

**Supplementary Briefing during the Briefing on Earning Results**  
**for the First Half of Fiscal 2024 (Ended March 2024)**  
**presented by Yasuo Shimada, President and Representative Director**

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

**<<Executive Summary >>**

**Summary of results for the first half of fiscal 2024 (P4)**

- Earning results for the first half of fiscal 2024 showed an increase in revenue and profit compared to the same period of the previous year. This was backed by an increase in demand for hotel accommodation in the Hotel business, a recovery to a certain extent in the number of passengers in the Urban Transportation business, and robust performance in the Sports business with the Hanshin Tigers winning the league championship for the first time in 18 years.

**Adjustments to FY2024 full-year forecasts (P5)**

- While challenging market conditions are expected to persist for the International Transportation business, the FY2024 full-year forecast for business profit was revised upwards to 102.0 billion yen from the forecast in May due to hotel accommodation and domestic travel trends exceeding expectations set in May, while also factoring in the flow-on effect of the Hanshin Tigers winning the league championship.

**Adjustments to year-end dividend forecasts (increase) (P5)**

- Based on recent business performance, the Company plans to raise the year-end dividend by ¥5 per share to ¥30 per share. This will increase the per-share annual dividend from ¥50 to ¥55.
- The Company aims to maintain a 30% total payout ratio, and plans to put the remainder following the cash dividend payout towards the acquisition of treasury stock.

**Acquisition of a rental property in Indonesia (Neo Soho Mall) (P6)**

- As discussed in the earning results briefing held in May, it is essential that we enter into new growth markets for the Group to achieve sustainable growth given that Japan's population decline is accelerating.
- Our Overseas Real Estate business forms a core part of this initiative. To this end, the Group has tapped into housing, office buildings and other real estate focusing primarily on the ASEAN region, which has continued to show signs of economic growth.
- As a result of efforts to build out our network through various projects taking shape, we were blessed with the opportunity to acquire a prime piece of real estate in Indonesia last year in the form of the large-scale commercial facility, "Central Park Mall," which is currently shaping up well.
- This was followed by the recent acquisition of the adjacent "Neo Soho Mall."
- This facility has had a large influx of purpose-oriented tenants, and boasts the only aquarium located in a commercial facility in Jakarta. This development allows for centralized operations and management with the adjacent Central Park Mall, and is expected to attract a broad customer base.
- Looking ahead, we hope to continue to actively pursue a broad range of initiatives while hedging risk in an appropriate manner to grow the Overseas Real Estate to over 10 billion yen in profit at the earliest possible juncture.

## **Restructuring of Hankyu Hanshin Hotels (P7)**

- While Hankyu Hanshin Hotels faced a challenging business environment even before the COVID-19 outbreak, it was particularly susceptible to the effects of the pandemic.
- With the challenging business environment expected to persist for the foreseeable future, drastic structural reforms were introduced in FY2022, which resulted in a decision to phase out Hotel new Hankyu Osaka and Senri Hankyu Hotel, building which had undergone noticeable deterioration. Further, the Hotel business was brought under the Real Estate segment in FY2023, providing the framework to actively promote future urban development and mixed-use development projects under the same umbrella.
- While Hankyu Hanshin Hotels' business competitiveness and performance show steady signs of improvement following these initiatives, we are now looking to separate the asset holding, and management and operation arms of the business.
- Specifically, we will transfer land and buildings owned by Hankyu Hanshin Hotels to Hankyu Corporation and Hankyu Hanshin Properties Corporation, and the Hotel business will be run by a new company that specializes in hotel management and operation. Looking ahead, the new company will work to further improve the profitability and operational strength of the Hotel business, in addition to enhancing its competitive edge through efforts to boost the strength of the brand and the level of service.
- The Group will also seek to utilize these former hotel sites to pursue better urban development and attractive mixed-use development, beginning with the Shibata 1- Project currently underway within the Group.

## **State of initiatives promoting sustainable management (P7)**

- Building a sustainable supply chain is becoming increasingly important as part of efforts to promote sustainable management. As part of disclosures of greenhouse gas (GHG) emissions in our supply chain, we estimated Scope 3 emissions (emissions outside the Company), in addition to our estimates of Scope 1 and 2 emissions, and published these results in the 2023 Integrated Report released in October.
- Looking ahead, we will continue to monitor emission levels while working to reduce GHG emissions.

## **<<Future growth strategy and steps toward achieving an ROE of 8%>>**

- Finally, I would like to touch upon our future growth strategy and where we stand regarding ROE, topics which have garnered a great deal of interest from many investors.
- Looking ahead, the Group should strive to achieve an ROE of at least 8% by pursuing sustainable growth, and by tapping into growth markets as mentioned previously. I get a strong sense that achieving this will require a marked shift in thinking and a major transformation within the Group.
- To achieve this, we are looking into new potential growth markets, while also delving deeper into railway lines and other existing markets, and are holding various discussions on which strengths we can best leverage in these growth markets, as well as where our competitive strength lies.
- While we are not yet ready to provide details on such discussions, we will look to give shape to strategies and measures to tap into growth markets across each business line, give further consideration to the resources required for such, before finally compiling a Group outlook and specific strategies to achieve such, as well as policies on the allocation of funding and other management resources.
- Although it will take a while longer until we can provide further details to you, we will continue to scope out our business strategy and financial strategy in the interim.
- We ask for your understanding as we pursue this matter in greater depth, while continuing to provide updates on our progress and the direction of discussions to the extent possible, in addition to receiving your feedback.