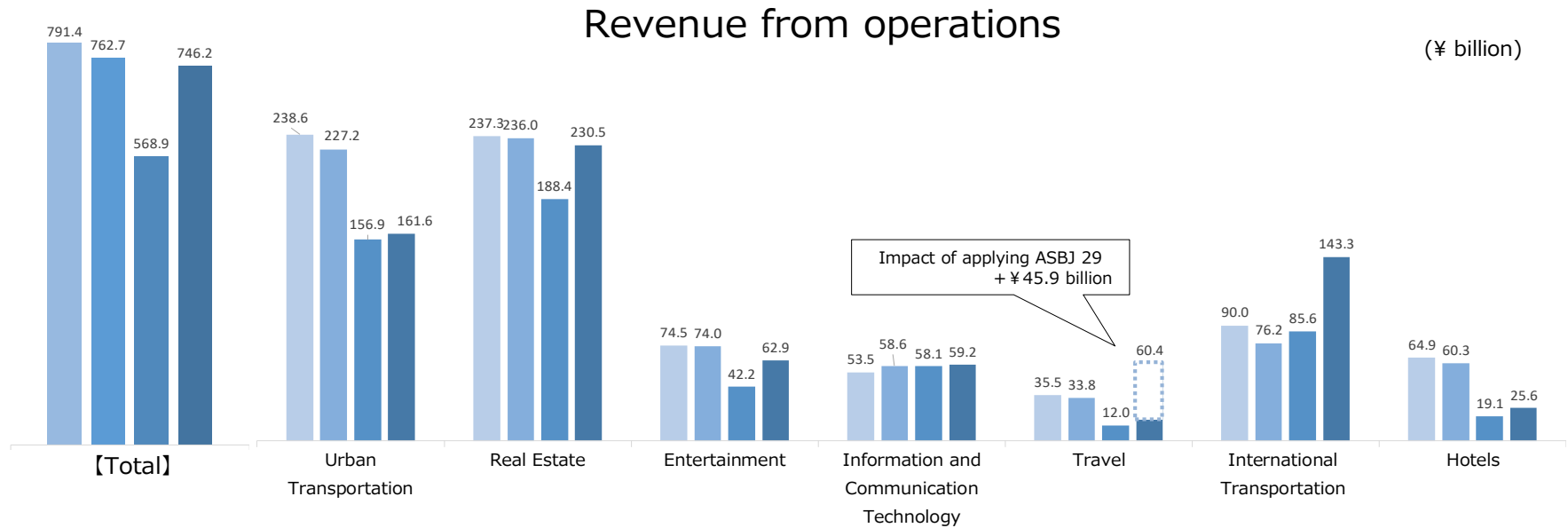
- ¥ 3.5 billion

+ ¥ 45.9 billion

+ ¥ 35.4 billion

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

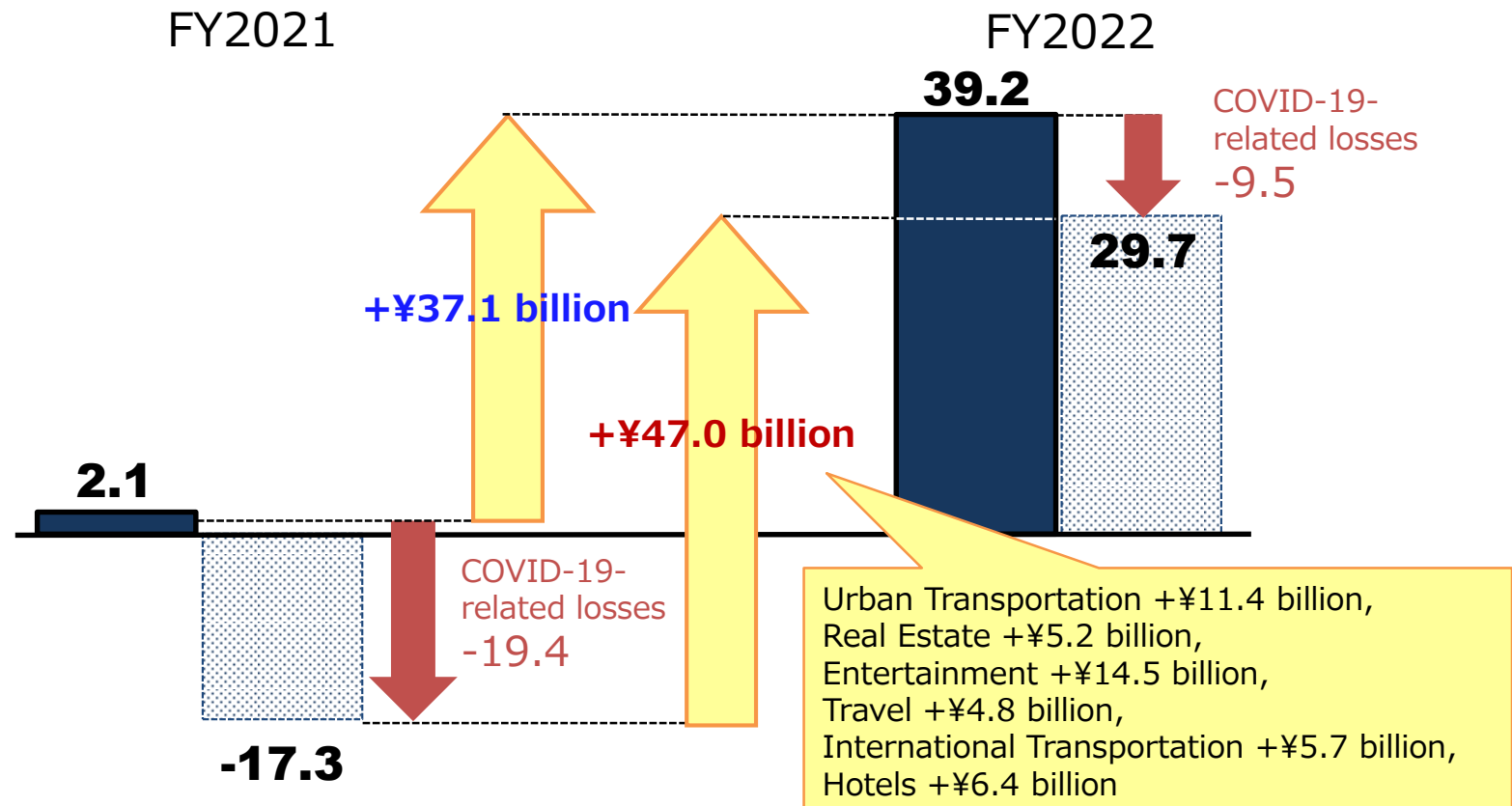
From left to right: FY2019, FY2020, FY2021, FY2022



\* Includes special factor (gain from sale of commercial-use land in east area of Saito)

# Change in Operating Income between FY2021 and FY2022

- In FY2022, operating income was **up ¥37.1 billion** YoY because, while business segments continued feeling pandemic impact, the impact had lessened compared to the last year.
- The actual increase was ¥47.0 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, the extraordinary losses totaled ¥19.4 billion. In FY2022, they totaled ¥9.5 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 last year.

(¥ million)	FY2022 Results	FY2021 Results	Change	%
Revenue from operations	161,623	156,926	+4,696	+ 3.0%
Operating income	5,629	-5,108	+10,737	—

[Breakdown by type of business]

(¥ billion)	Revenue from operations			Operating income		
	FY2022 Results	FY2021 Results	Y on Y	FY2022 Results	FY2021 Results	Y on Y
Railway	118.5	112.3	+6.2	14.7	7.9	+6.8
Automobile	34.1	32.7	+1.4	-4.2	-6.8	+2.6
Retailing	10.9	14.0	-3.0	0.8	0.8	+0.0
Others	8.7	8.8	-0.1	0.7	0.7	-0.1

Impact of applying ASBJ 29  
- ¥ 3.8 billion

\*Not including head office expenses /adjustments.

# [Urban Transportation] Railway Performance results

## Hankyu Corporation

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	FY2022 Results	FY2021 Results	Change	FY2022 Results	FY2021 Results	Change
Commuter pass	28,654	28,093	+561 (+ 2.0%)	282,633	277,068	+5,564 (+ 2.0%)
Workers	25,223	25,625	-401 (- 1.6%)	204,916	216,044	-11,127 (- 5.2%)
Students	3,431	2,468	+963 (+ 39.0%)	77,717	61,024	+16,692 (+ 27.4%)
Other tickets	45,422	40,982	+4,440 (+ 10.8%)	228,028	208,035	+19,992 (+ 9.6%)
Total	74,077	69,075	+5,001 (+ 7.2%)	510,661	485,104	+25,557 (+ 5.3%)

## Hanshin Electric Railway

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	FY2022 Results	FY2021 Results	Change	FY2022 Results	FY2021 Results	Change
Commuter pass	10,628	10,476	+151 (+ 1.4%)	110,096	107,336	+2,759 (+ 2.6%)
Workers	9,668	9,750	-82 (- 0.8%)	89,400	90,809	-1,409 (- 1.6%)
Students	960	726	+234 (+ 32.2%)	20,695	16,526	+4,168 (+ 25.2%)
Other tickets	15,397	13,725	+1,671 (+ 12.2%)	84,103	76,214	+7,888 (+ 10.4%)
Total	26,026	24,202	+1,823 (+ 7.5%)	194,199	183,550	+10,648 (+ 5.8%)

- \* 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).

# Real Estate Results

Revenue and income increased. The real estate sales business saw a year-on-year increase in condominium sales. The real estate leasing business sold short-term-returns (fix-and-flip) properties. Rent revenue recovered from the COVID-caused slump of the previous year.

[Reference]

Condominium sales (condos held by group): +270 units (1,137 units, compared to 867 units in previous year)

(¥ million)	FY2022 Results	FY2021 Results	Change	%
Revenue from operations	230,526	188,360	+42,166	+22.4%
Operating income	32,952	28,923	+4,029	+13.9%

[Breakdown by type of business]

(¥ billion)	Revenue from operations			Operating income		
	FY2022 Results	FY2021 Results	Y on Y	FY2022 Results	FY2021 Results	Y on Y
Real estate leasing	112.5	99.7	+12.8	30.1	29.2	+0.9
Real estate sales and others	135.5	105.7	+29.7	11.4	8.3	+3.1

\*Not including head office expenses /adjustments.

# 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 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)	FY2022 Results	FY2021 Results	Change	%
Revenue from operations	62,864	42,192	+20,672	+49.0%
Operating income	9,263	-2,258	+11,522	—

[Breakdown by type of business]

(¥ billion)	Revenue from operations			Operating income		
	FY2022 Results	FY2021 Results	Y on Y	FY2022 Results	FY2021 Results	Y on Y
Sports	29.4	21.1	+8.3	3.7	-2.5	6.2
Stage	33.4	21.0	+12.4	6.9	1.7	5.2

\*Not including head office expenses /adjustments.

# Information and Communication Technology results

Revenue and income increased. The broadcasting and communications business gained new subsidiaries, while the information services business saw an increase in orders.

(¥ million)	FY2022 Results	FY2021 Results	Change	%
Revenue from operations	59,181	58,083	+1,097	+1.9%
Operating income	5,867	5,556	+311	+5.6%

Impact of applying ASBJ 29  
-¥3.5 billion

## Travel results

Revenue and income increased. The segment continued feeling pandemic impact (cancellations of international tours), but revenue increased with the application of the Accounting Standard for Revenue Recognition and higher orders in non-travel businesses such as operation/management of accommodation facilities for COVID patients.

(¥ million)	FY2022 Results	FY2021 Results	Change	%
Revenue from operations	60,419	11,960	+48,459	+405.2%
Operating income	-5,748	-7,397	+1,648	—

Impact of applying ASBJ 29  
+¥45.9 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)	FY2022 Results	FY2021 Results	Change	%
Revenue from operations	143,296	85,552	+57,743	+67.5%
Operating income	8,019	2,308	+5,711	+247.4%

## 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 last year.

(¥ million)	FY2022 Results	FY2021 Results	Change	%
Revenue from operations	25,554	19,145	+6,409	+33.5%
Operating income	-13,176	-17,927	+4,750	—

# Consolidated Statements of Income

## (Non-operating profit and loss)

(¥ million)	FY2022 Results	FY2021 Results	Change
Operating income	39,212	2,066	+37,145
Non-operating income	10,885	3,572	+7,313
Equity in income of affiliates	7,167	—	+7,167
Non-operating expenses	11,648	13,262	-1,614
Interest expenses	8,516	8,885	-368
Equity in loss of affiliates	—	1,622	-1,622
Ordinary income	38,450	-7,623	+46,073

# Consolidated Statements of Income

## (Extraordinary profit and loss)

(¥ million)	FY2022 Results	FY2021 Results	Change
Extraordinary profit and loss	142	-33,389	+33,532
Extraordinary income	42,969	13,167	+29,801
Gain on contributions for construction	28,239	3,485	+24,754
Gain on sale of investment securities	3,702	222	+3,479
Employment adjustment subsidies	9,234	8,715	+518
Other	1,792	743	+1,049
Extraordinary loss	42,827	46,557	-3,730
Loss on reduction of noncurrent assets	28,302	3,568	+24,734
COVID-19-related losses	9,518	19,382	-9,863
Structural reform-related loss*	—	18,618	-18,618
Other	5,006	4,989	+17



# Consolidated Statements of Income

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

(¥ million)	FY2022 Results	FY2021 Results	Change
Income before income taxes	38,592	-41,013	+79,606
Total income taxes	13,256	-6,478	+19,734
Income taxes—current	9,963	4,205	+5,758
Income taxes—deferred	3,292	-10,683	+13,976
Net income	25,335	-34,535	+59,871
Net income attributable to non-controlling interests	3,916	2,166	+1,750
Net income attributable to owners of the parent	21,418	-36,702	+58,121

# Consolidated Balance Sheets

(¥ million)		FY2022 Results	FY2021 Results	Change	Remarks
Assets	Current assets	365,811	325,307	+40,503	Trade receivables +39,576
	Noncurrent assets	2,357,030	2,295,721	+61,309	Property and equipment and intangible assets +78,842
	Total assets	2,722,841	2,621,028	+101,812	
Liabilities	Current liabilities	426,659	380,618	+46,040	
	Long-term liabilities	1,380,818	1,330,424	+50,394	
	Total liabilities	1,807,477	1,711,042	+96,435	
Net assets	Shareholders' equity	843,332	833,640	+9,691	Net income attributable to owners of the parent +21,418 Payment dividend -12,126
	Accumulated other comprehensive income	27,016	33,511	-6,494	Net unrealised holdings gains on securities -5,843
	Non-controlling interests	45,014	42,834	+2,180	
	Total net assets	915,363	909,985	+5,377	
Equity ratio		32.0%	33.1%	-1.1P	

# Consolidated Statements of Cash Flows

(¥ million)

	FY2022 Results	FY2021 Results
Cash flows from operating activities	81,844	-32,501
Income before income taxes	38,592	-41,013
Depreciation and amortization (*)	59,945	57,502
Decrease (increase) in inventories	-2,560	-36,799
Income taxes (paid) refunded	6,934	-29,871
Cash flows from investing activities	-96,442	-102,151
Purchases of noncurrent assets	-131,491	-136,958
Proceeds from sales of noncurrent assets	681	19,911
Proceeds from sales of investment securities	9,187	1,664
Receipt of contributions for construction	31,242	29,249
Cash flows from financing activities	15,141	134,631
Dividends paid	-12,126	-12,188
[Reference] Decrease (increase) in interest-bearing debt	32,916	159,568
Effect of exchange rate changes on cash and cash equivalents	1,441	-354
Increase (decrease) in cash and cash equivalents	1,983	-375

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	29,422	25,222

(\*) "Depreciation and amortization" includes amortization recognized as extraordinary losses related to the COVID-19.

# 《Reference》 Comparisons with January forecasts

(¥ billion)	FY2022 Results	FY2022 Forecasts (As of Jan.)	Change		Remarks
Revenue from operations	746.2	750.0	-3.8	-0.5%	Operating income: Exceeded forecast because of higher-than-expected orders in non-travel businesses (e.g. operation/management of accommodation facilities for COVID patients) and lower costs across group
Operating income	39.2	36.0	+3.2	+8.9%	
Ordinary income	38.5	31.0	+7.5	+24.0%	Exceeded forecast because of better-than-expected operating income and higher gains on equity in income of affiliates.
Net income attributable to owners of the parent	21.4	15.0	+6.4	+42.8%	Exceeded forecast because of better-than-expected ordinary income

# 《Reference》 Consolidated Statements of Income

(¥ billion) [Upper table] Revenue from operations [Lower table] Operating income	FY2022 Results	FY2022 Forecasts (As of Jan.)	Change	FY2022 Forecasts (As of Oct.)	Change	FY2022 Forecasts (As of Jul.)	Change	FY2022 Forecasts (As of May)	Change	FY2021 Results	Change
	①	②	= ① - ②	③	= ① - ③	④	= ① - ④	⑤	= ① - ⑤	⑥	= ① - ⑥
Total	746.2	750.0	-3.8	740.0	+6.2	770.0	-23.8	800.0	-53.8	568.9	+177.3
	39.2	36.0	+3.2	30.0	+9.2	30.0	+9.2	23.0	+16.2	2.1	+37.1
[Breakdown for each business segment]											
Urban Transportation	161.6	164.4	-2.8	166.2	-4.6	173.7	-12.1	176.3	-14.7	156.9	+4.7
	5.6	8.4	-2.8	8.7	-3.1	11.3	-5.7	12.7	-7.1	-5.1	+10.7
Real Estate	230.5	235.3	-4.8	236.3	-5.8	244.1	-13.6	245.6	-15.1	188.4	+42.2
	33.0	31.9	+1.1	30.5	+2.5	31.8	+1.2	30.9	+2.1	28.9	+4.0
Entertainment	62.9	62.5	+0.4	62.4	+0.5	59.2	+3.7	56.4	+6.5	42.2	+20.7
	9.3	8.1	+1.2	7.3	+2.0	5.6	+3.7	2.2	+7.1	-2.3	+11.5
Information and Communication Technology	59.2	62.6	-3.4	62.6	-3.4	61.6	-2.4	59.4	-0.2	58.1	+1.1
	5.9	6.0	-0.1	6.0	-0.1	6.0	-0.1	5.6	+0.3	5.6	+0.3
Travel	60.4	57.0	+3.4	60.0	+0.4	108.7	-48.3	144.0	-83.6	12.0	+48.5
	-5.7	-10.2	+4.5	-11.0	+5.3	-8.7	+3.0	-8.0	+2.3	-7.4	+1.6
International Transportation	143.3	135.0	+8.3	120.0	+23.3	87.0	+56.3	82.9	+60.4	85.6	+57.7
	8.0	7.0	+1.0	5.0	+3.0	2.8	+5.2	1.6	+6.4	2.3	+5.7
Hotels	25.6	26.9	-1.3	26.3	-0.7	28.5	-2.9	28.8	-3.2	19.1	+6.4
	-13.2	-13.2	+0.0	-13.8	+0.6	-15.7	+2.5	-18.7	+5.5	-17.9	+4.8

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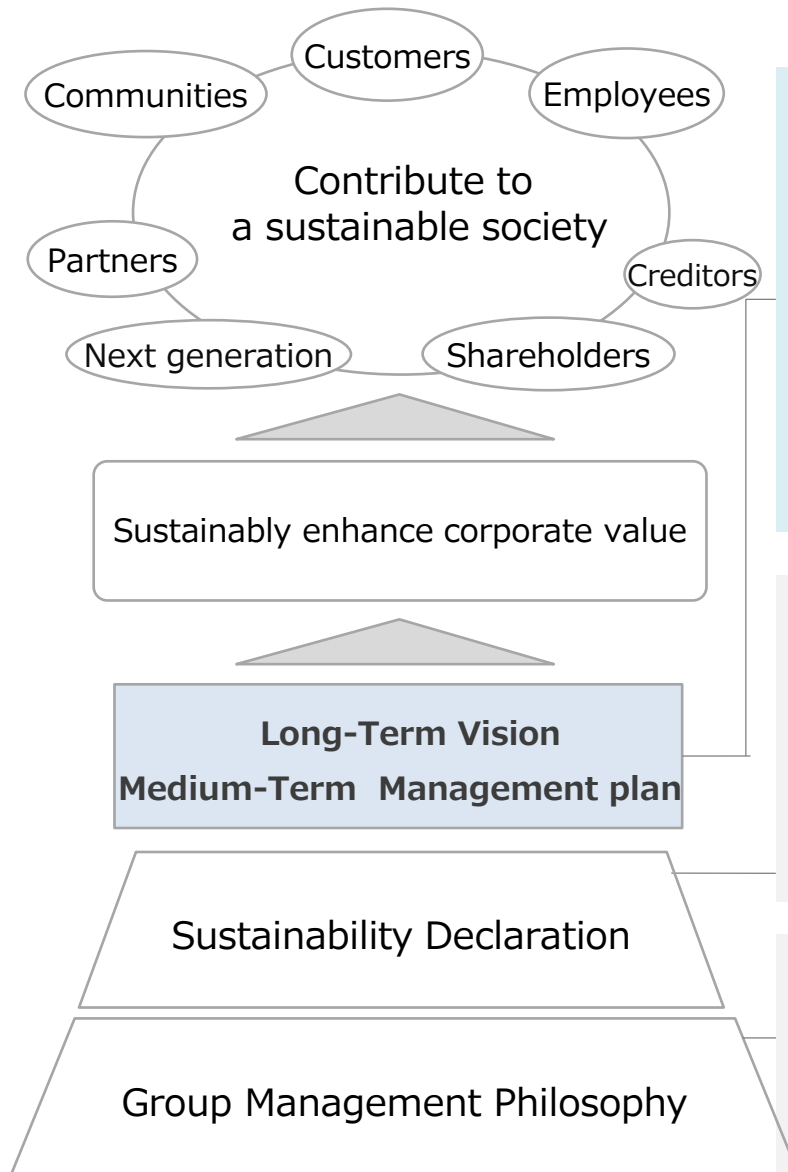
## **Ⅱ. Long-Term Vision: *Toward 2040***

# Hankyu Hanshin Holdings Group Long-Term Vision: *Toward 2040*





# Strategic Management



**The vision and strategy for the Group's sustainable growth, and the specific plans for implementation thereof**

## **Long-Term Vision**

Where we want to be and how we will get there

## **Medium-Term Management Plan**

Outlines specific actions for the medium term that will contribute to the long-term vision

## **The base underpinning our efforts to achieve sustainable corporate development**

### General principles

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

## **Our value to society**

### Mission

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

# Background

2006 Hankyu Hanshin Holdings founded

2017 Long-Term Vision for 2025 (FY 2026) unveiled

Upon the tenth anniversary of Hankyu and Hanshin's integration, we unveiled Long-Term Vision for 2025, which enshrined sustainable growth goals for 2025 (our 20th anniversary) and beyond.

The Long-Term Vision predicted that the market would change

## Changes in business climate

The changes outpaced predictions in Long-Term Vision for 2025

Key changes that occurred after we unveiled the Long-Term Vision

**Societal changes  
accelerated by COVID**

**Groundswell toward  
SDGs and 2050 carbon  
neutrality goal**

Changes in market over  
medium to long term

Faster  
changes

2022 Long-Term Vision updated

Reflecting these changes, we **updated the Long-Term Vision** to achieve sustained growth in our value.

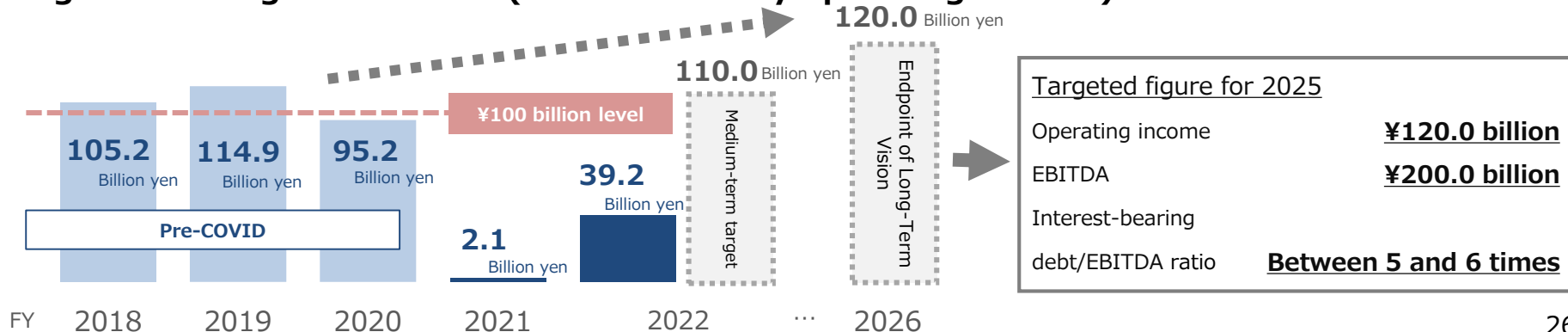
# Long-Term Vision for 2025 in Review

- After unveiling the Long-Term Vision, we defined strategies for achieving the vision and embarked on a medium-term plan with FY2022 as the endpoint.
- We were on course until COVID struck, but the pandemic overturned our underlying assumptions about the business climate. Consequently, we missed our medium-term goals and faced the need to update our Long-Term Vision.

## <Strategies for Long-Term Vision>

Strategy 1	Strategy 2	Strategy 3	Strategy 4
<p><u>Make our railway the absolute best among the Kansai networks</u></p> 	<p><u>Construct a stable revenue base in the Tokyo metropolitan area and overseas markets</u></p> 	<p><u>Strengthen competitiveness by thoroughly pursuing brand optimization and differentiation</u></p> 	<p><u>Make greater use of the Group's collective strength and develop new business fields</u></p> 

## <Progress in Long-Term Vision (as measured by operating income)>



# Long-Term Vision for 2025 in Review

## <Progress in key strategies>

Key strategy			Progress	End date
Strategy 1	Increase the value of our assets in the Umeda area	Umeda 1-1 Project	Has entered service	February 2022
		Umekita Phase II Development Project	Under construction	FY2028
		Shibata 1 Project (see p.50)	Under planning	To be determined
	Invigorate key line-side bases	Senri-Chuo Redevelopment (see p.51)	Under planning	To be determined
	Construct new rail links to improve the transport network	Naniwasuji Connection Line/Shin-Osaka Connection Line Project	Under planning	To be determined
		Kita-Osaka Kyuko Railway Line Extension Project	Under construction	FY2024
Strategy 2	Acquire more stock in the Tokyo metropolitan area	Hankyu Hanshin Ginza Building	Has entered service	March 2020
		Yaesu 2 Naka Redevelopment	Under planning	FY2029
		Development of site of the Hotel Grand Palace	Under planning	To be determined
	Develop plans for acquiring stock (real estate) overseas	Acquisition of rental properties in Indonesia (e.g. Plaza Indonesia Complex)	Acquired	July 2019
Strategy 3	<ul style="list-style-type: none"> <li>Condominium business in Japan and overseas (expand in ASEAN)</li> <li>Grow short-term-return (fix-and-flip) property business</li> <li>Use livestreaming to expand Takarazuka Revue market</li> <li>Develop the information services business</li> <li>Overhaul travel business (until COVID)</li> </ul>			
Strategy 4	<ul style="list-style-type: none"> <li>Venture into new business fields</li> </ul>			

# Changing business climate: Rapid societal changes Driven by COVID

COVID has accelerated broad changes, including in where people live and work and in what people value (people place more value on quality of life). These shifts are set to continue.

## Changes driven by COVID

### Changes in population behavior

Less travel demand

More dispersed workforce, dispersed learning

More options for where to live

### Changes in corporate sector

Infrastructure for flexible working (fewer business trips and far-flung job transfers, more side jobs)

More BCP

### Emphasis on quality of life

More emphasis on health and safety, more health consciousness

Changes in work hours, leading to rising interest in how to spend free time

More communication options (mix of real and online)

## Further changes to come

Greater diversity in work  
(remote work, side jobs)

More value placed on private life

Pace of digitalization to increase

More online shopping

More demand for real experiences

Further momentum in SDGs, 2050 carbon neutrality goal

Further efforts to extend quality-adjusted life expectancy

# Changing Business Climate: Growing Interest in SDGs and 2050 Carbon Neutrality Goal

With growing interest in SDGs and the 2050 carbon neutrality goal, companies are increasingly expected to contribute to this agenda. Accordingly, we will take action to demonstrate our commitment.

## <Hankyu Hanshin Holdings Group Sustainability Declaration>

### **Sustainability Declaration** (released in May 2020)

Create a future grounded in safety and comfort,  
and a future colored by dreams and excitement.



## <Contribution to 2050 carbon neutrality goal>

The Government of Japan has upgraded its 2030 carbon reduction target

2030  
target

(Compared to FY2014)

26% → 46%



- ✓ Contributing to SDGs and the carbon neutrality goal will entail significant investment and additional costs.

## <Demand for stronger governance>

- ✓ The growing interest in SDGs is accompanied by a heightened demands on companies to strengthen their corporate governance in order to contribute to a sustainable world (as part of this trend, it is now critically important to maintain or improve capital efficiency, keeping a close eye on capital costs).



# Changing Business Climate

## : Medium- to Long-Term Market Changes 1

Negative factor

Positive factor, action

### Demographics of Japan

- The population of Japan has been shrinking and aging at a high pace. With COVID reducing birthrates, the pace may further increase.

- ✓ We can help stem the population decline in line-side areas if we increase the competitiveness of these areas.

### Construction costs

- Construction costs have risen over the past ten years and are set to continue rising (meaning lower returns from stocks held over the long term)

- ✓ Instead of always holding stocks over the long term, we will offload underperforming stocks to ensure reasonable returns (for the business as a whole).

### Real estate market in Tokyo metropolitan area

- Land prices in Tokyo continue to climb steeply.
- Prices are likely to remain high given that demand has remained brisk even during COVID.

- ✓ Select properties carefully to ensure profitability of short-term-returns (fix-and-flip) properties.

### Recovery in inbound demand

- It will take time for inbound visitor numbers to return to pre-COVID levels (must keep an eye on future trends).

- ✓ In the meantime, if we work on infrastructure and communications, we can increase the competitiveness of the Umeda and other line-side areas and thus draw in more visitors when demand does return.

# Changing Business Climate

## : Medium- to Long-Term Market Changes 2

Negative factor

Positive factor, action

### Rapid advances in digital communications

- By 2030, the world should move beyond 5G to 6G, leading to communications that far exceed human senses.



- ✓ In anticipation of the impact of 6G, we will analyze the implications for transportation services and explore ways of integrating 6G to level-up the services.

### Shift to next-generation mobility MaaS

- The role of MaaS is shifting from facilitating efficient, seamless mobility, to optimizing events associated with travel motives (1).



- ✓ By adeptly integrating the services and content of our Group companies and external partners, we can create impetuses for travel, which will be one way to generate travel demand as the population shrinks.

(1) The motives for traveling somewhere (work, shopping, activity)

Reference: Seven Kansai-based rail companies(2), including our own, are exploring ways to roll out MaaS in Kansai with an eye on the 2025 Osaka Expo.

(2) Osaka Metro, JR West, Kintetsu, Keihan, Nankai, Hankyu and Hanshin

### Economic growth in ASEAN

- ASEAN countries, whose populations are set to grow, have amazing economic potential and bright prospects for sustained economic growth.



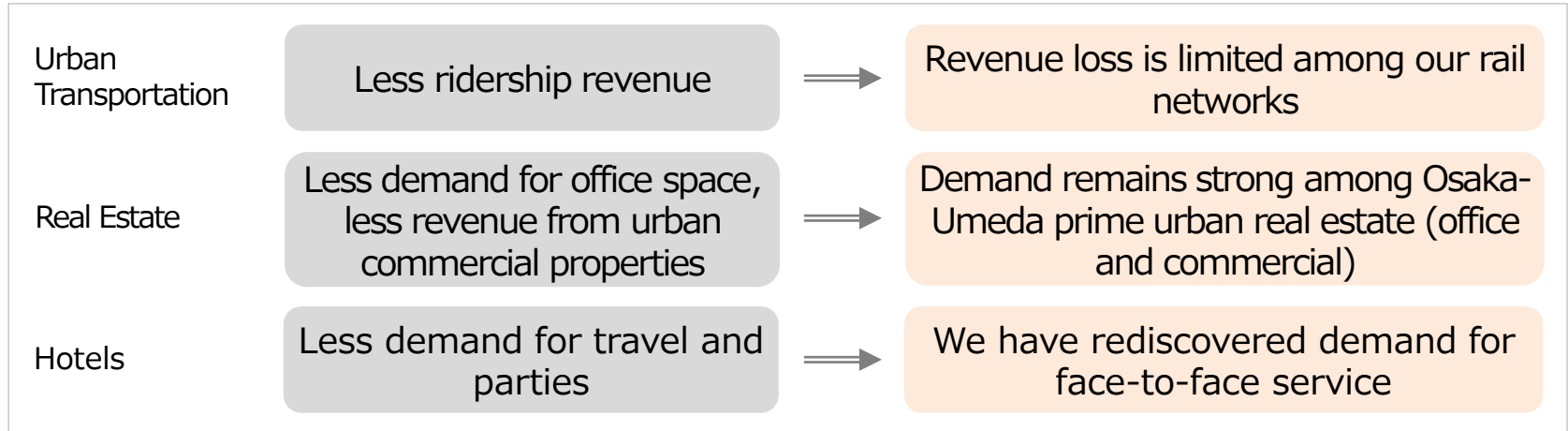
# Impact of Changes on Group

Negative factor

Positive factor, action

The changes in the business climate have affected us in the following ways.

- Changes in travel behavior have hit businesses in the Group that are geared around travel and involve real-world customer touchpoints. However, we can cope with the impacts by leveraging assets across the Group.



- COVID has also created possibilities: It has driven up the value of real-world experiences and content.
- Our approach from now on requires a digital transformation strategy and a commitment to SDGs and the 2050 carbon neutrality goal.
- Market changes will accelerate over the medium and long term and many of the impacts will be negative. However, we still have plenty of room to grow.

The changes pose challenges, but by rising to these challenges **we have an opportunity to transform and grow.**

# Thinking Behind Updated Vision

To keep growing our value amid these changes, we must do the following:

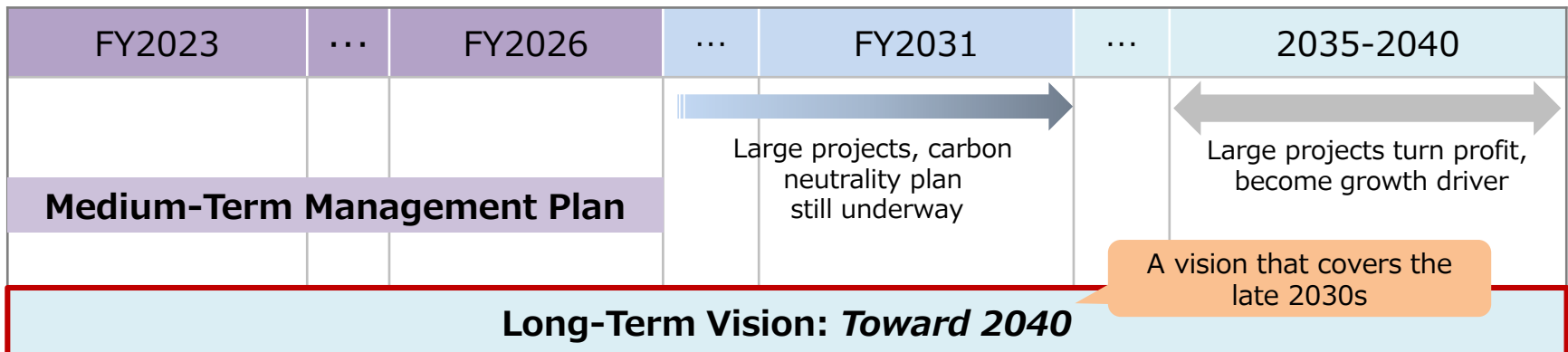
**Set a new vision that covers the late 2030s and then commit as a group to the transformation necessary to achieve this vision.**

## <Thinking behind growth goals>

- We will continue working on the projects in Osaka (Shibata 1, Naniwasuji Connection Line, Shin-Osaka Connection Line). Current estimates suggest that these projects will turn a profit in **the 2035–2040 period** and then **serve as a significant growth driver (even if depopulation accelerates)**.
- However, the outlook until then is more uncertain than ever. **The business climate is set to change in profound ways** over that interval, **making it hard to predict what the world will look like in the far-off period of 2035–2040**.
- In the meantime, we must **set milestone for sustainable corporate growth** (such as FY2031, the endpoint for the SDGs) and then commit to targets for these milestones.



Based on this thinking, we decided to supplement the envisaged **growth scenario for 2035–2040 with financial and non-financial growth goals for FY2031** in order to clarify **our commitment to sustainable corporate growth**.



# FYI: Key Projects in Umeda and Line-Side Areas

These projects in Umeda and line-side area will still be underway in FY2031.

	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027-2031	FY2032-	
Umeda	<b>Umeda 1-1 Project (Osaka Umeda Twin Towers South)</b> ● Sep. 2021:Completion of phase II construction ● Feb. 2022:Complete all construction  In conjunction with this, Hanshin Osaka-Umeda Station will be renovated (to be completed in FY2025)			<b>Umekita Phase II Development Project</b> ● Around summer 2024:Advance openings  ● FY2028:Full openings			<b>Shibata 1</b> <u>Consultation, negotiation (construction start date to be determined)</u>	
Line-side Area	<b>LOGiSTA, Logicross Ibaraki Saito</b> ● End of May 2021: Completion of construction			<b>Kita-Osaka Kyuko Railway Line Extension Project</b> ● FY2024:Intended start of service				<b>Senri-Chuo Redevelopment</b> <u>Consultation, negotiation (construction start date to be determined)</u>
	<b>Project to rebuild Kobe Hankyu Building’s east wing and renew its west wing (Kobe Sannomiya Hankyu Building, remm plus Kobe Sannomiya)</b> ● April 2021:Opening							
	<b>Development in public housing site in Koshien (KOSHIEN PLUS)</b> ● March 2022: Opening			<b>Development on west side of Hankyu Nishinomiya Gardens</b> ● September 2023:Opening			<b>Naniwasuji Connection Line/ Shin-Osaka Connection Line</b> <u>Consultation, negotiation (construction start date to be determined)</u>	

# Where we Want to be in the Long Term

The slogan for the Long-Term Vision

## Enhancing line-side areas and expanding fields

With the world set to change in unprecedented ways, the group will work as one to transform our organization, make our rail networks and content more attractive, expand our portfolio, maintain financial health, and keep capital costs in mind.

This will enable us to...

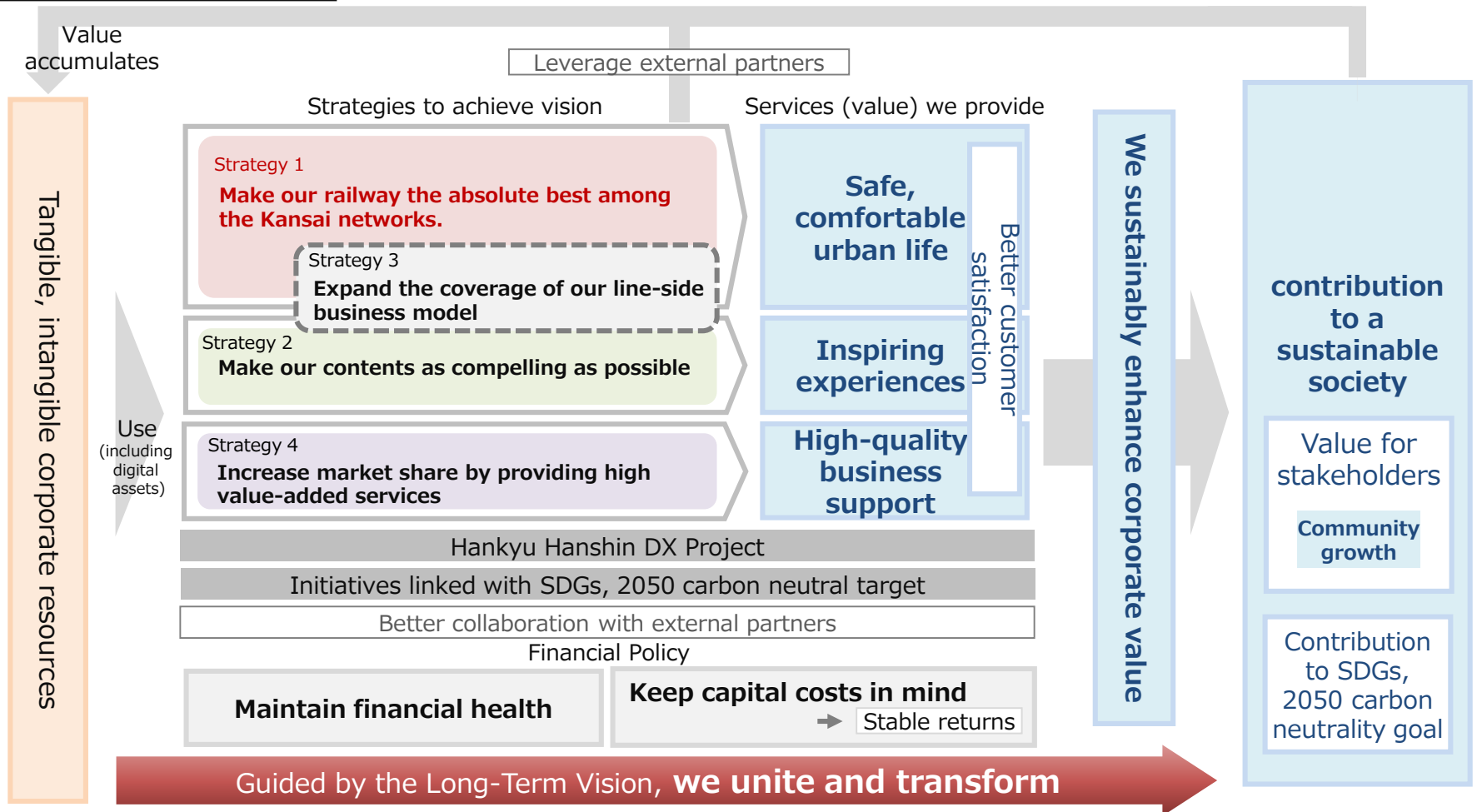
- ...create and provide the diverse values (safe, comfortable urban life and inspiring experiences) that will enhance line-side areas and expand our portfolio, leading to better customer satisfaction and sustained business growth.
- ...meet the expectations of our stakeholders (customers, communities, others) in terms of supporting a sustainable future.
- ...ultimately become a well-balanced, sophisticated corporate group that grows alongside the community (Kansai).

### Value for stakeholders

Customers	Improve customer satisfaction by providing safe, comfortable urban life, attractive content, and inspiring experiences
Communities	Work with the community to make our railways the absolute best in Kansai
Employees	Improve employee satisfaction by providing a diverse and inclusive workplace This means a workplace that is free from discrimination based on exterior attributes (like gender, age, disability, and nationality) or interior attributes (like lifestyle, job history, and values) and one that respects individuality and lets employees fulfill their potential.
Partners	Promote mutual trust and mutual growth through the continuous provision of high value-added services
Creditors	Continue to maintain our financial soundness (maintain credit rating)
Shareholders	Maintain a stable and generous dividend, with a stable or rising ROE.
Next generation	Make Kansai a vibrant region where young people want to live, visit, and work.

# Long-Term Vision: General Image

## Value Creation Process



## Financial/non-financial KPIS for FY2031

### Financial KPIS

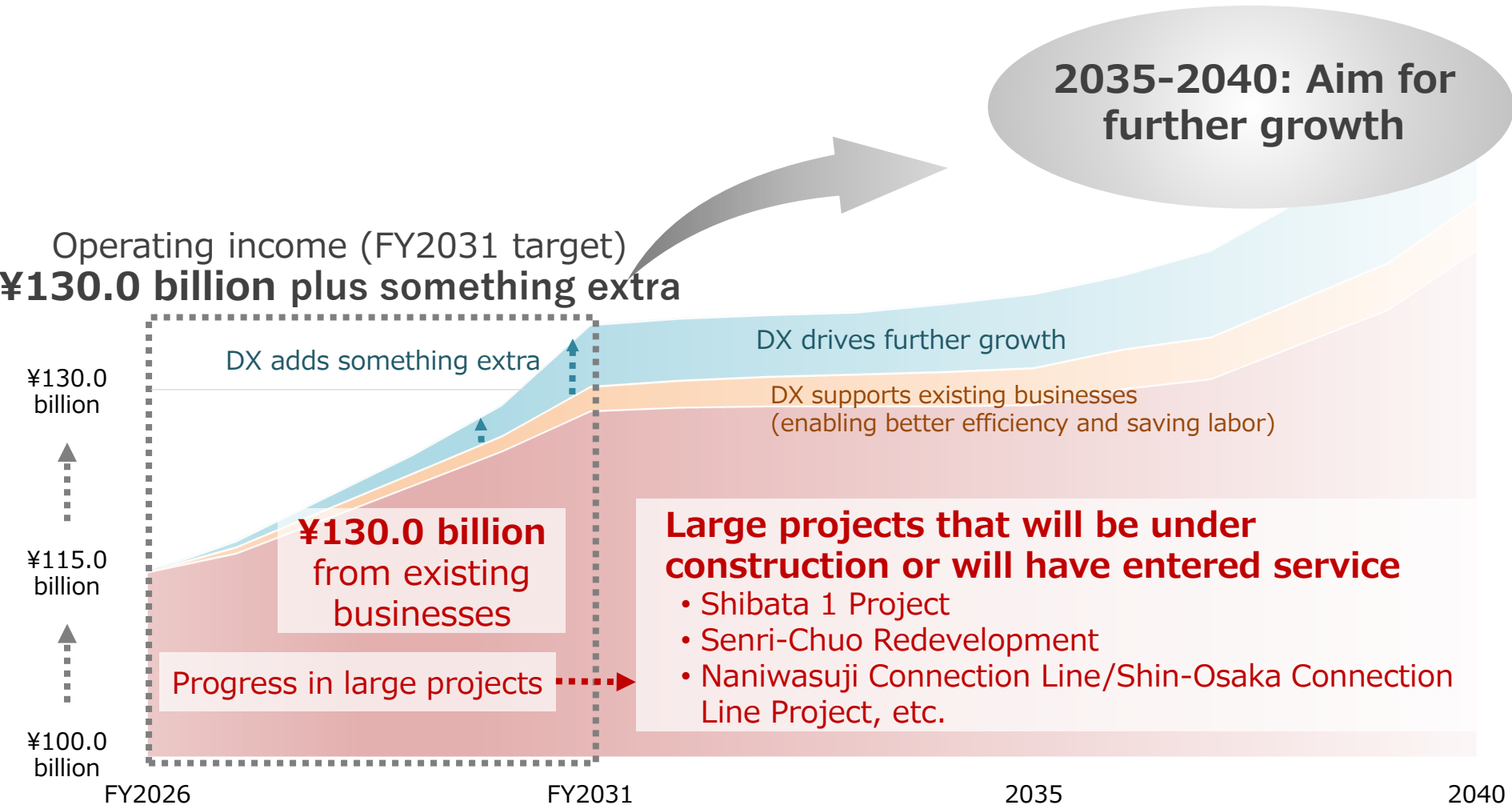
Profitability	Operating income	<b>¥130.0 billion (plus something extra)</b>
Financial health	Interest-bearing debt/EBITDA ratio	<b>Between 5–6 times</b>
Capital efficiency	ROE	<b>7% range over med-long term</b>

### Non-Financial KPIS

Rate of CO2 emissions cuts <b>46%</b> down from FY2014 level	<b>Continued improvement</b> in employee satisfaction
<b>Zero</b> culpable incidents in our railway business	Percentage of management positions held by women <b>Around 10%</b>
	Percentage of new hires who are women <b>Always more than 30%</b>

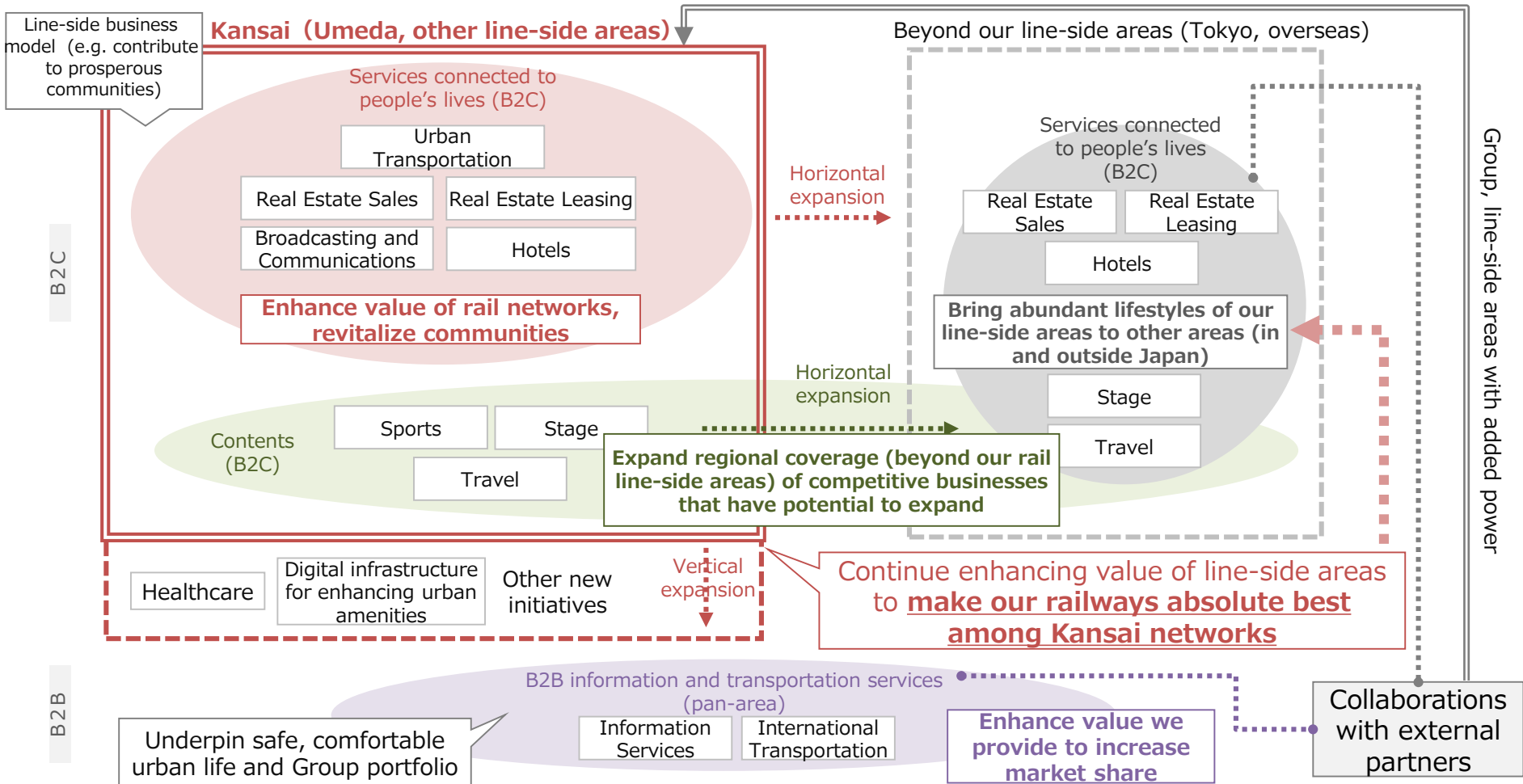
# Long-Term Growth Vision for 2035-2040

- FY2031 (defined in the vision as a milestone for future growth): By that year, we will raise operating income to ¥130.0 billion by growing existing businesses. We also aim to add something extra on top of this through a digital transformation project.
- 2035-2040: By this stage, large projects will have turned a profit and be driving further growth.



# Current Portfolio, Future Direction

<Our current portfolio is divided by service and area>



<Future direction>

We will enhance our businesses and community-building efforts in line-side areas, and start applying our business and community-building knowhow beyond these areas (both in and outside Japan) to bring us more quickly on track toward achieving sustainable growth. To that end, we must **ascertain changes in the business climate swiftly and work as a group to adapt to the changes.**

# Strategies for Achieving Vision

## Kansai (Umeda and other line-side areas)

Beyond our line-side areas (Tokyo, overseas)

### Strategy 1 (core strategy)

#### **Make our railway the absolute best among the Kansai networks** (further entrench position in Osaka-Umeda)

- To cope with the shrinking and aging population, we will focus on making our line-side areas much more attractive by engaging in community building, linking up with the new transport connections, actively leveraging digital innovations (next-generation MaaS, wifi tech), and promoting longer quality-adjusted life expectancy.
- Guided by the Umeda Vision (p.47-49), we will use new projects (e.g. Shibata 1) to make Osaka-Umeda as a whole world-class urban environment.

### Strategy 2

#### **Make our content as compelling as possible.** (develop new content)

- Expand customer base and make content more compelling
- Actively leverage digital tech
- Provide compelling travel content to people of different generations

### Strategy 3

#### **Expand the coverage of our line-side business model**

- Expand line-side business model (e.g. building abundant communities) beyond line-side areas
  - Expand Real Estate businesses (e.g. condos, fix-and-flip, rentals) beyond line-side areas (in and outside Japan)
  - Expand competitive contents beyond line-side areas

### Strategy 4

#### **Increase market share by providing high value-added services**

- Use tech and knowhow to expand value scope of our businesses
- Provide high-quality, competitive services to increase business scale and market share

### Hankyu Hanshin DX Project

Provide new services in digital sphere, introduce groupwide ID

### Contribute to SDGs, 2050 carbon neutrality goal

Material issues highlighted in Sustainability Declaration (e.g. environmental protection, empowering individuals)



# Strategies for Achieving Vision: Strategy 1

## Strategy 1 (core strategy)

### **Make our railway the absolute best among the Kansai networks** (further entrench position in Osaka-Umeda)

- To cope with the shrinking and aging population, we will focus on making our line-side areas much more attractive by engaging in community building, linking up with the new transport connections, actively leveraging digital innovations (next-generation MaaS, wifi tech), and promoting longer quality-adjusted life expectancy.
- Guided by the Umeda Vision, we will use new projects (e.g. Shibata 1) to make Osaka-Umeda as a whole world-class urban environment.

#### Actions for Umeda Vision

- Guided by the Umeda Vision, we will work on large projects (Umekita Phase II, Shibata 1) and upgrade our real-estate holdings in order to upgrade the urban amenities (offices, commercial facilities, hotels), making Osaka-Umeda as a whole a world-class hub for innovation and an attractive tourist destination.

#### New transport connections

- With Osaka growing more important as a hub for airport links (with Kansai's three airports under joint management) and land travel (with planning underway for a new maglev route), we will engage in plans to build the Naniwasuji Connection Line and Shin-Osaka Connection Line to leverage land transport links and channel global dynamism into our line-side areas.

#### Actively leverage digital innovations

- We will capitalize on next-generation MaaS and wifi tech.
- We will apply digital innovations in our railways to save labor.

#### Building line-side communities

- To increase resident and non-resident populations in our line-side areas, we will develop hub areas (e.g. Senri-Chuo Redevelopment), build new stations (Mukogawa new station on the Hankyu Kobe Line), and develop housing.

##### Senri-Chuo redevelopment

- This redevelopment project includes the construction of Senri Hankyu, Senri Selci, and Senri Hankyu Hotel in the vicinity of Senri-Chuo Station (see p.51)

##### Mukogawa new station

- This new station will be built on the Hankyu Kobe Line between Nishinomiya-kitaguchi and Mukonosu (on the bridge spanning Muko River)

#### Promote longer quality-adjusted life expectancy

- We will develop businesses that promote longer quality-adjusted life expectancy (e.g. healthcare businesses).

#### Universal design

- We will incorporate universal design (e.g. platform screen doors) to ensure safe and accessible transport.

# Strategies for Achieving Vision: Strategy 2

## Strategy 2

### **Make our content as compelling as possible** (develop new content)

- Expand customer base and make content more compelling
- Actively leverage digital tech
- Provide compelling travel content to people of different generations

#### **Sports**

- We will deliver compelling sports content (related to Hanshin Tigers, Hanshin Koshien Stadium).
- We will integrate digital tech to enhance our sports services and content.

#### **Stage**

- To further enhance content, we will develop a system that delivers high quality consistently, ensuring that Takarazuka Revue remains cherished for the next 100 years.
- We will integrate digital tech to enhance our stage services and content

#### **Travel**

- We will become the overwhelming leader in a guided tours.
- Over the medium to long term, we will diversify our travel models (enhancing products under specific themes) and win new customers. We will also expand into non-travel businesses such as support services for local authorities.
- We will integrate digital tech to enhance productivity in back-office operations (e.g. improve online advertising for tours).

#### **New content**

- We will work with external partners to develop new content.

# Strategies for Achieving Vision: Strategy 3

## Strategy 3

### **Expand the coverage of our line-side business model**

- Expand line-side business model (e.g. building abundant communities) beyond line-side areas
  - Expand Real Estate businesses (e.g. condos, fix-and-flip, rentals) beyond line-side areas (in and outside Japan)
  - Expand competitive contents beyond line-side areas

### **Expand Real Estate businesses beyond line-side areas (in and outside Japan)**

- We will accelerate efforts to develop our short-term-returns (fix-and-flip) business and expand the condominium business into redevelopment and rebuilding.
- Japan: In the Tokyo metropolitan area, we will proceed with properties under development while exploring ways to integrate our hotels and entertainment content into community building efforts.
- Overseas: In ASEAN markets with bright prospects for sustainable growth, we will leverage our line-side knowhow and work with external partners to expand the scale of our condominium, short-term-returns (fix-and-flip), and rental businesses there.

### **Expand content beyond line-side areas**

- We will expand Takarazuka Revue content and other content beyond line-side areas (in and outside Japan).

# Strategies for Achieving Vision: Strategy 4

## Strategy 4

### **Increase market share by providing high value-added services**

- Use tech and knowhow to expand value scope of our businesses
- Provide high-quality, competitive services to increase business scale and market share

### **Enhance value of services we provide**

- Information services business: We will expand the scale of the business. We will use our tech and knowhow and engage in tech-related partnerships to develop new information services. We will also provide information services to support line-side efforts and a digital transformation within our Group in a way that addresses material issues (for us and our stakeholders).
- International Transportation business: With the global business climate in flux, we will expand the scale of the business (more global-level transaction volume), transform the portfolio (putting more weight on ocean freight and logistics operations), accelerate business development in Asia, and enter new sectors with bright growth prospects.

### **Channel dynamism of external partners**

- We will work closer with external partners, channeling their dynamism into our businesses.

# Hankyu Hanshin DX Project

## ■ Aims of the Hankyu Hanshin DX Project

The project is designed to digitally transform lifestyles, diversifying customer touchpoints and improving the customer experience.

The project will leverage the benefits of digital technology to **enhance comfort and safety** for line-side residents and other stakeholders. Leveraging our own content, the project will combine digital with real-life to deliver more experiences and interpersonal encounters that **fulfil the unchanging need for dreams and excitement**.

### Four sets of actions in Hankyu Hanshin DX Project

#### 1. Knowing our customers

- Introduce group ID (HH Cross ID)
- Integrate and analyze customer data

HHcross



#### 2. Communicating with our customers

- Enhance lineup of communication tools suited to new lifestyles (e.g. HH cross TOWNS)
- Further improve communications by integrating digital tools (e.g. apps) with existing media

#### 3. Delivering the benefits of digital technology to our customers

Prepare:

- Free WiFi and other digital infrastructure
- Digital Twin, metabase
- Streaming platforms



#### 4. Enhancing our content

- Reorganize and expand contents
- Repackage experiences we offer (e.g. travel, shopping) as new content
- Work with partners to develop new content

These four sets of actions will be integrated organically to create a positive cycle for improving customer convenience and developing new and better products and services.

# Contribute to SDGs, 2050 Carbon Neutrality Goal

## <Environmental protection (align strategy/targets with 2050 carbon neutrality goal)>



- Committing to carbon neutrality by 2050, the Japanese Government has upgraded its 2030 carbon reduction target to 46% reduction from the FY2014 level (compared to 26% before the change). We have aligned our own carbon reduction target with that of the government's.



- To reduce energy consumption, we will invest in energy-efficient technology (keeping an eye on financial soundness and return on investment). We will also keep an eye on technological advances and introduce renewable energy systems if they are financially viable.

## <Empowering individuals (promote employee satisfaction and workplace diversity)>



- We must make the most of our talent (our most important asset) if we are to grow our value. To that end, we must cultivate a workplace culture that respects diversity and lets employees reach their full potential.
- Accordingly, we will embrace workplace diversity and inclusion and build such a workplace culture (one that is motivating, healthy, productive, diverse, and inclusive).
- We will aim for the following targets for FY2031: continual improvement in employee satisfaction, women occupying 10% of managerial posts, and women making up more than 30% of new hires.

## <Non-financial KPIs for FY2031>

Rate of CO2 emissions cuts <b>46%</b> down from FY2014 level	<b>Continued improvement</b> in employee satisfaction
	Percentage of management positions held by women <b>Around 10%</b>
<b>Zero</b> culpable incidents in our railway business	Percentage of new hires who are women <b>Always more than 30%</b>

# Financial Policy

- We commit to financial stability in the knowledge that this is essential to ensuring the stable provision of products and services that contribute to the sustainability agenda and to community building. To meet stakeholders' expectations, we will entrench a culture of cost consciousness with a concrete commitment to maintaining or improving capital efficiency.

Maintain financial health	<p><b><u>Achieve stable baseline profit</u></b></p> <ul style="list-style-type: none"> <li>To achieve a stable baseline profit, we will <u>maximize top- and bottom-line growth in our businesses</u> by tightly controlling expenditures and by <u>integrating digital tech in a way that expands revenue opportunities and increases productivity</u>.</li> <li>We will also tighten risk management in volatile businesses (e.g. overseas real estate businesses)</li> </ul>	<p><b>FY2031 target</b></p> <p>Operating income  <b>¥130.0 billion</b>  <b>plus something extra</b> (from the cumulative effect of the DX Project)</p>
	<p><b><u>Maintain financial health</u></b></p> <ul style="list-style-type: none"> <li><u>While we continue to invest capital in large projects and activities to grow our businesses, we also want to maintain our credit rating.</u> Accordingly, we will tighten control over interest-bearing liabilities, aiming for a D/E ratio of between 5 and 6.</li> </ul>	<p>Interest-bearing debt/EBITDA ratio  <b><u>Between 5–6 times</u></b></p>
Keep capital costs in mind	<p><b><u>Maintain or improve capital efficiency</u></b> (create returns that exceed capital costs)</p> <ul style="list-style-type: none"> <li>Our businesses will <u>keep capital costs in mind, committing to maintain or improve their returns with ROIC (= operating income / invested capital) as one of the benchmarks.</u></li> <li>To <u>avoid bloated balance sheets, we will be more circumspect about increasing our stocks</u> (carefully vetting prospective investments with an eye on return), <u>overhaul business approaches, and offload underperforming assets.</u></li> <li>We will provide stable and generous shareholder returns, maintaining a reasonable D/E ratio.</li> <li>Through these measures, we aim for the ROE range shown on the right.</li> </ul>	<p>ROE  <b><u>7% range</u></b>  <b>over medium to long term</b></p>

# (Reference) Background to Umeda Vision (1)

## The Future Direction of Osaka-Umeda and Kansai

### Building an internationally competitive city: Channeling growth opportunities

- With the upcoming Expo 2025 and the casino resort project for 2029, Kansai is garnering attention, including from overseas.
- Meanwhile, initiatives are underway to make Osaka City a truly international city (for example, Osaka City has been designated as a National Strategic Special Zone for piloting super-city initiatives, and the national and municipal governments have unveiled a public-private strategy to make Osaka a global financial hub).

#### Piloting the super-city concept in Osaka

Super-city initiatives are being piloted in two areas under the theme “data-driven solutions for wellbeing and life”

Osaka, Kansai, Expo 2025 (Yumeshima)  
**Designing a future society for our lives**

Umekita Phase II  
**Life-design, innovation**



#### Strategy to make Osaka a global financial hub

The global financial hub envisaged

**Channeling the dynamism of Asia and the wider world**

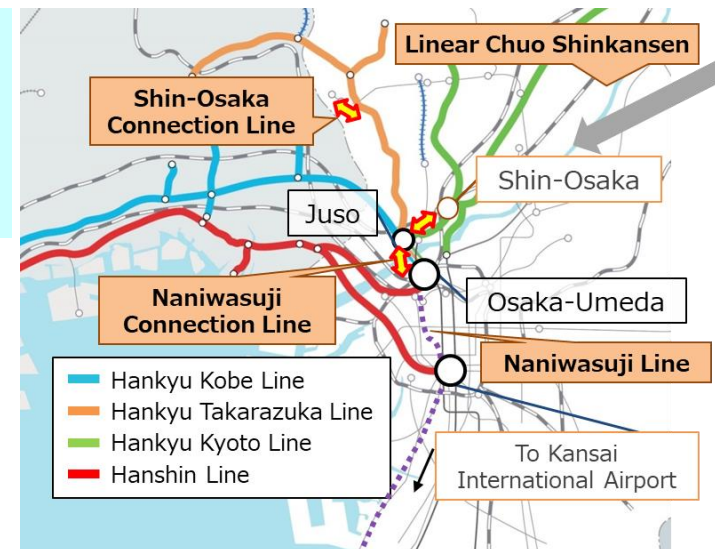
An international city powered by finance

**A trailblazing city**

A city that leads the world in finance

### Osaka-Umeda, at the center of Kansai, will link the region with the world: Transport networks/infrastructure will be strengthened

- Plans are underway to develop new transport connections (Naniwasuji Line, Naniwasuji Connection Line, Shin-Osaka Connection Line, and the underground JR Osaka Station scheduled to enter service in spring 2023). If the plans materialize, they would significantly enhance air and land access to Osaka-Umeda, increasing the prospects for Osaka-Umeda to channel the dynamism of the country and the world.





# (Reference) Background to Umeda Vision (2)

## Osaka-Umeda's Roles and Strengths

### Umekita's role in addressing social challenges:

#### Osaka-Umeda as a trailblazer for addressing social challenges

- The prefectural and municipal governments have chosen Umekita Phase II as a critical location for the super-city project. The locale will be center for industry, academia, and government collaboration in creating new industries that will address social and environmental challenges to sustainability, and a model area for pioneering data-driven digital transformation.
- If the project to make Osaka a global financial hub succeeds in enhancing the international profile of Osaka and Kansai, it will further increase the potential of the locale to draw in from around the world the talent and capital necessary to grow startups that will create the new industries.
- Having attracted knowledge from around the world, Osaka-Umeda will be a trailblazer in addressing social and environmental challenges to sustainability.

#### Kansai's solutions to social and environmental challenges

- An aging-friendly society (use of clinical data)
- Stress-free, seamless mobility
- Workplaces that are diverse, empowering, and accommodate new work practices
- Hotbed for startups and innovation
- Strong preparedness for natural disasters

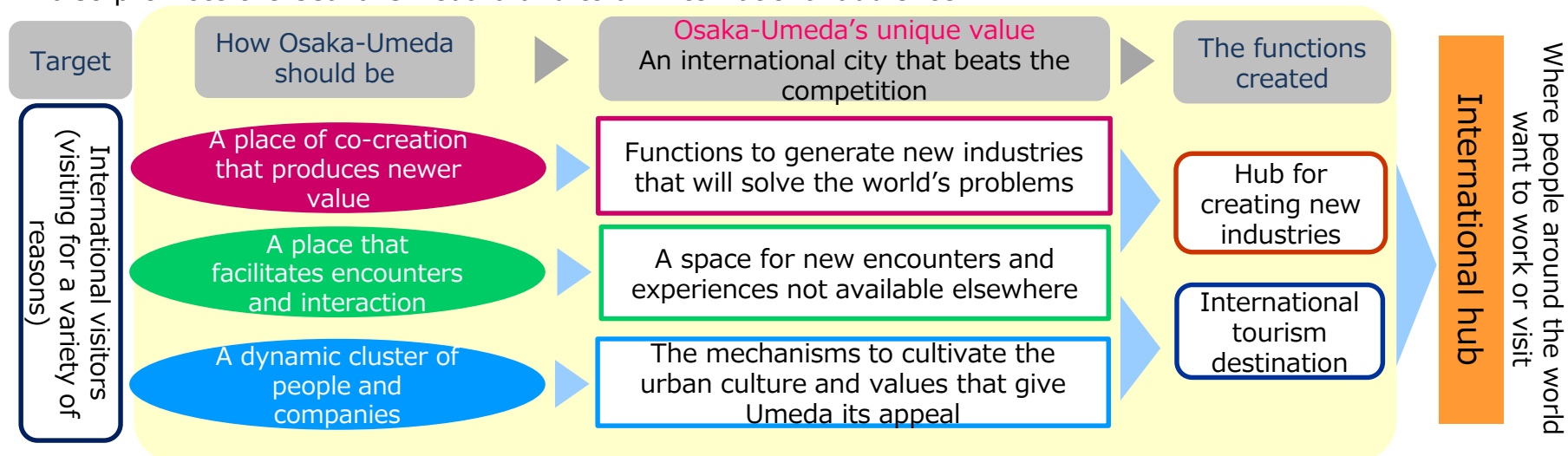
**Osaka-Umeda's role** **Lead the way in addressing social challenges**

### Osaka-Umeda as an unmatched urban locale: Offering something rarely seen elsewhere

- Unlike other urban locales in Japan, Osaka-Umeda features a compact cluster of office, retail, and entertainment functions, all within walking distance.
- If Osaka-Umeda is to be a place where people around the world want to work or visit, it is necessary to leverage this rare advantage to ensure that the area accommodates the diverse needs of the new normal.

# (Reference) Umeda Vision

- Against the backdrop described in pp. 47–48, we have established the Umeda Vision, which envisages Osaka-Umeda as **an international hub**.
- To achieve this, we have set **six basic policies** that will leverage Osaka-Umeda's **unique value** to make the area **a center for creating new industries** and **an international tourist destination**. The policies will also enhance Osaka-Umeda's basic value so that it is equipped for the new normal. Additionally, the strategies will also promote the Osaka-Umeda brand to an international audience.



<b>Six Basic Policies</b>	An international city with unique value that beats the competition	Basic Policy 1 : Make Umeda a place of co-creation that produces newer value
		Basic Policy 2 : Make Umeda a place that facilitates encounters and interaction
		Basic Policy 3 : Make Umeda a dynamic cluster of people and companies
	The basic value that will equip Umeda for the new normal	Basic Policy 4 : Make Umeda a place that uses the latest digital technology to offer new value
		Basic Policy 5 : Make Umeda a sustainable place
	Promoting the Umeda brand to the world	Basic Policy 6 : Strategically organize marketing and communications to the world

# (Reference) Shibata 1 Development

Strategy 1

- To further enhance the value of Osaka-Umeda, we will press on with plans for Shibata 1 Development, which will be the third major project (following Umeda 1-1 Project and Umekita Phase II Development Project).

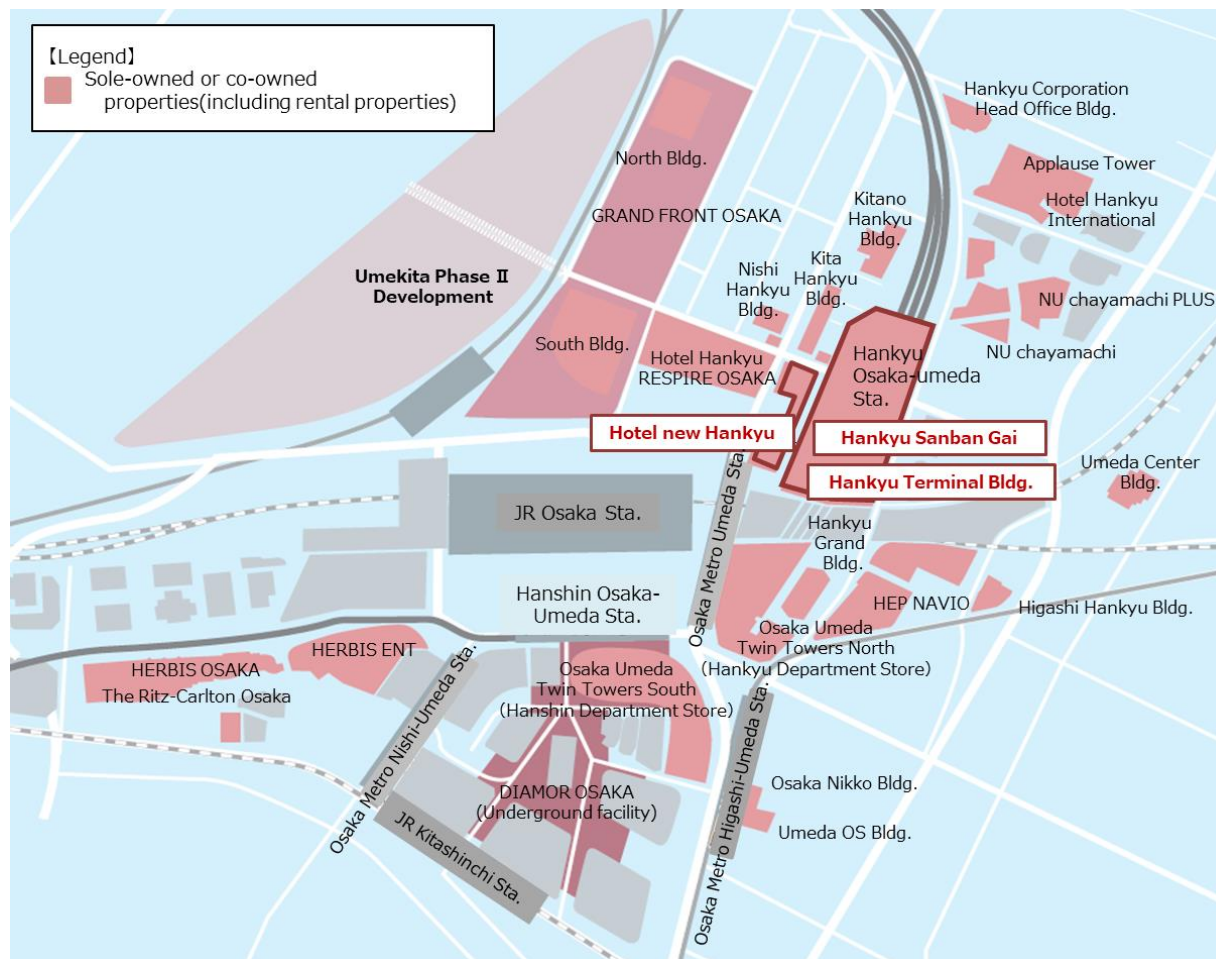


- Forming part of Umeda Vision, Shibata 1 Development will involve, among other things, remodeling (Hotel new Hankyu Osaka and the Hankyu Terminal Building) and fully renovating Hankyu Sanbangai. In this way, the project looks ahead to the next generation and will leverage the distinctive characteristics of the rail terminus to create a multifunctional hub befitting of the entrance to Osaka-Umeda.

-We have decided to close the Hotel new Hankyu Osaka around the end of FY2025 because it is seriously dilapidated and because Hotel Hankyu Respire Osaka, which is of a similar scale, opened in an adjacent zone.

- We will develop a specific plan for the future of the hotel site and accelerate consultations with government and other stakeholders with a view to launching a development project as soon as possible.

## Osaka-Umeda Area



# (Reference) Plan for Senri-Chuo Redevelopment

- Senri-Chuo is a key strategic area for us. In 2019, Toyonaka City unveiled a plan to redevelop the vicinity of Senri-Chuo Station (outlined in red in the figure) as part of a new community-development project. The land here has been partitioned and plans are being brought forward to redevelop the zone.
- Meanwhile, we had decided to close Senri Hankyu Hotel around the end of FY2026, as the building was dilapidated. Now, we are exploring ideas for how to use the site of the hotel. 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.

Area around Senri-Chuo Station



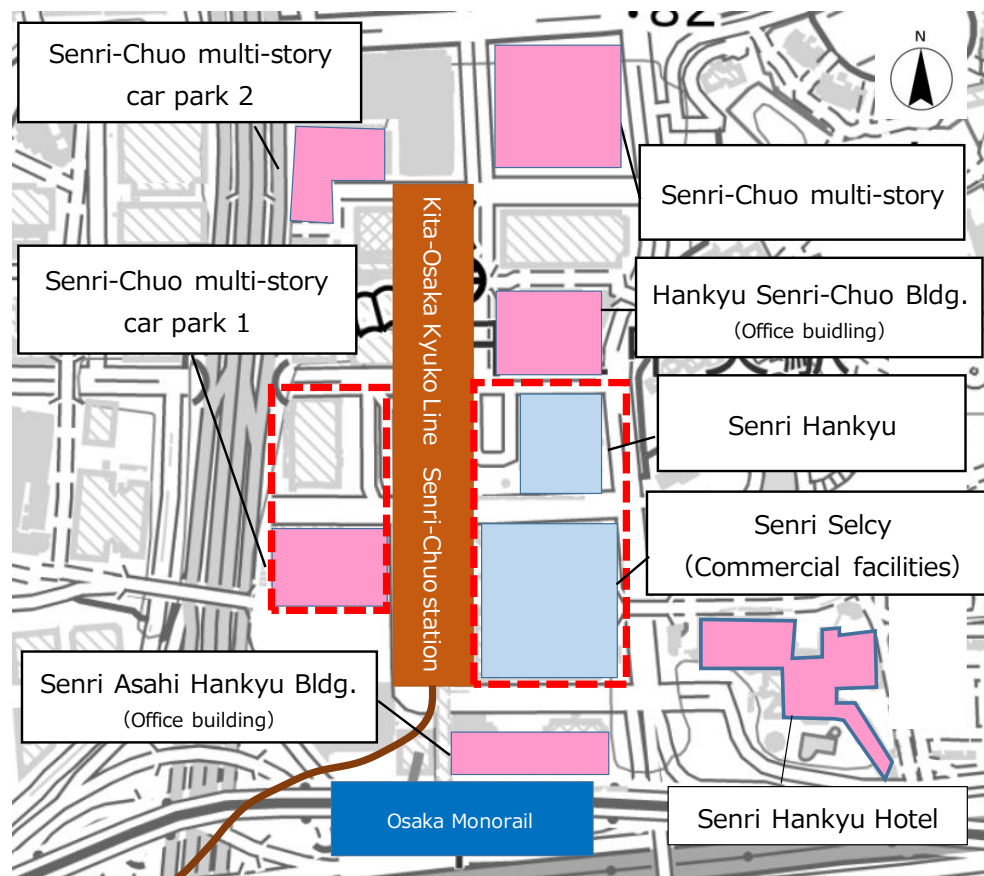
## ■ Time from Senri-Chuo Station to Osaka's main terminals

(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

Map based on GSI geospatial data  
([https://maps.gsi.go.jp/#17/34.809594/135.495665/&base=pale&base\\_grayscale=1&ls=pale&disp=1&vs=c0j0h0k0l0u0t0z0r0s0m0f1&d=m](https://maps.gsi.go.jp/#17/34.809594/135.495665/&base=pale&base_grayscale=1&ls=pale&disp=1&vs=c0j0h0k0l0u0t0z0r0s0m0f1&d=m))



To Umeda

### 【Legend】

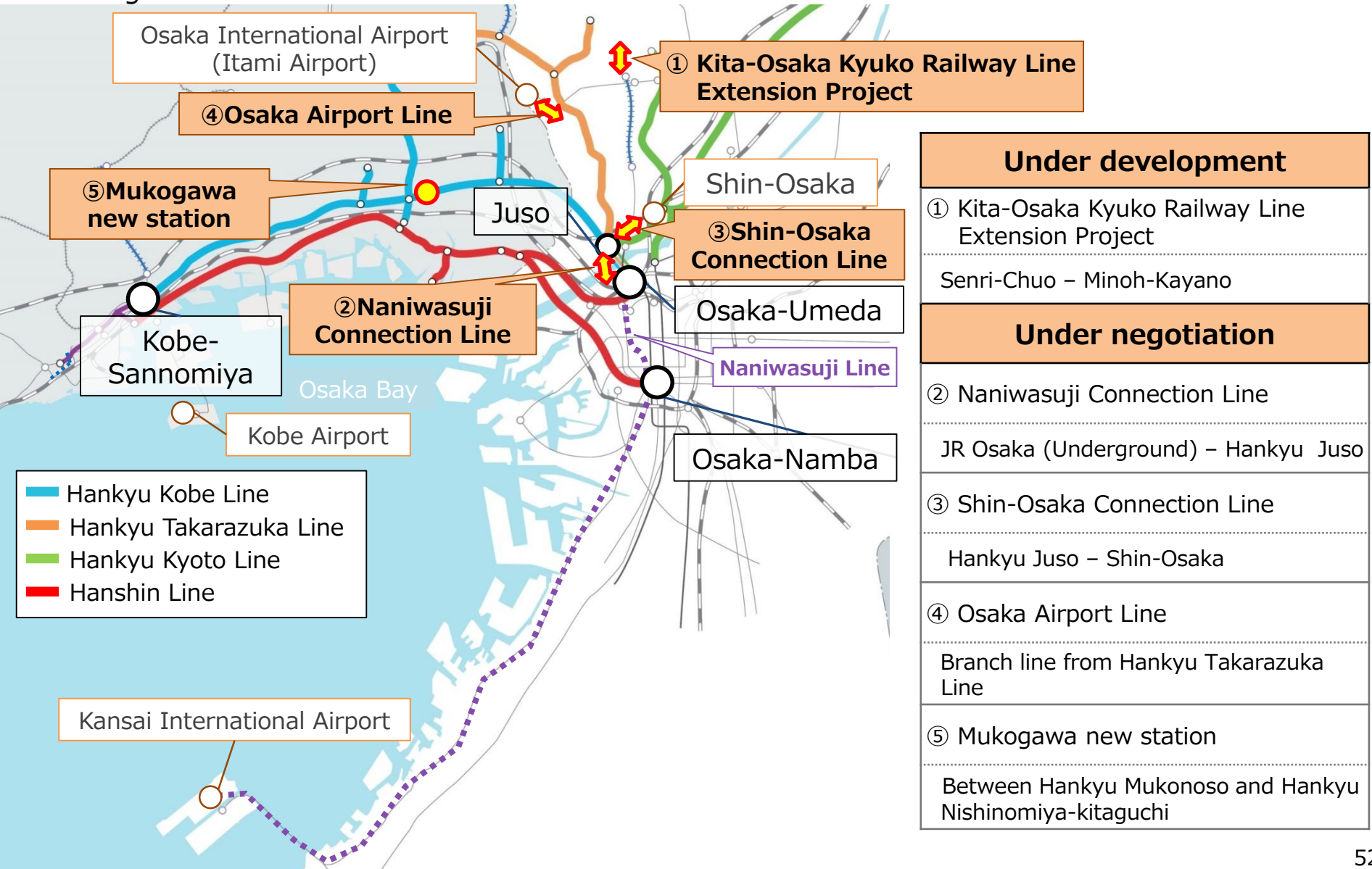
- Sole-owned or co-owned properties
- H2O Retailing assets
- Area flagged for redevelopment (Commercial facilities etc.)

※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.



# (Reference) Building Stronger Transport Networks

- We engage in the planning process for new lines and stations to make our transport networks stronger.



## **Ⅲ. Summary of the Medium-Term Management Plan**

# Medium-Term Management Plan: Time Period Covered, Context

## ■ Time period covered

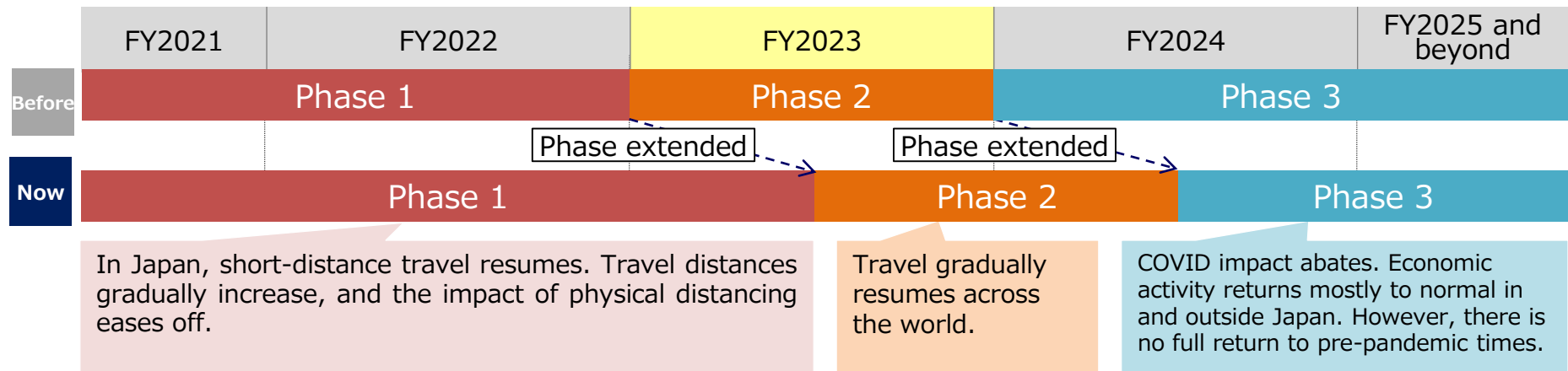
- The new medium-term management plan outlines **actions we will take over the relevant time period** in order to achieve our updated Long-Term Vision. These actions are designed to **contribute to the business and financial strategies for our Long-Term Vision**.
- The plan covers **four years: FY2023 to FY 2026**. In setting this period, we were mindful of how the targets set in our long-term vision for the milestone year of FY2031.

## ■ Context

- The four-year period will be **a time for returning to pre-COVID growth and for laying the foundations necessary to achieve the Long-Term Vision**. The endpoint, FY2026, is **the first milestone in this long-term project**.

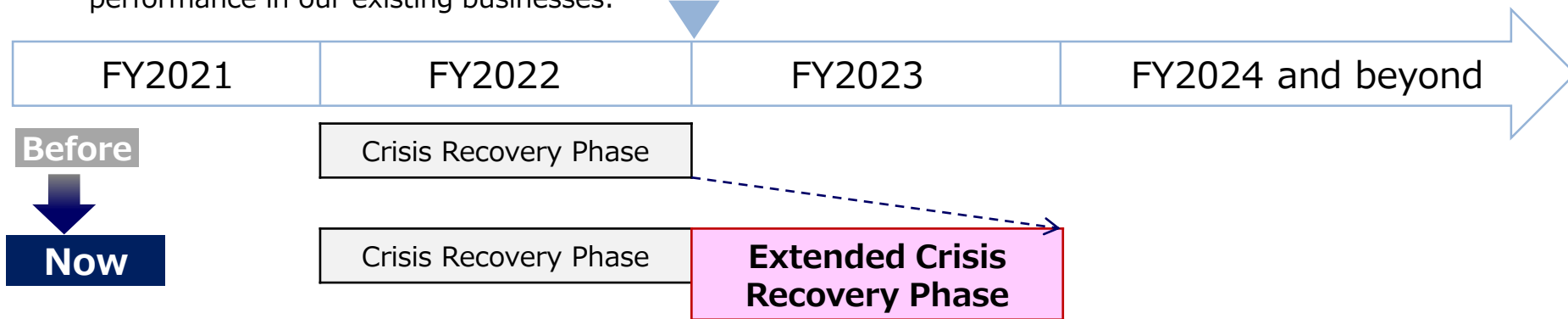
FY2023	FY2024	FY2025	FY2026	...	FY2031	...	2035-2040
Long-Term Vision: <i>Toward 2040</i>							
Medium-Term Management Plan					Milestone for future growth		Long-term vision of growth
			Endpoint of Medium-Term Management Plan				

## Change in envisaged phased recovery from COVID

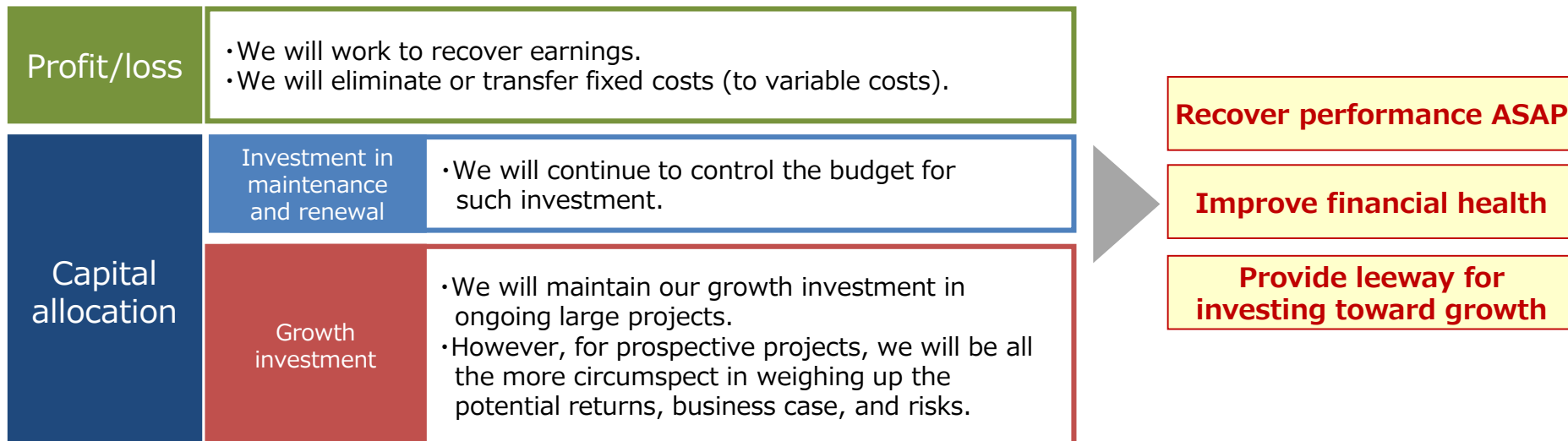


# Crisis Recovery Phase Extended

- The COVID impact persisted in FY2022. Repeated states of emergency were declared during H1, and although the situation seemed to have abated in Q3, Q4 (Jan–Mar 2022) saw a resurgence in infections.
- Given that this situation prevented the recovery we had expected, we have **extended** the **crisis recovery phase** to FY2023. This means the current year, like the previous one, is a time to focus on recovering performance in our existing businesses.



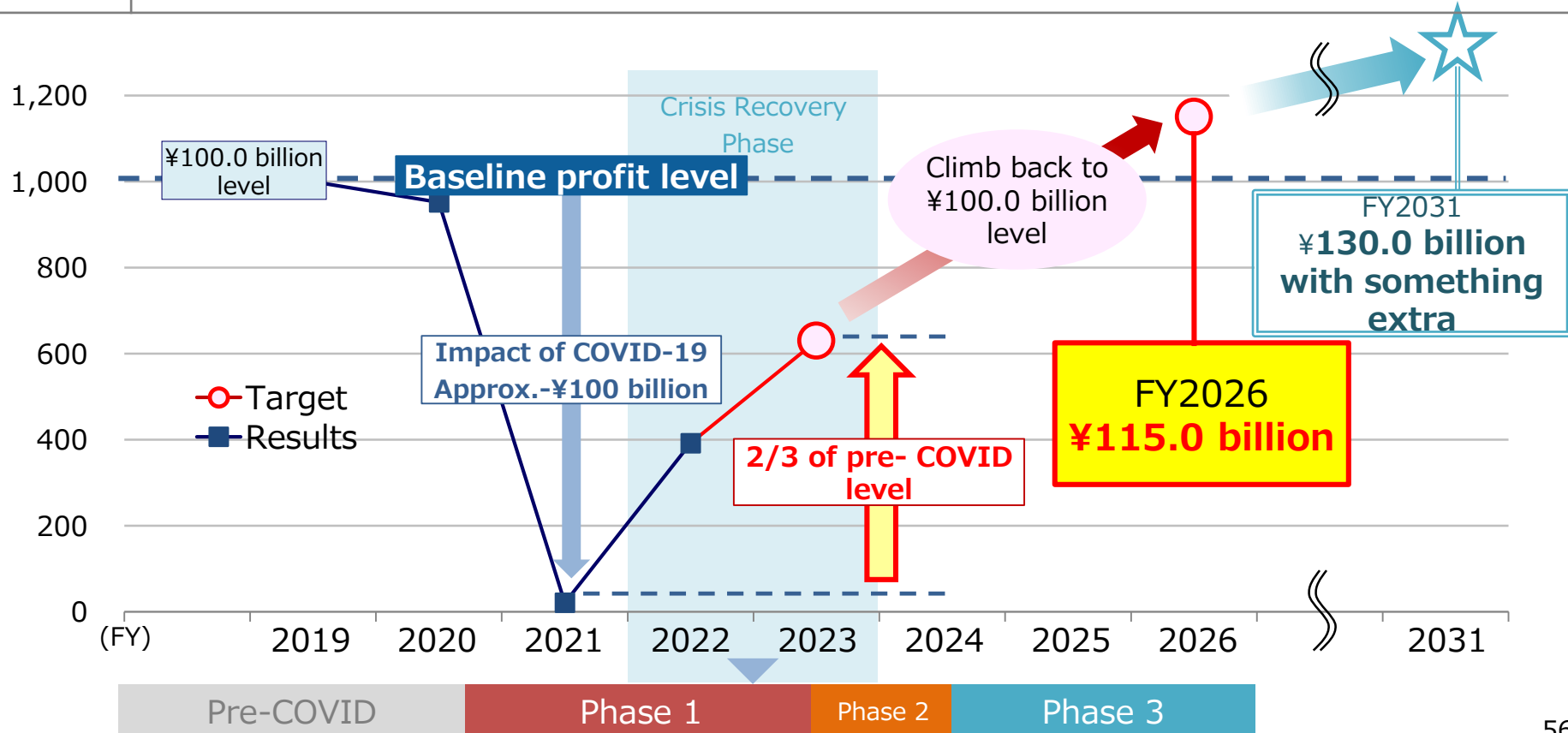
## Actions during Crisis Recovery Phase





# Medium-Term Earnings Targets

<b>FY2023</b>	Many businesses will recover from the COVID impact. Supported by the measures we take in the Crisis Recovery Phase, they <b>regain 2/3 of the pre-COVID profit level in two years</b> from the COVID-blighted year of FY2021.
<b>FY2024   FY2025</b>	Our businesses recover further from the COVID impact and make headway in <b>strengthening their earnings structure (adapt to changes in demand structure and boost productivity)</b> , paving the way for us to <b>get operating income back to the pre-COVID level of ¥100.0 billion as soon as possible</b> .
<b>FY2026</b>	With these actions to strengthen balance sheets, we surpass the pre-COVID figure and <b>aim for operating income of ¥115.0 billion</b> , which will <b>put us in range of the FY2031 milestone</b> (¥130.0 billion with something extra).



# Key Actions to Achieve Medium-Term Targets

## Key actions linked with the four strategies in Long-Term Vision

### 1. Strengthen earnings structure (adapt to changes in demand structure and boost productivity)

Lifestyles will never return to as they were before COVID, so if our businesses fail to adapt, they risk sustaining serious damage. We must therefore **work as a group to strengthen earnings structure and improve our financial health (with a recovery in EBITDA)**.

Accelerate with measures for  
Crisis Recovery Phase

### 2. Transition to keeping capital costs in mind

To meet the expectations of our stakeholders over the medium to long term, we will **transition to keeping capital costs in mind** in line with the financial strategy for our Long-Term Vision.

### 3. Implement digital transformation

Our Long-Term Vision requires a **digital transformation**. Our businesses will proceed with a digital transformation **with a sense of urgency**. The Hankyu Hanshin DX Project will **coordinate digital efforts across the Group to create more impactful outcomes**.

### 4. Contribute to SDGs and 2050 carbon neutrality goal

Guided by our **Sustainability Declaration**, we will **contribute to the SDGs and 2050 carbon neutrality goal**.

# Key Action 1 Strengthen Earnings Structure

(adapt to changes in demand structure and boost productivity)

## Main impacts in our businesses

Less ridership revenue  
(Urban Transportation)

Less office demand, lower sales in city-center  
shopping facilities (Real Estate)

Less demand for business  
trips and parties (Hotels)

### Rough outlook for ridership revenue

Despite gradual recovery,  
ridership revenue (particularly commuter passes)  
never returns to pre-COVID levels.

Projections for ridership revenue  
(relative to FY2019), excluding effects  
of key actions

	FY2023	FY2026
Commuter pass	Around -10%	Around -10%
Other tickets	Around -10%	Similar to FY2019 level

## Specific actions

Urban  
Transportation

- Update schedule to reflect changes in travel demand (e.g. changes in commute times)
- Improve efficiency in rail operations (e.g. station operations)
- Roll out platform doors and other safety measures
- Introduce premium seating (seats reserved for a surcharge)

Target year: 2024

Improve business  
efficiency

Improve safety and  
travel services

Strategies for  
Long-Term  
Vision

Strategy 1

Real Estate

- Develop (improve value in) Umeda and other key line-side areas (e.g. Senri-Chuo)
- Increase market share and brand power in domestic condominium sector (establish commanding lead in Kinki region)
- Advance into target short-term-returns (fix-and-flip) sector (rental condos, shopping facilities, offices, logistics facilities)
- Overseas: Expand scale of housing (particularly in ASEAN), short-term-returns (fix-and-flip), and rental businesses
- Overhaul hotels business (divest underperforming hotels, reduce fixed costs)

Strategy 1

Strategy 3

Entertainment

- Recover admissions for baseball games ASAP; use digital technology to introduce new services and other services to streamline operations
- Recover admissions for Takarazuka Revue shows ASAP; expand stage content (e.g. streamlining)

Strategy 2

Information and  
Communication  
Technology

- Expand scale of information services (e.g. DX solutions)

Strategy 4

Travel

- Improve online advertising for tours (reduce costs)
- Expand to non-travel services (e.g. support services for local authorities)

Strategy 2

International  
Transportation

- Expand scale of business (more global-level transaction volume)
- Transform the portfolio (putting more weight on ocean freight and logistics operations)

Strategy 4

# Key Action 2 **Transition to keeping capital costs in mind**

## Specific actions


Control capital spending by placing greater importance on getting a return that exceeds capital cost

### **Be more selective in where to invest**

- Vet prospective investments more rigorously, using ROIC as a benchmark of return on investment

### **Change approach to businesses and assets**

- Calculate the ROIC for each business and use this as a guide when managing the businesses.
- Where returns fall short of capital cost, turn performance around ASAP or (if there is no prospect for a turnaround), radically overhaul the business.
- Consolidate or offload underperforming assets
- Actively advance into target short-term-returns (fix-and-flip) business
- If necessary, externalize assets (REITs, real-estate funds)

 Through these actions, we aim to reach the ROE target in the Long-Term Vision

Financial target for FY2031  
in Long-Term Vision

ROE  
**7% range over medium to long term**

# Key Action 3 **Implement Digital Transformation**

## Key group-wide actions

- Implement Hankyu Hanshin DX Project
- Integrate each business's customer data and analyze it using Data Analytics Lab; use the findings to guide marketing and the development of new products and services



### **Data Analytics Lab**

This is an analytics program we launched in April 2021 in collaboration with the University of Tokyo. It is designed to integrate and analyze each business's customer data (e.g. customer attributes, service use history).

## Actions in each segment

Urban  
Transportation

Real Estate

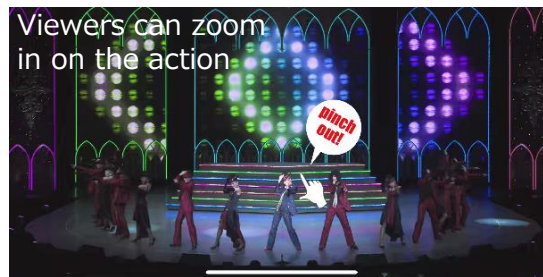
Entertainment

Travel

- Use new tech to streamline travel services and maintenance operations
- Use AI and robotics to streamline facility management, cleaning, security, etc.
- Use new tech to provide new user (visitor) experiences and to pilot new ideas
- Enhance lineup of original services delivered on digital media (portal sites, apps) and improve digital marketing/communication
- Explore new VR- and AR-powered experiences
- Use customer analytics to guide CRM
- Use smartphone apps to strengthen customer touchpoints before, during, and after travel



Video tech used to deliver virtual baseball experience (Koshien Plus)



High-quality livestreams of Takarazuka Revue shows using latest tech (e.g. 8K ultra-zoom feature) (Takarazuka Revue)



# Key Action 4    **Contribute to SDGs and 2050 Carbon Neutrality Goal**

## Current actions and their outcomes

- Our ESG actions and active disclosures have garnered the following accolades from ESG-rating organizations:
    - **In the MSCI ESG Fund Ratings (\*1), we got our first AAA rating (the highest rating).**  
(As of September 2021, we are ranked second in the over-land transportation sector out of 32 companies [we are first among Japanese companies])
    - **We were listed in the MSCI Japan ESG Select Leaders Index(\*2) for the fifth year running.**
    - **We got a 4-star rating in the Nikkei SDGs Management Survey (top level among railway companies)**
- \*1 The MSCI ESG Fund Ratings is provided by Morgan Stanley Capital International (a leading US provider of financial services). There are seven rankings.
- \*2 This index lists companies that lead their sector in ESG performance. Japan’s Government Pension Investment Fund (GPIF), the world’s largest pension fund, uses the index as one of its ESG-themed benchmarks for passive investment.

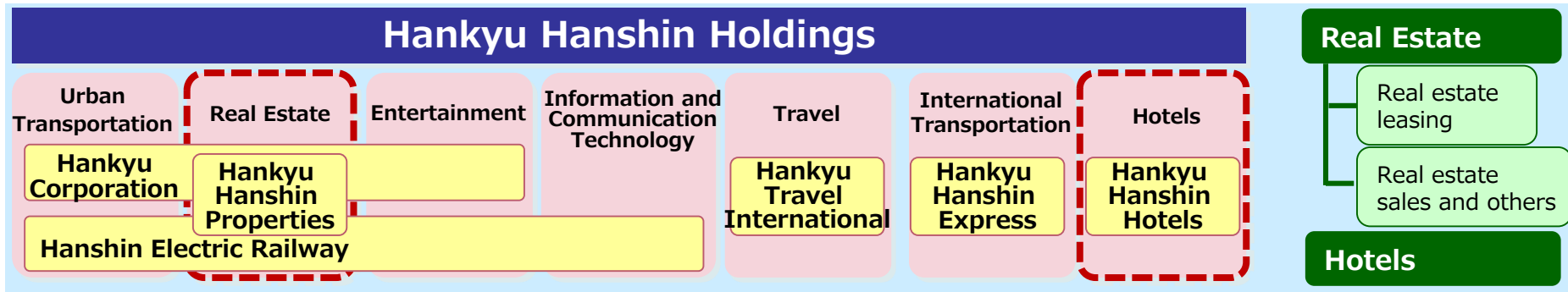
## Actions in each segment

Urban Transportation	<ul style="list-style-type: none"><li>• Switch to energy-saving rolling stock, switch to electric/hybrid buses/taxis</li><li>• Install solar panels on roofs of plants and rail depots, install apparatus to store the energy generated</li><li>• Use business continuity planning to prepare for natural disasters</li><li>• Prepare to install security cameras on trains ASAP (In December 2021, MLIT announced that this will be mandatory in new rolling stock)</li></ul>
Real Estate	<ul style="list-style-type: none"><li>• Decarbonize leased facilities (switch to energy-efficient tech, generate renewable energy, procure sustainable energy)</li><li>• Make new properties qualify as net-zero buildings (ZEBs) or net-zero-energy houses (ZEHs)</li><li>• Implement KOSHIEN “eco” Challenge</li><li>• Actively provide sports and stage experiences to groups of preschoolers/schoolchildren</li></ul>
Entertainment	<ul style="list-style-type: none"><li>• Provide technological solutions that contribute to rail safety</li></ul>
Information and Communication Technology	<ul style="list-style-type: none"><li>• Continue charitable giving and awareness campaigns through Hankyu Hanshin Dreams and Communities of the Future Project</li></ul>
All segments	

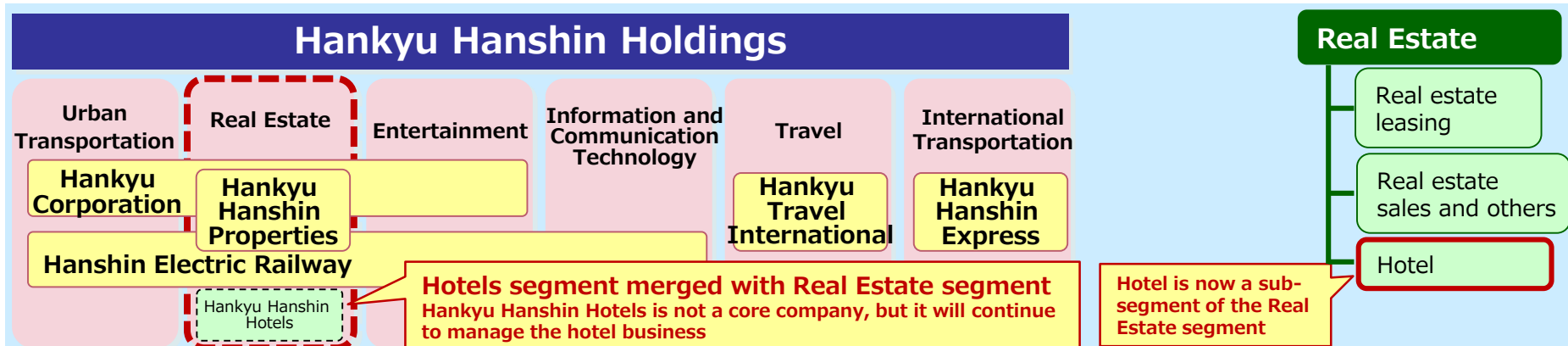
# Some organizational changes (from April 2022)

- Currently, we are structurally reforming the Hotels segment (disinvesting underperforming hotels and cutting fixed costs). We also plan to close two dilapidated hotels (Hotel new Hankyu Osaka and Senri Hankyu Hotel) and use the sites of the hotels more effectively, in a way that helps develop the area.
- Given these changes, we decided to consolidate the Hotels segment into the Real Estate segment, starting from FY2023. We believe that this consolidation will enable more effective management of community-development projects, multipurpose developments, and similar projects, including those involving the sites of the two abovementioned hotels (in connection with community building, the Hotel (sub-) segment will play a role in enhancing the attractiveness and amenities of urban areas).

Before: Six core companies, seven core business segments (bold font indicates core company)



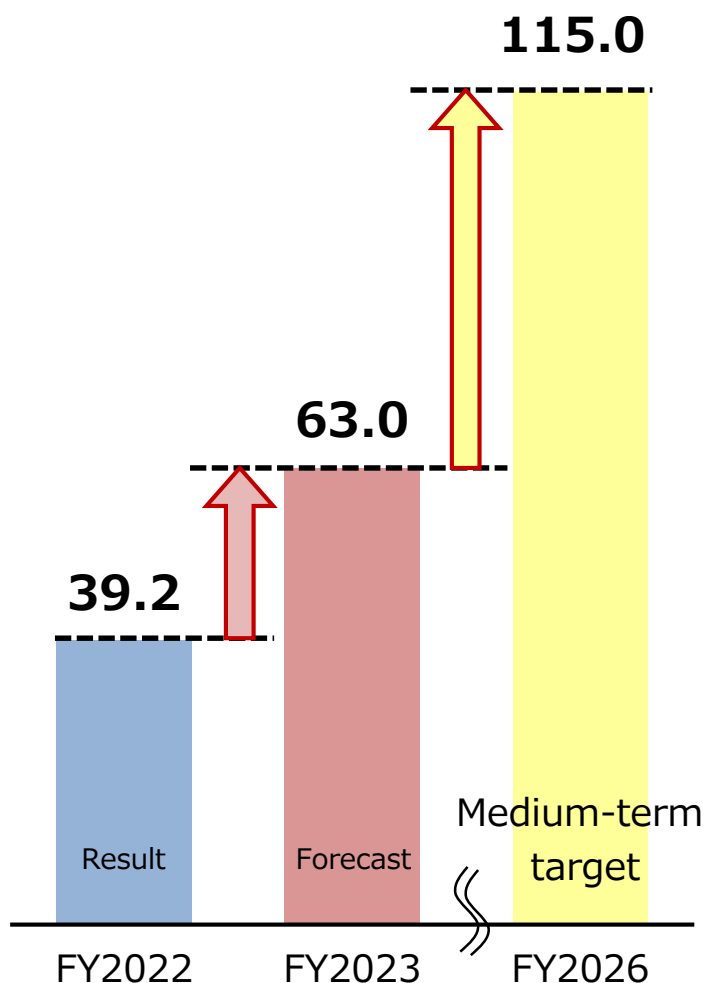
From April 2022: Five core companies, six business segments (bold font indicates core company)



# Operating Income Projections

(¥billion)

**FY2022 ⇒ FY2023 ⇒ FY2026**



Blue: Positive contributors Red: Negative contributors

**FY2022 result ⇒ FY2023 forecast +¥23.8 billion**

Recovery from COVID impact (domestic demand)

- Higher revenue from railway operations and automobile business
- Recovery in domestic demand for hotel accommodation
- Higher admissions and more shows in Entertainment segment
- Recovery in demand for domestic travel

International Transportation: Supply crunch gradually eases

**FY2023 forecast ⇒ FY2026 target +¥52.0 billion**

Recovery from COVID impact (domestic and inbound demand)

- Recovery in domestic and inbound demand leads to higher revenue from railway operations
- Recovery in domestic and inbound demand for hotel accommodation
- Higher admissions and more shows in Entertainment segment
- Recovery in demand for international travel

With Umeda Twin Towers South entering service, rental income increases  
Higher revenue from expansion of real estate sales business (e.g. condominiums)

Higher revenue from expansion of overseas Real Estate business

Growth in Information and Communications Technology

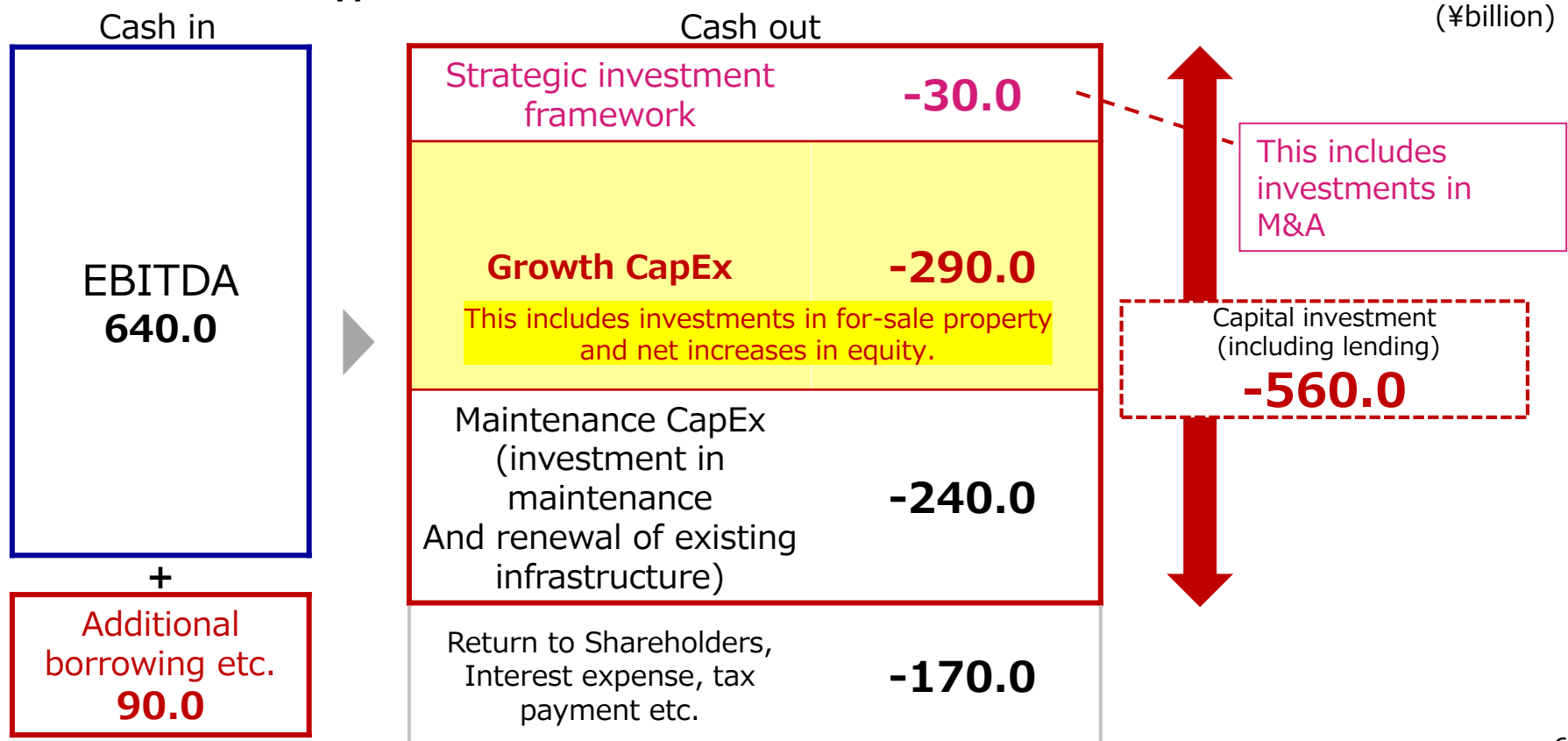


# Cash Flow

## ■ Capital allocation strategy

- Cumulative EBITDA over the medium-term period should come to approx. **¥640.0 billion**.
- For cash outflow, we will rein in maintenance and renewal CapEx and **allocate more to growth CapEx (projects for higher future growth)**. We will deliver stable and continuous dividends to shareholders, using total payout ratio as an indicator, and also buy back shares. Consequently, cash out should come to approx. **¥730.0 billion**.
- This will create an approx. **¥90.0 billion** shortfall. To cover this, we will borrow additional funds (i.e. increase interest-bearing debt), keeping interest-bearing debt/EBITDA ratio in mind.

### Hypothetical cumulative cash flow for FY2023–2026



# Capital investment

## Hypothetical cumulative cash flow for FY2023–2026

(¥billion)

Capital investment (including lending)

**560.0**

Strategic  
investment  
framework

**30.0**

**Growth CapEx**

**290.0**

This includes investments in for-sale property  
and net increases in equity.

Maintenance CapEx  
(investment in  
maintenance and  
renewal of existing  
infrastructure)

**240.0**

## Main projects

Urban  
Transportation

- Installation of platform doors, accessibility improvements
- Kita-Osaka Kyuko Railway Line Extension Project
- Naniwasuji Connection Line / Shin-Osaka Connection Line

Real Estate

- Umekita Phase II Development Project
- Shibata 1 Development
- Senri-Chuo Redevelopment
- Developments in Tokyo: Yaesu 2 Naka, site of Hotel Grand Palace
- Overseas expansion in Real Estate segment
- Expansion in domestic condominium business
- Expansion of short-term-return (flip-and-fix) business

Entertainment

- Relocation of Hanshin Tigers farm team facility

Other

- IT strategy, DX investments

# Performance Indicators (–FY2026)

	FY2022 Results	FY2023 Forecasts	FY2026 Targets
Operating income	¥39.2billion	¥63.0billion	¥115.0billion
EBITDA <sup>※1</sup>	¥100.7billion	¥128.0billion	¥190.0billion
Interest-bearing debt	¥1,096.0billion	¥1,130.0billion	¥1,180.0billion
Interest-bearing debt / EBITDA ratio	10.9times	8.8times	6.2times
D/E ratio <sup>※2</sup>	1.3times	1.3times	1.1times
Net income attributable to owners of the parent	¥21.4billion	¥35.0billion	¥75.0billion
ROE	2.5%	4.0%	7% range

(Reference)

Net interest-bearing debt <sup>※3</sup>	¥1,064.6billion	¥1,105.0billion	¥1,155.0billion
Net interest-bearing debt/EBITDA ratio	10.6times	8.6times	6.1times

※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

## **IV. Forecast for fiscal 2023 (Ending March 2023)**

# Consolidated Statements of Income (Summary)

( ¥ billion)	FY2023 Forecasts ①	FY2022 Results ②	Change = ① - ②	Remarks
Revenue from operations	915.0	746.2	+168.8 (+22.6%)	Urban Transportation and most other segments are on track to recovering from the COVID slump of the previous year.
Operating income	63.0	39.2	+23.8 (+60.7%)	
Ordinary income	62.0	38.5	+23.5 (+61.2%)	
Net income attributable to owners of the parent	35.0	21.4	+13.6 (+63.4%)	
(Reference)				
Capital Expenditures	89.0	120.3	-31.3	
Depreciation and amortization	62.7	59.1	+3.6	
Financial balance (1) - (2)	-7.6	-7.4	-0.2	
Interest and dividend income(1)	1.0	1.1	-0.1	
Interest expense(2)	8.6	8.5	+0.1	

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

(¥ billion)				
[Upper table] Revenue from operations	FY2023 Forecasts	FY2022 Results	Change	Remarks
[Lower table] Operating income	①	②	=①-②	
Total	915.0	746.2	+168.8	
	63.0	39.2	+23.8	

(Breakdown for each business segment)

Urban Transportation	188.4	161.6	+26.8	Revenue and income growth are expected on the assumption that the business segment will recover from the effects of the pandemic (Hankyu and Hanshin lines and the automobile business will see an upturn in fare revenue).
	21.3	5.6	+15.7	
Real Estate	296.0	246.6	+49.4	Revenue and income growth are expected on the assumption that the segment will recover from the effects of the pandemic (the hotels business will see an upturn in accommodation and food/beverage businesses).
	25.1	19.4	+5.7	
Entertainment	72.1	62.9	+9.2	Revenue and income growth are expected on the assumption that the segment will recover from the effects of the pandemic (the sports business will see an upturn in admissions for Hanshin Tigers' regular season games and the stage business will see higher audiences for Takarazuka Revue shows).
	11.2	9.3	+1.9	
Information and Communication Technology	63.9	59.2	+4.7	Revenue growth is forecasted because the segment is expected to post an increase in orders for information services. Income is forecasted to stay flat because of an increase in sales costs associated with revenue growth and an increase in personnel expenses following business expansion.
	5.9	5.9	+0.0	
Travel	160.0	60.4	+99.6	Revenue and income growth are expected on the assumption that the segment will recover from the effects of the pandemic (with renewed demand for domestic travel), and this recovery will likely offset a decrease in orders in non-travel businesses such as contracts for managing accommodation for COVID patients.
	-1.9	-5.7	+3.8	
International Transportation	120.0	143.3	-23.3	Decreases in revenue and income are expected on the assumption that the supply crunch for air and ocean transportation will steadily ease.
	4.5	8.0	-3.5	

Note: The FY2022 results for the Real Estate segment have been aggregated in way that enables comparison with FY2023; they may be aggregated differently in the future.

# COVID-19 Impact in Each Segment (assumptions for Fiscal 2023 forecasts)



Stated below are the assumptions underlying the full-year forecasts.

Urban Transportation	<p>&lt;Railway&gt;</p> <p>Revenue from other (non-season) tickets will gradually recover. From January 2023, the revenue will be less than 10% lower than result for the same period in FY2019. The impact on worker commuter pass revenue will persist throughout the period (the revenue will be around 10–15% lower than the FY2019 level).</p> <p>The period-average for student commuter pass revenue will be around that of FY2019.</p> <p>&lt;Automobile&gt;</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 start recovering in H2).</p>
Real Estate	<p>&lt;Real estate leasing&gt;</p> <p>The business will recover significantly from the level of the previous year, when the state of emergency (store closures, reduced hours) impacted the segment.</p> <p>&lt;Hotels&gt;</p> <p>Regarding accommodation, domestic demand will start to gradually recover at the start of the period and inbound demand will start to gradually recover in H2 (for hotels managed directly by Hankyu Hanshin Hotels [excludes hotel locations opened in FY2020 or later], as of March 2023, domestic demand will be around 10% less, and inbound demand will be around 80% less, than it was in the same period in FY2019).</p> <p>Likewise, food/beverage will start to gradually recover at the start of the period.</p>
Entertainment	<p>&lt;Sports&gt;</p> <p>For pro baseball, we predict that baseball revenue will recover significantly from the previous year's slump provided that all seats for Hanshin Tigers' regular season games will be sellable.</p> <p>&lt;Stage&gt;</p> <p>For Takarazuka Revue, we predict that theater production revenue will recover from the slump in the previous year (when a number of shows were cancelled) provided that theaters return to full capacity (excluding frontmost seats).</p>
Travel	<p>We predict that domestic tours will recover significantly from the start of the period (full-year performance will be around that of the FY2019 level).</p> <p>International tours will reopen in H2 and should start recovering around the end of the year (the revenue will be around 85% lower than the FY2019 level).</p>

# Outlook for Operating Income (FY2021→FY2023)

- The following table illustrates how operating income recovers over a three-year (FY2021–FY2023) as the COVID impact gradually diminishes.
- In FY2021 and FY2022, we recognized as extraordinary losses the losses we sustained in relation to COVID (e.g. fixed expenses during periods when operations were suspended and costs associated with cancellations of events). Thus, in real terms, **the FY2022 result is ¥47 billion higher than the FY2021 result, and the forecasted FY2023 result is more than a ¥33 billion higher than the FY2022 result.**

(¥ billion)

	FY2021 Result		FY2022 Result		FY2023 Forecast
Operating income (①)	2.1	<b>+37.1</b>	39.2	<b>+23.8</b>	63.0
COVID-19-related losses (②)	<b>-19.4</b>		<b>-9.5</b>		—
Real-terms operating income (① +②)	<b>-17.3</b>	<b>+47.0</b>	29.7	<b>+33.3</b>	63.0

Main contributors: Change in seven core business segments (including Hotels)  
 Urban Transportation +¥11.4 billion,  
 Real Estate +¥5.2 billion,  
 Entertainment +¥14.5 billion,  
 Travel +¥4.8 billion, International  
 Transportation +¥5.7 billion,  
 Hotels +6.4 billion

Main contributors: Change in six core business segments  
 Urban Transportation +¥16.3 billion,  
 Real Estate +¥10.4 billion (in which,  
 hotels +¥8.8 billion) ,  
 Entertainment +¥3.6 billion,  
 Travel +¥6.2 billion

This forecasted result would mean that operating income has reached 2/3 of the pre-COVID level (¥100 billion) level in two years from FY2021.



# [Urban Transportation] Railway Performance Forecasts

## Hankyu Corporation

	Fare revenues (¥ million)*				Passenger volumes (Thousands)*			
	FY2023 Forecasts	FY2022 Results	Change		FY2023 Forecasts	FY2022 Results	Change	
Commuter pass	29,700	28,654	+1,045	(+ 3.6%)	303,765	282,633	+21,132	(+ 7.5%)
Workers	25,366	25,223	+143	(+ 0.6%)	205,919	204,916	+1,003	(+ 0.5%)
Students	4,334	3,431	+902	(+ 26.3%)	97,846	77,717	+20,129	(+ 25.9%)
Other tickets	56,456	45,422	+11,033	(+ 24.3%)	284,040	228,028	+56,011	(+ 24.6%)
Total	86,156	74,077	+12,079	(+ 16.3%)	587,805	510,661	+77,144	(+ 15.1%)

## Hanshin Electric Railway

	Fare revenues (¥ million)*				Passenger volumes (Thousands)*			
	FY2023 Forecasts	FY2022 Results	Change		FY2023 Forecasts	FY2022 Results	Change	
Commuter pass	10,859	10,628	+230	(+ 2.2%)	113,136	110,096	+3,039	(+ 2.8%)
Workers	9,651	9,668	-16	(-0.2%)	87,754	89,400	-1,646	(-1.8%)
Students	1,207	960	+247	(+ 25.7%)	25,382	20,695	+4,686	(+ 22.6%)
Other tickets	19,356	15,397	+3,959	(+ 25.7%)	105,587	84,103	+21,483	(+ 25.5%)
Total	30,216	26,026	+4,189	(+ 16.1%)	218,723	194,199	+24,523	(+ 12.6%)

- \* 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.

# Returns to Shareholders

## ■ Shareholder Return Policy

- We aim to deliver steady dividends to shareholders, as measured by a total payout ratio of 30%, and steadily acquire treasury stock, while working to enhance our operating foundation.
- We will cap our treasury holdings at 5% of total outstanding shares and dispose of any holdings that exceed this cap.

<Reference> Formula for calculating total payout ratio

$$\text{Total payout ratio of FY[N](\%)} = \frac{(\text{Total dividend of FY[N]}) + (\text{Acquisition of treasury stock in FY[N+1]})}{(\text{Net income attributable to owners of parent in FY[N]})} \times 100$$

## ■ Specific figures for dividend of surplus

- In order to keep the dividend at the stable level, the fiscal 2022 annual dividend will be the same as fiscal 2022: ¥50 per share (¥25 interim + ¥25 year-end)※.

※ Subject to shareholder approval at the General Meeting of Shareholders on June 15, 2022

- Likewise, for fiscal 2023, we expect to deliver a dividend at the same level again: ¥50 per share (¥25 interim + ¥25 year-end).