

Main Questions and Answers during the Briefing on Earning Results
for the First Half of Fiscal 2025 (Ending March 2025)

* Please be aware that this document is not a verbatim account of everything that was said during at the question and answer session held during the briefing. The Company has made additions and modifications, and summarized the content as it judged appropriate.

* Please also note that the information presented here is based on the briefing held on November 11.

[Questions about the Company in general]

Q The stock price has traded at a low level since the earning results for the first half were released. How is the Company viewing this?

A We are engaged in a range of discussions on reforms that would enable us to sustainably achieve an ROE of 8%. While we understand the importance of providing the market with specific details of these discussions to maintain an appropriate stock price foundation, we ask for a little more patience in this regard given the risk that information provided during this review process could lead to misunderstandings.

We have also received feedback that our full-year forecasts are conservative, a matter we take very seriously. However, please note that many of our businesses incur the bulk of their costs in the latter half of the fiscal year. This forecast also takes into account costs deferred from the first half to the second half, and costs related to upfront measures targeting the next fiscal year and beyond. With this mind, we do see the forecast provided at the current time as appropriate, and we ask for your understanding in this matter.

Q Could you provide more details on your approach to reviewing the business portfolio?

A As part of an ongoing review of the direction of the management of the Company, each business is currently planning and developing growth strategies, which are being compiled together. While we are delving deeper into discussions on the Group-wide growth strategy – which also involve discussions on our business portfolio – based on these considerations, we are unfortunately unable to give specific details at present. We aim to present our future management direction at the earliest possible stage.

[Business-specific questions]

<< Urban Transportation >>

Q What is the current state of the reserved seat service “PRiVACE”?

A We anticipated use from many customers commuting to and from work in the morning and evenings, and customers going out on the weekend, and performance has broadly met expectations, with large numbers of customers, including the abovementioned customer base, using the service since it launched in July (despite the impact of the slow-moving Typhoon Shanshan).

<< Real Estate>>

Q Could you provide an update on the current state of the leasing business?

A Profits increased year-on-year in the leasing business due to the strong performance of Osaka Umeda Twin Towers South, which was completed in 2022, and other properties. While there is the potential for revising rents for certain key properties, rental pricing has lagged somewhat behind the increase in construction costs. In the Tokyo Metropolitan area, the focus of our efforts is on properties for asset rotation. Further, in the Kansai area, we will continue to promote planned tenant replacement and renewals while keeping a close eye on market conditions in an effort to improve the baseline performance of the leasing business on the whole.

Q What is the current state of the condominium business, and what is your outlook for the future?

A While the risk presented by a declining birthrate in the future remains, we continue to see people returning to city centers in Company service areas, and we are actively purchasing land for condominium development in order to capture this demand. While we do see the need to revise our strategy moving forward as the impacts of a declining birthrate are more keenly felt, the Group's competitiveness remains strong, at least in the Kansai area, and we will look to leverage our competitive advantages to further grow the business in the future.

Q What is your stance on investing in overseas real estate?

A We set higher region-based hurdle rates for investing in overseas real estate compared to Japan, taking country risk into account. Based on this, we make investment decisions while considering the profitability of each individual property, while also considering asset types targeted for investment, such as residential real estate.

<< Entertainment >>

Q We previously saw examples of professional baseball team ownership being used for Group advertising and promotion, yet the Company's Sports business is generating considerable profits. Could you provide more detail on the future outlook and growth strategy for the Sports business?

A Fan interest in the first half of the year was particularly high following the Hanshin Tigers' championship win in the previous season. While attendance at Hanshin Koshien Stadium from a large number of fans from the start of the season put business performance for the first half in line with that of the previous year, we expect profit to decline year-on-year in the second half as the special buildup in demand from winning the championship reverts back to the mean.

Looking ahead, our most pressing priority is building a strong Tigers team, and we will prioritize investments targeted at enhancing team strength, including building a new farm facility in Amagasaki City, Hyogo Prefecture. We will also look to drive revenue by expanding the team's fan club and, given the capacity limits of the stadium, actively explore avenues for selling a range of team merchandise using e-commerce platforms, while providing fans who cannot make it to the stadium with ways to enjoy baseball games through data distribution. We also believe that setting advertising fees and ticket prices at a level that adequately reflects the value we provide is another lever we can pull to achieve further growth.

In this, the 100th anniversary since the opening of Hanshin Koshien Stadium, we will look to further enhance brand value with a view to the coming 100 years.

It should also be emphasized that the Sports business is operated as an independent business, and not to advertise or promote the Group.

Q How do you assess the effectiveness of initiatives related to the reforms of the Takarazuka Revue and other efforts? How are initiatives aimed at improving Group governance progressing, and what is your disclosure policy regarding such matters?

A It is our full intention to respond to all addressable issues within the shortest time frame possible. A key point to address is to look at whether troupe members are able to perform without feeling an excessive weight on their shoulders, and we will continue to closely track the situation at hand through regular surveys and other means. From the interviews we have conducted with troupe members, we have heard remarks that the physical strain has been alleviated compared to what it was before, suggesting that the reforms we have put in place may be heading in the right direction. On the other hand, in addition to addressing the corrective recommendations received from the Labor Standards Inspection Office, we are currently working on resolving more time-consuming issues, including the structure and organization of the troupe. We will continue to take a sincere approach to concerns raised by troupe members, listening to their feedback while remaining fully committed to resolving these issues moving forward.

We also recognize the need to further strengthen the governance structure of the Group, and are pushing through discussions to this end in parallel with the reforms targeting the Takarazuka Revue. We hope to provide further details of both at the earliest possible juncture, while also taking feedback from investors and other stakeholders into consideration.

<< International Transportation >>

Q How will you drive the recovery in the International Transportation segment going forward?

A While we continue to face a challenging environment, we have taken steps to address the situation, particularly in East Asia where conditions are most severe. These steps, which include a comprehensive review of our cost structure, have led to a steady improvement in business performance. However, the outlook remains uncertain, and we are accelerating the review of our strategy for the International Transportation segment. Scale is key in international transportation, and it is difficult to compete with the leading competitors in the field. As such, we are currently engaged in discussions on first identifying the Company's unique strengths, and how best to position ourselves moving forward. Further, we are also considering ways to leverage the Group's strengths to deliver further growth by exploring the possibility of collaborating with the Real Estate segment on logistics real estate, and other businesses outside of real estate that are expanding overseas.

Q I understand that one of the strengths of the International Transportation segment is in automobile transportation. With reports of excessive production in the automobile industry, are you looking at capturing demand for transportation services in line with a recovery in production volumes, or are you looking to capture demand for new freight items?

A Automobile transportation is one of the Company's strengths, and we hope to fully capture this demand. However, we do not have a zero-sum outlook when it comes to transportation, and we hope to strike a balance with taking on orders for new items while offering high value-added transportation services based on our experience in automobile transportation.