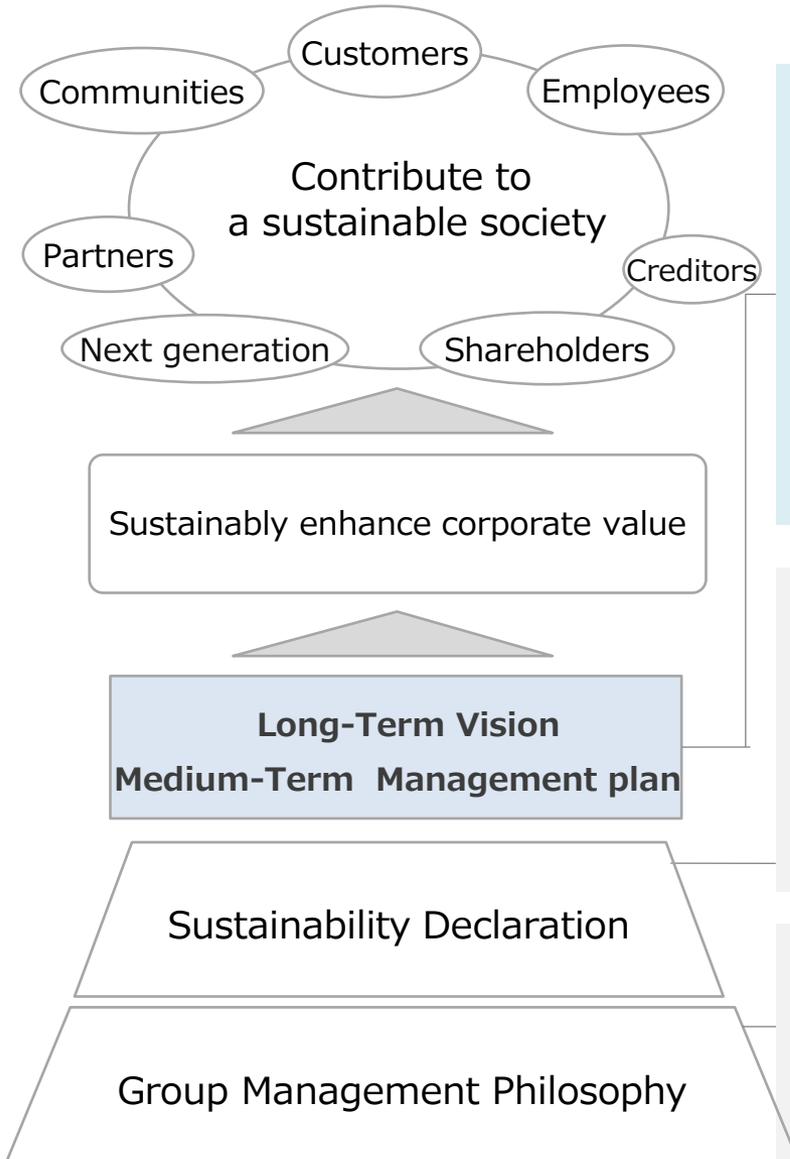


Strategic Management



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.

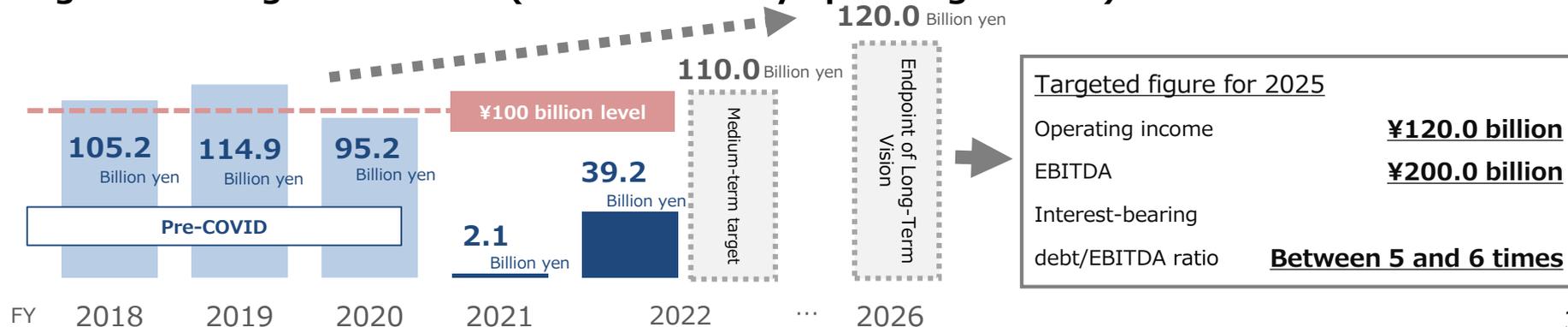
Long-Term Vision for 2025 in Review

- 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.27)	Under planning	To be determined
	Invigorate key line-side bases	Senri-Chuo Redevelopment (see p.28)	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"> • Condominium business in Japan and overseas (expand in ASEAN) • Grow short-term-return (fix-and-flip) property business • Use livestreaming to expand Takarazuka Revue market • Develop the information services business • Overhaul travel business (until COVID) 			
Strategy 4	<ul style="list-style-type: none"> • Venture into new business fields 			

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

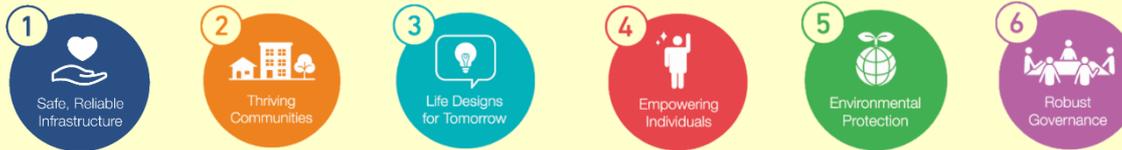
Changing Business Climate: Growing Interest in SDGs and 2050 Carbon Neutrality Goal

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.

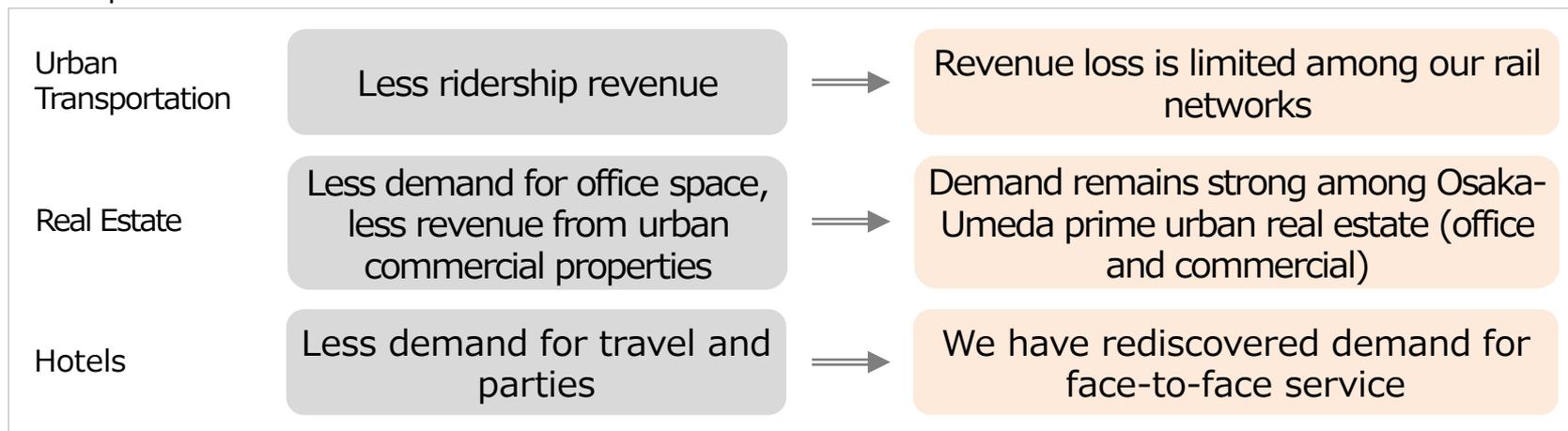
Impact of Changes on Group

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:

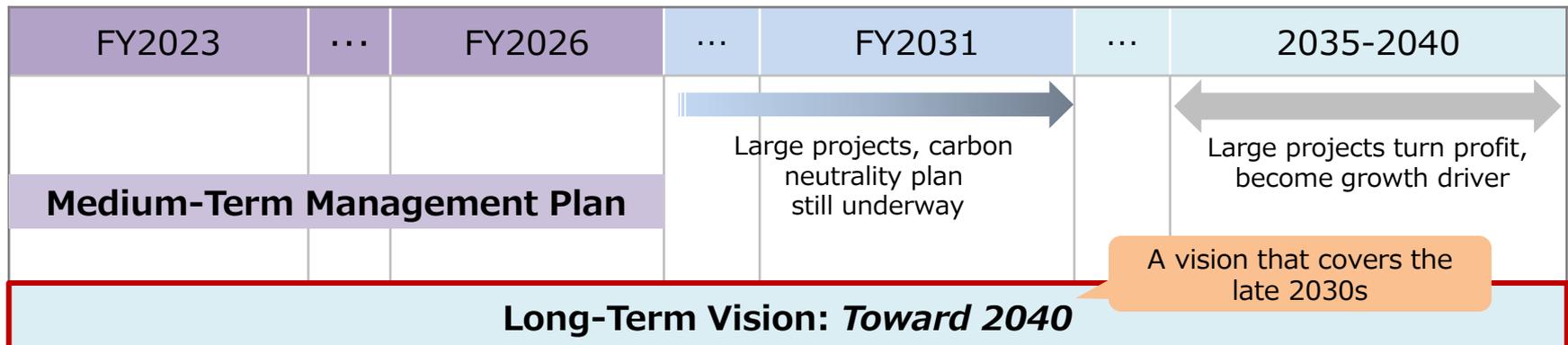
Set a new vision that covers the late 2030s and then commit as a group to the transformation necessary to achieve this vision.

<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	Umeda 1-1 Project (Osaka Umeda Twin Towers South) <ul style="list-style-type: none"> ● Sep. 2021: Completion of phase II construction ● Feb. 2022: Complete all construction <p>In conjunction with this, Hanshin Osaka-Umeda Station will be renovated (to be completed in FY2025)</p>			Umekita Phase II Development Project <ul style="list-style-type: none"> ● Around summer 2024: Advance openings 		<ul style="list-style-type: none"> ● FY2028: Full openings 		
							Shibata 1 <u>Consultation, negotiation (construction start date to be determined)</u>	
Line-side Area	LOGiSTA, Logicross Ibaraki Saito <ul style="list-style-type: none"> ● End of May 2021: Completion of construction 		Kita-Osaka Kyuko Railway Line Extension Project <ul style="list-style-type: none"> ● FY2024: Intended start of service 					
							Senri-Chuo Redevelopment <u>Consultation, negotiation (construction start date to be determined)</u>	
	Project to rebuild Kobe Hankyu Building's east wing and renew its west wing (Kobe Sannomiya Hankyu Building, remm plus Kobe Sannomiya) <ul style="list-style-type: none"> ● April 2021: Opening 							
Development in public housing site in Koshien (KOSHIEN PLUS) <ul style="list-style-type: none"> ● March 2022: Opening 			Development on west side of Hankyu Nishinomiya Gardens <ul style="list-style-type: none"> ● September 2023: Opening 		Naniwasuji Connection Line/ Shin-Osaka Connection Line <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...

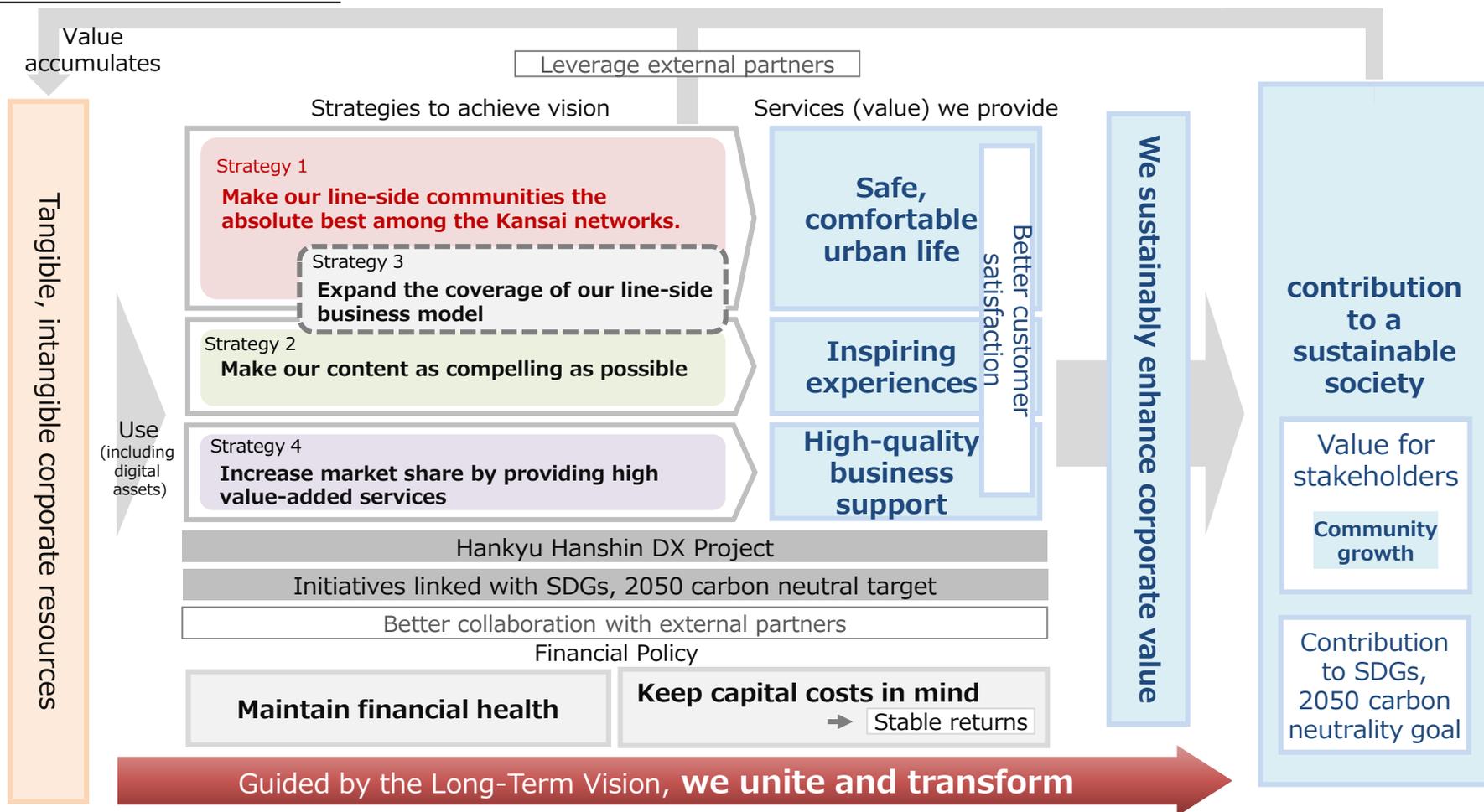
- ...create and provide the diverse values (safe, comfortable urban life and inspiring experiences) that will enhance line-side areas and expand our portfolio, leading to better customer satisfaction and sustained business growth.
- ...meet the expectations of our stakeholders (customers, communities, 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 <small>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.</small>
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

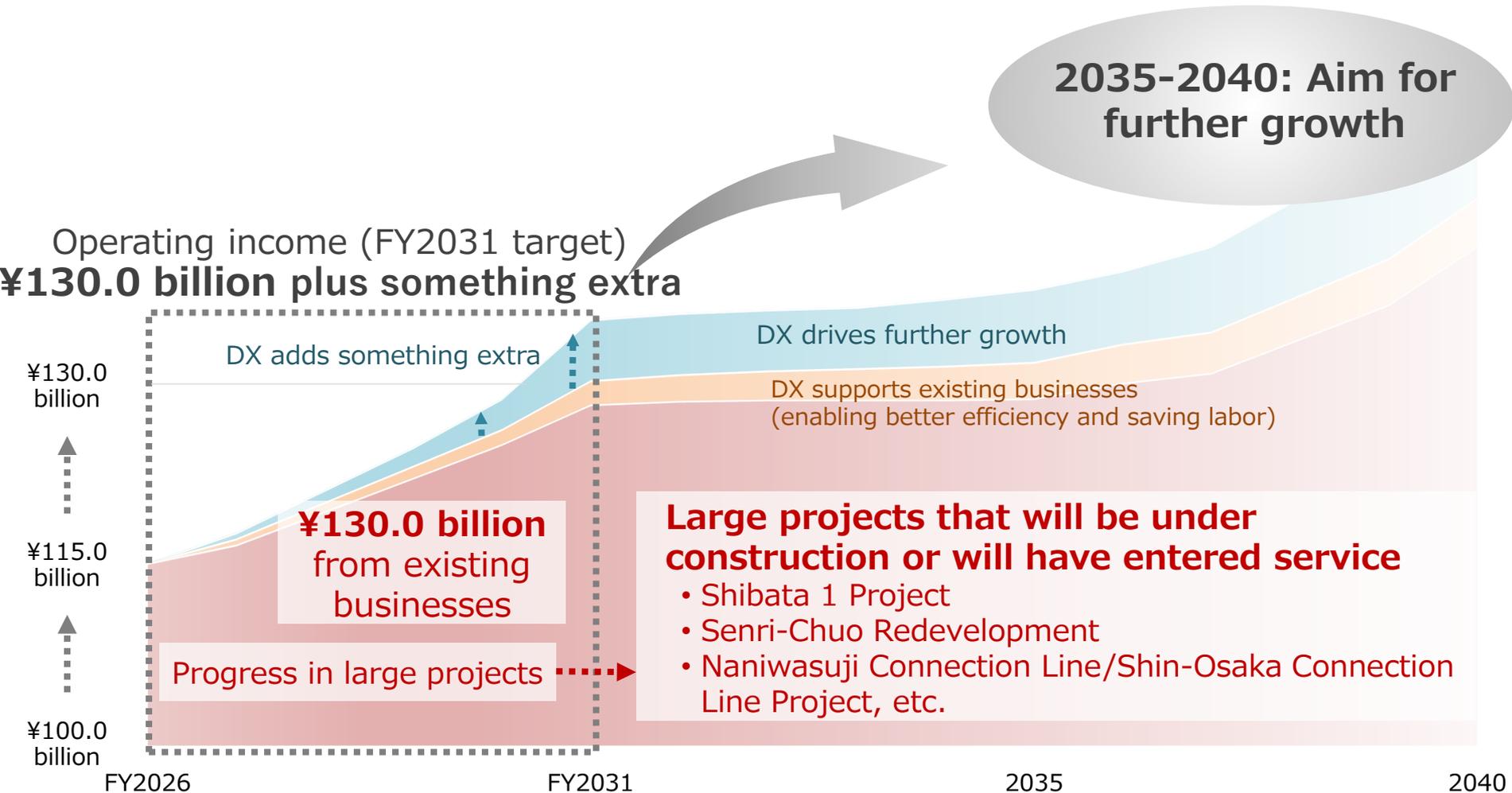
Profitability	Operating income	¥130.0 billion (plus something extra)
Financial health	Interest-bearing debt/EBITDA ratio	Between 5-6 times
Capital efficiency	ROE	7% range over med-long term

Non-Financial KPIs

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

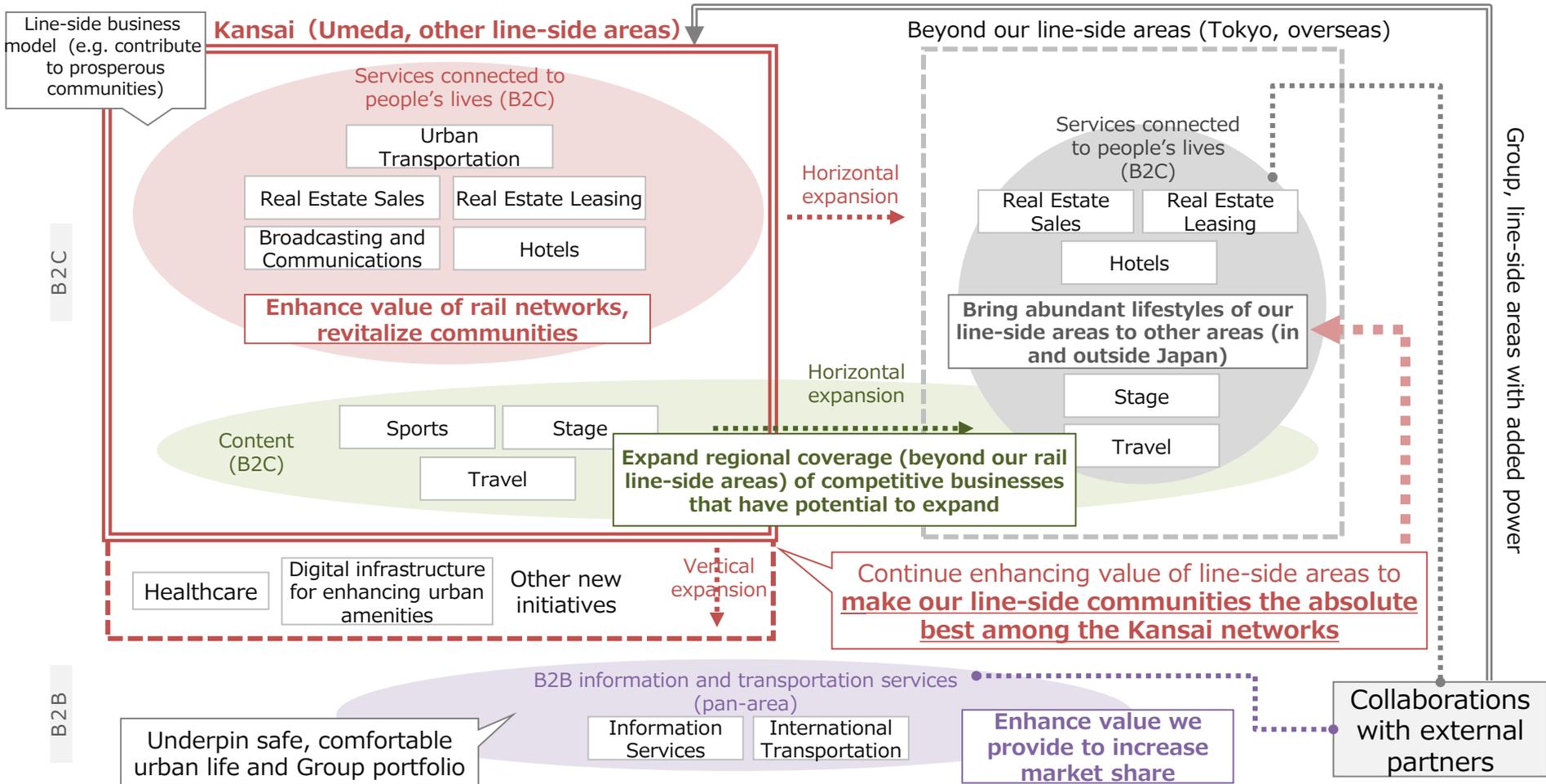
Long-Term Growth Vision for 2035-2040

- 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 line-side communities 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.24-26), 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 content 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 line-side communities 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.28)

Mukogawa new station

- This new station will be built on the Hankyu Kobe Line between Nishinomiya-kitaguchi and Mukonoso (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 content 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



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 content
- 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 46% down from FY2014 level	Continued improvement in employee satisfaction
	Percentage of management positions held by women Around 10%
Zero culpable incidents in our railway business	Percentage of new hires who are women Always more than 30%

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

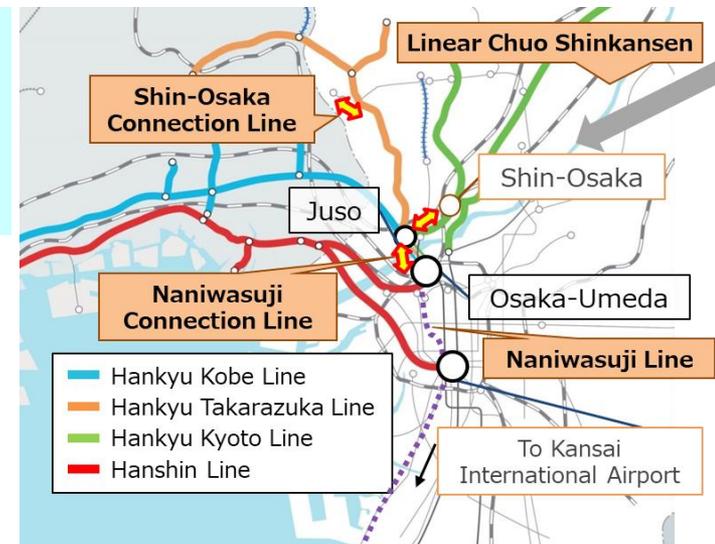
An international city powered by finance

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

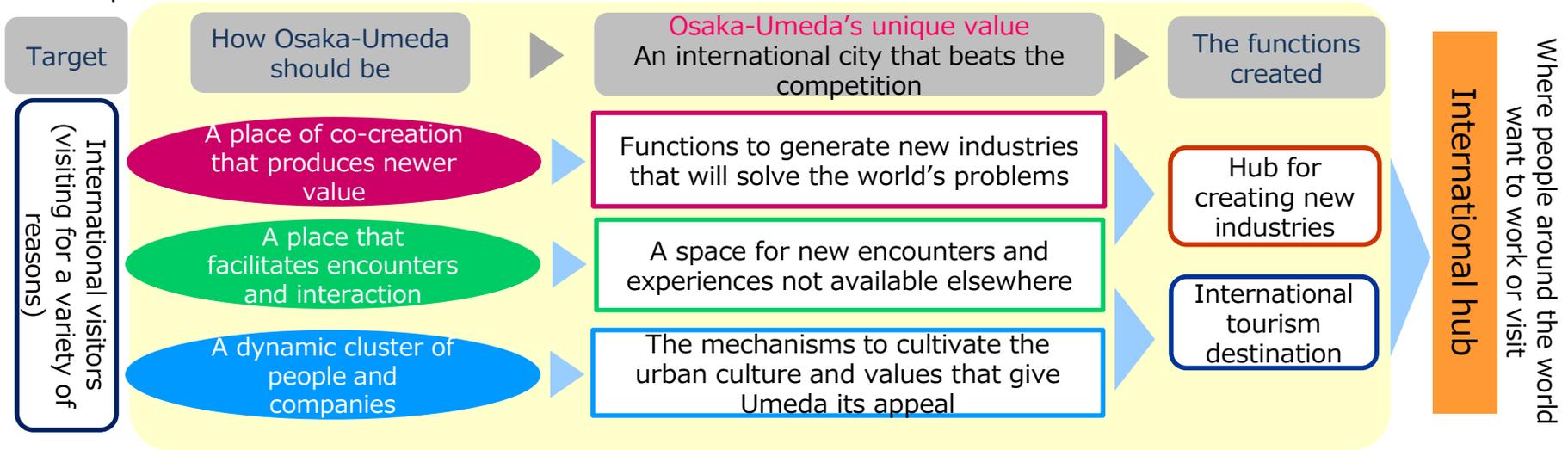
Osaka-Umeda's role **Lead the way in addressing social challenges**

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. 24–25, 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.



Six Basic Policies	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

- 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).

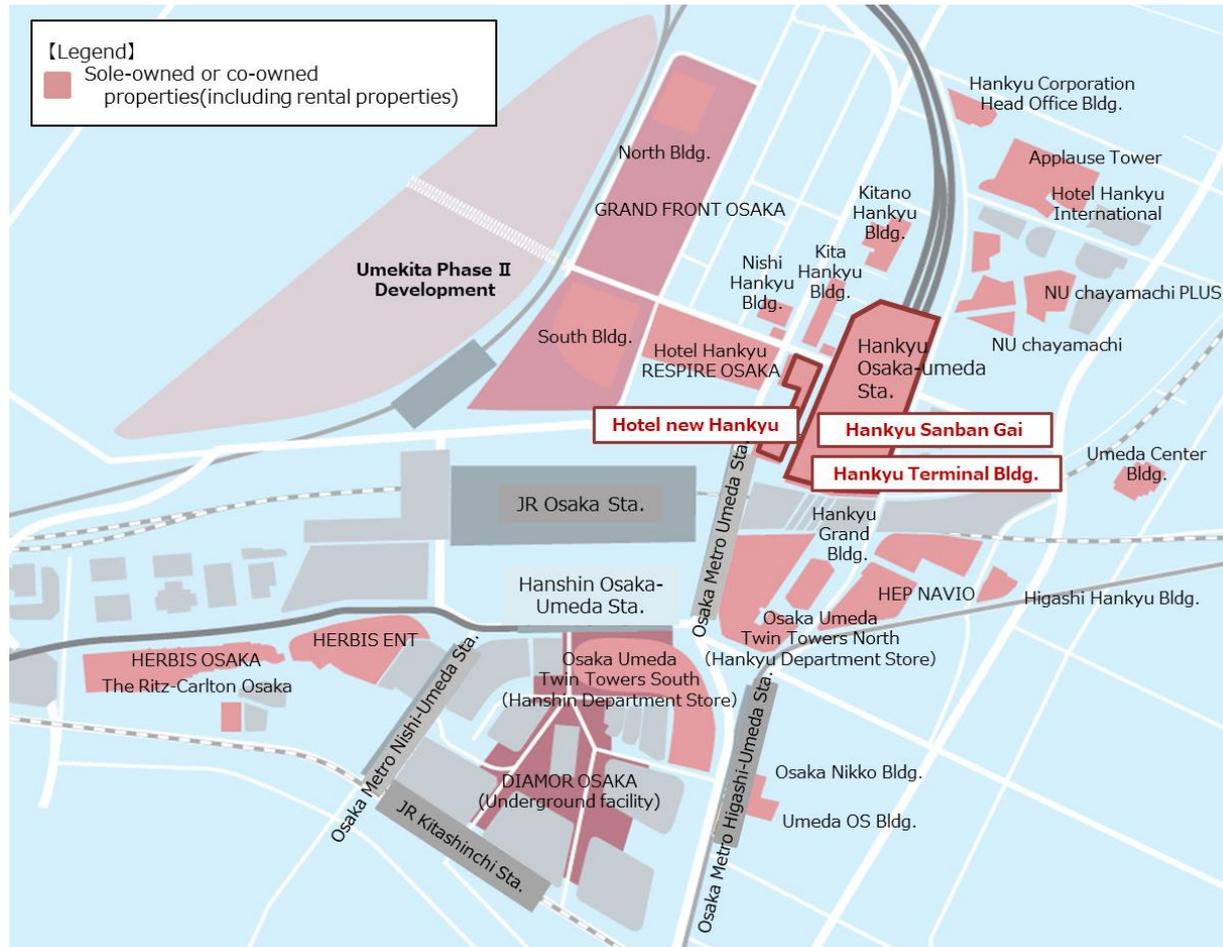


- Forming part of Umeda Vision, Shibata 1 Development will involve, among other things, remodeling Hotel new Hankyu Osaka and the Hankyu Terminal Building) and fully renovating Hankyu Sanbangai. In this way, the project looks ahead to the next generation and will leverage the distinctive characteristics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

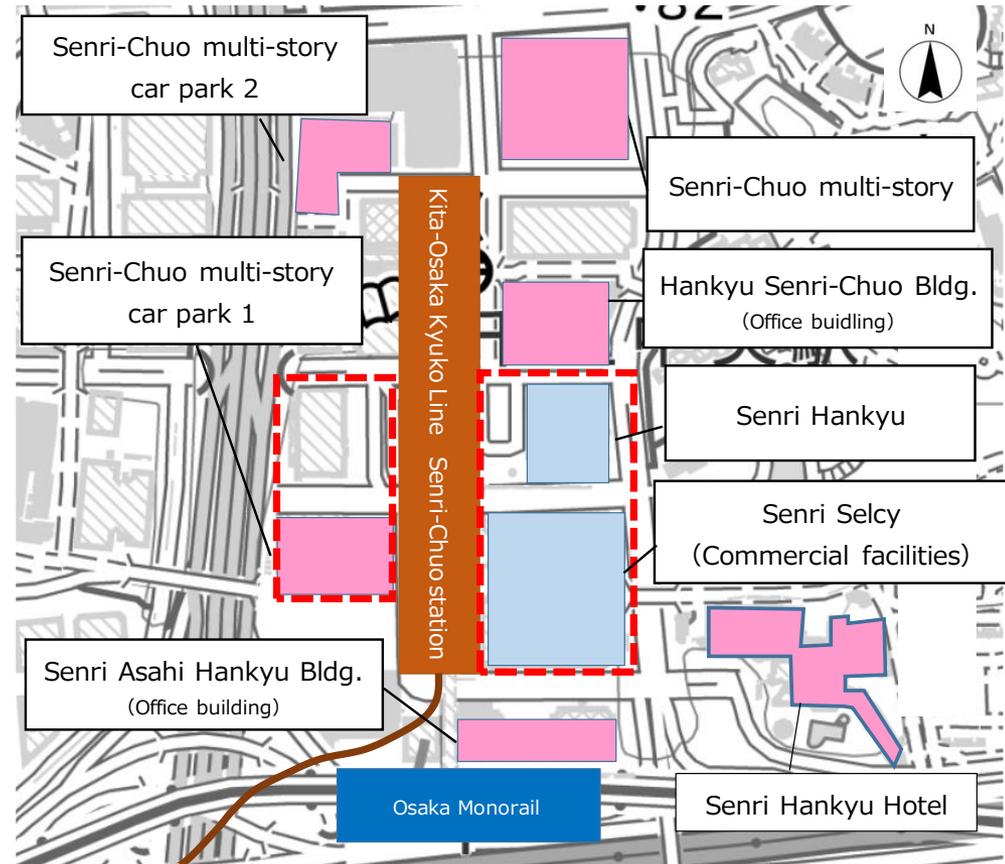
■ Time from Senri-Chuo Station to Osaka's main terminals

(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)



To Umeda

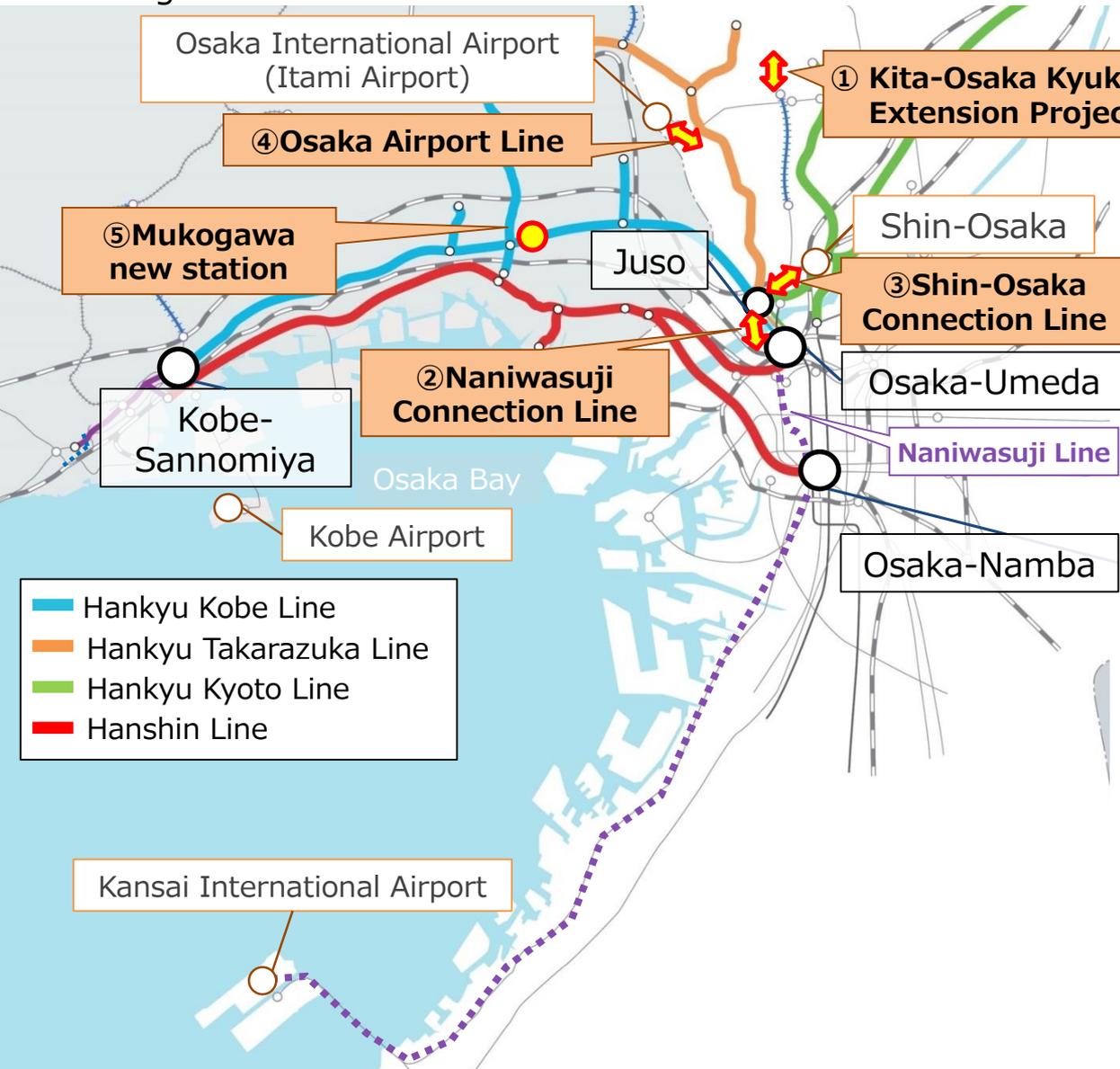
{ Legend }

- 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.



Under development	
①	Kita-Osaka Kyuko Railway Line Extension Project
Senri-Chuo – Minoh-Kayano	
Under negotiation	
②	Naniwasuji Connection Line
JR Osaka (Underground) – Hankyu Juso	
③	Shin-Osaka Connection Line
Hankyu Juso – Shin-Osaka	
④	Osaka Airport Line
Branch line from Hankyu Takarazuka Line	
⑤	Mukogawa new station
Between Hankyu Mukonosu and Hankyu Nishinomiya-kitaguchi	