

Hankyu Hanshin Holdings

INTEGRATED REPORT 2024



Contributing to a Sustainable Society



| | |
|---|---|
| Group Management Philosophy | Our value to society |
| Sustainability Declaration See page 49 for details. | The core elements underlie our pursuit of sustainable growth |
| Long-Term Vision Medium-Term Management Plan See pages 27-43 for details. | The vision and strategy for the Group's sustainable growth, and the specific plans for their implementation |

Group Management Philosophy

Mission

What we try to achieve

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

Values

What is important to us

Customers First

Everything we do is for the customer. That's where it all starts.

Sincerity

Gain customers' confidence by always being sincere.

Foresight & Creativity

With our pioneer spirit and flexible thinking, we create a new value.

Respect for People

Everyone is absolutely invaluable to the Group.

Principles

How to act to uphold our values and fulfill our mission

1. We treasure encounters with people, and do our best in the position of a customer.
2. We abide by the laws and regulations, and act with a clear awareness of our social responsibilities.
3. We take pride and responsibility in our work, and carry it out promptly.
4. We are not concerned with what is just before us, but think from medium- and long-term perspectives.
5. We are not satisfied with present conditions, but fix our eyes on the future and act.
6. We have caring feelings and respect each other.
7. We communicate in a lively way and create a workplace with a positive atmosphere.
8. We cooperate with one another for the prosperity of the Group.

On the Publication of Our Integrated Report

We would like to express our most sincere regrets regarding the inconvenience and concern which has been caused over the past year in relation to the Takarazuka Revue.

In order to regain the trust of our investors and other stakeholders, the Group is making every effort to reform the Takarazuka Revue and reinforce governance throughout the entire Group. We are also diligently examining our long-term management direction to achieve new growth.

Hankyu Hanshin Holdings Integrated Report 2024 provides detailed explanations of the current status and future direction of the Group, from both financial and non-financial aspects. We hope this report will be of help to our investors in their further understanding of the Group.

We look forward to your continued support in the years ahead.

Kazuo Sumi
Chairperson and Representative Director
Group Chief Executive Officer



Editorial Policy

This integrated report, in addition to a review of fiscal 2024, also describes the management policies and ESG-related initiatives of Hankyu Hanshin Holdings, Inc. It is intended to aid all those who read it, beginning with our shareholders and investors, in gaining a deep understanding of our Company.

Definition of the areas served by the Hankyu and Hanshin lines:
Below are lists of areas with Hankyu Corporation and Hanshin Electric Railway stations (including tier 2 railway operators).
Osaka Prefecture: Osaka City (Fukushima, Konohana, Nishi, Naniwa, Nishi-Yodogawa, Higashi-Yodogawa, Yodogawa, Kita, and Chuo, out of a total of 24 wards); and Toyonaka, Ikeda, Suita, Takatsuki, Ibaraki, Minoh, and Settsu cities and Shimamoto town
Hyogo Prefecture: Kobe City (Higashi-Nada, Nada, Hyogo, Nagata, and Chuo, out of a total of 9 wards); and Amagasaki, Nishinomiya, Ashiya, Itami, Takarazuka and Kawanishi cities
Kyoto Prefecture: Kyoto City (Nakagyo, Shimogyo, Ukyo, and Nishikyo, out of a total of 11 wards); and Muko and Nagaokakyo cities and Oyamazaki town

Period under Review

This integrated report is based on the fiscal year 2024 (April 2023–March 2024), however it also includes information pertaining to activities before and after this period.

Forward-Looking Statements

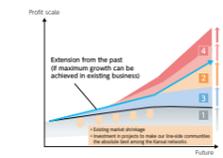
The reader is advised that this integrated report contains forward-looking statements regarding the future plans, strategies, and earnings performance of Hankyu Hanshin Holdings, Inc., which are not statements of historical fact but constitute estimates or projections based on facts known to the Company's management as of September 2024. Actual results may be influenced by various business risks and uncertainties, and differ substantially from such statements.

About the Compilation of this Integrated Report and the Auditing Company Used

The financial section of this integrated report includes a digest of information including consolidated financial statements in the Company's Securities Report for the 186th period, audited by KPMG AZSA LLC and presented in a somewhat modified format. We have presented this information in such a way as to ensure that there is no discrepancy with the data presented in the annual securities report. However, the integrated report itself has not been audited by KPMG AZSA LLC.

Contents

| | | | | |
|---|---|---|--|--|
| <p>00 About Our Group</p> <p>1 Group Business Plan Framework</p> <p>2 Group Management Philosophy</p> <p>3 On the Publication of Our Integrated Report</p> <p>5 Value Creation Trajectory</p> <p>7 Business Overview</p> <p>9 Service Area</p> <p>13 Financial Highlights / Non-Financial Highlights</p> <p>15 Message from the President</p> <p>19 Toward Further Improvement of the Group's Governance</p> | <p>01 Creating Real Value: Our Story</p> <p>25 Value Creation Process (Overall Long-Term Vision)</p> <p>27 Long-Term Vision: <i>Toward 2040</i></p> <p>29 Special Feature 1 Toward the Realization of Our Long-Term Vision (Umeda and Line-Side Communities)</p> <p>32 Special Feature 2 Toward the Realization of Our Long-Term Vision (Urban Transportation)</p> <p>35 Special Feature 3 Toward the Realization of Our Long-Term Vision (Overseas)</p> <p>39 Long-Term Vision Promotion of the Hankyu Hanshin DX Project</p> <p>41 Outline of Our Medium-Term Management Plan (Fiscal 2023–2026)</p> <p>44 Long-Term Management Direction</p> | <p>02 Creating Real Value: The Processes</p> <p>49 Sustainable Management</p> <p>51 Human Capital—Empowering Individuals</p> <p>57 Task Force on Climate-related Financial Disclosures (TCFD)</p> <p>59 TOPICS The Positive Impact of Reducing CO₂ Emissions</p> <p>62 Business Strategy</p> <p>62 Urban Transportation</p> <p>65 The Pursuit of Safety and Peace of Mind in the Railway Business</p> <p>67 Real Estate</p> <p>72 Entertainment</p> <p>75 Information and Communication Technology</p> <p>77 Travel</p> <p>79 International Transportation</p> | <p>03 Creating Real Value: The Foundations</p> <p>83 G Priority Issue 6 Robust Governance</p> <p>91 TOPICS Business and Human Rights Initiatives</p> <p>93 Directors and Audit & Supervisory Committee Members</p> <p>95 Interview with Outside Director</p> <p>99 S Priority Issue 4 Empowering Individuals</p> <p>101 E Priority Issue 5 Environmental protection</p> <p>106 Participation in Initiatives and External Evaluation</p> | <p>04 Financial Section and Corporate Data</p> <p>109 Consolidated Eleven-Year Summary</p> <p>111 Business Risks</p> <p>113 Consolidated Balance Sheets</p> <p>115 Consolidated Statements of Income / Consolidated Statements of Comprehensive Income</p> <p>116 Consolidated Statements of Changes in Net Assets</p> <p>118 Consolidated Statements of Cash Flows</p> <p>119 Notes to the Consolidated Financial Statements</p> <p>150 Others</p> <p>151 Major Group Companies</p> <p>152 Company Overview and Investor Information</p> |
|---|---|---|--|--|



Sustainability Data Book

The Sustainability Data Book provides information on our ESG approach, targets, initiatives, data, and other topics.

Social: Respect human rights, contribute to local communities, improve employee satisfaction and create a more positive workplace, occupational safety & health and health management

Environment: Environmental management, climate change, pollution and resources, biodiversity, and water resources

Governance: Corporate governance and thorough compliance and corruption prevention

Value Creation Trajectory

We have provided never-before-seen services one after another in a range of fields, from the development of residential and commercial facilities to the provision of attractive entertainment, such as Hanshin Tigers games and Takarazuka Revue performances, based on our railway operation business. By doing so, we have contributed to high-quality community building, particularly in the areas along our railway lines, while also ushering in new eras for society. In these ways, we have left our mark across the more than 100 years of our history.

| | |
|---|---|
| <p>1907 Establishment of the Minoh-Arima Electric Railway Company (the forerunner to Hankyu Corporation)</p>  | <p>1899 Establishment of Settsu Electric Railway (currently Hanshin Electric Railway)</p> <p>1905 Opening of railway line Kobe (Sannomiya)-outer Osaka (Deiribashi)</p>  |
| <p>1910 Opening of railway lines Takarazuka Line (Umeda-Takarazuka) and Minoh Line (Ishibashi-Minoh) Launch of land subdivision business (Start of sales of Ikeda Muromachi Residential Land Plots)</p> | <p>1909 Launch of land and buildings leasing business (completion of 30 rental houses in front of Nishinomiya Station)</p> |
| <p>1913 Formation of Takarazuka Girls' Revue (currently Takarazuka Revue Company)</p>  | <p>1924 Opening of Koshien Stadium (later renamed Hanshin Koshien Stadium)</p> <p>1935 Establishment of Osaka Baseball Club (Osaka Tigers, currently Hanshin Tigers)</p>  |
| <p>1926 Opening of Takarazuka Hotel</p> | <p>1948 Launch of Hanshin Electric Railway's airline agency business</p> <p>1950 Acquisition of IATA air cargo agency license</p> |
| <p>1948 Launch of Hankyu Corporation's airline agency (first Pan American Airways agency agreement in Japan) Acquisition of Japan's first IATA air cargo agency license</p> | <p>1952 Establishment of Hankyu Real Estate (currently Hankyu Hanshin Properties)</p> <p>1960 Establishment of Hankyu Kokusai Kotsu-sha (currently Hankyu Travel International)</p> <p>1967 Opening of Hotel Hanshin (currently Hotel Hanshin Osaka)</p> |
| <p>2006 Establishment of Hankyu Hanshin Holdings, Inc.</p> | |
| <p>2008 Opening of the Hankyu Nishinomiya Gardens Main Building</p> <p>2009 Opening of operations of Hanshin Namba Line (Nishikujo-Osaka-Namba)</p> <p>2012 Completion of Umeda Hankyu Building project (currently Osaka Umeda Twin Towers North)</p> <p>2022 Completion of Osaka Umeda Twin Towers South project</p> | |

A Robust Transportation Network

Attractive line-side areas formed over a century



Hankyu Corporation and Hanshin Electric Railway began operations in the early 1900s. Over a full century, we expanded our railway network on the business model of attracting people to the areas along the lines by developing residential areas and through other means to increase the number of railway passengers. Today, we have built an extensive transportation network in the Kansai region that includes bus and taxi services, primarily in the Keihanshin area that includes Kyoto, Osaka, and Kobe. This network serves as important social infrastructure, providing people with safe, secure, and comfortable transportation services.

The Group has built on this railway operation business, expanding into real estate development, entertainment, and a number of other fields over the course of more than a century, working to develop services that provide high customer satisfaction and offer new value to people along those rail lines. In these ways we have built a reliable reputation, growing the line-side areas around transportation lines that form the core of the Group's business.

Total length of railway lines

| | |
|--------------------------|-----------------|
| Hankyu Corporation | 143.6 km |
| Hanshin Electric Railway | 48.9 km |

Number of railway passengers carried
(actual FY2024 figures)

| | |
|--------------------------|----------------------------|
| Hankyu Corporation | Approx. 597,900,000 |
| Hanshin Electric Railway | Approx. 235,100,000 |

[See pages 9 and 10](#)

Positive Urban Development

Competitive advantage cannot be developed in a day



To increase the number of passengers on our railway lines, Hankyu Corporation's founder, Ichizo Kobayashi, actively pursued other forms of development in addition to building residential areas. Those endeavors included the Takarazuka Grand Theater and the world's first department store at a train terminal, the Hankyu Department Store. In the Osaka-Umeda area, the Group's largest business base, we have continued to develop office buildings and commercial facilities connected directly to the train station, establishing the area as the Kansai region's largest terminal. After the establishment of Hankyu Hanshin Holdings, development has accelerated even further to make the area even more attractive, taking advantage of the Group's greater total strength.

With a long history of business wedded to this region, our competitiveness is rooted in this drive to offer new enrichment and lifestyle options to people through urban development that attracts people to line-side areas to visit or live.

Leasable area (at the end of FY2024)

Approx. **2.24** million m²

Most Desirable Towns to Live In (Kansai region)
* An investigation conducted by MAJOR 7 (Sumitomo Realty & Development and six other companies) on September 30, 2024

1st: Osaka-Umeda Station / Osaka Station
2nd: Nishinomiya-kitaguchi Station
3rd: Shukugawa Station

Top three are all on Group railway lines

[See pages 10 and 67](#)

Exciting Content

Providing real-world value, offering dreams and excitement



Entertainment is one of the unique strengths of the Group, and two of our most important assets are the Takarazuka Revue Company and Hanshin Tigers.

The Takarazuka Revue began as a singing troupe performing operas in a theater converted from an indoor swimming pool. The revue's motto is "Modesty, Fairness, Grace," and in 2024, it celebrated its 110th anniversary. The Hanshin Tigers started out as the Osaka Baseball Club, which was established in 1935. During this nearly 90-year history, it has enjoyed the enthusiastic support of the local fans and residents who also love its home, Hanshin Koshien Stadium.

Besides entertainment, the Group runs a travel segment, centering on the Tropics brand, focusing on fulfilling a diverse and growing range of travel needs.

In the aftermath of the COVID-19 pandemic, increasing value is being placed on real-world experiences. We will continue to develop and refine all this unique content to offer excitement and encourage people to dream.

Total attendance at Hanshin Tigers home games (2023 season)

Approx. **2,920,000**

Takarazuka Revue total attendance of performances (actual FY2024 figures)

Approx. **2,740,000**

[See page 10](#)

Business Overview

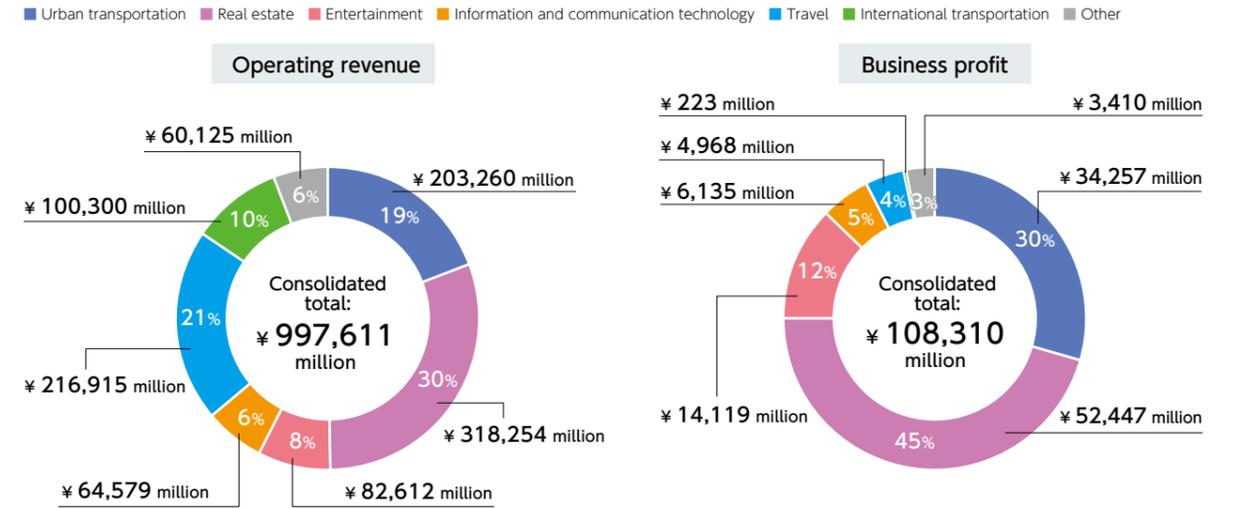
The Hankyu Hanshin Holdings Group has core businesses in six business domains: Urban Transportation, Real Estate, Entertainment, Information and Communication Technology, Travel, and International Transportation. Further, under the direction of the Company, which supervises the Group's management, these businesses are operated by five core companies: Hankyu Corporation, Hanshin Electric Railway Co., Ltd., Hankyu Travel International Co., Ltd., and Hankyu Hanshin Express Co., Ltd. Through these core businesses and companies, we will foster organic growth across the entire Group.

| Core Businesses | Core Companies | Nature of Business |
|--|------------------------------------|--|
| <p>Urban Transportation</p> | <p>Hankyu Corporation</p> | <p>Railway operation business The railway network in the Kansai region is centered on Hankyu Corporation and Hanshin Electric Railway, which operate 143.6 km* and 48.9 km* of track respectively. *Including tier 2 railway operators</p> <p>Automobile business (bus, taxi) This business operates bus and taxi services, which coordinate with railway services to increase convenience in line-side areas.</p> <p>Retailing business This business manages shops mainly inside railway stations on the Hankyu and Hanshin lines. See page 62</p> |
| <p>Real Estate</p> | <p>Hankyu Hanshin Properties*</p> | <p>Leasing business This business owns commercial facilities, office buildings, and other facilities, mainly in the Osaka-Umeda area and the line-side areas of the Hankyu and Hanshin lines. The business has been actively pursuing development of real estate, including in the short-term-return (fix-and-flip) business.</p> <p>Real estate sales and other business This business markets condominiums, residential land lots, and detached houses, mainly in the line-side areas of the Hankyu and Hanshin lines, and the Tokyo metropolitan area. The business is engaged in property management, building maintenance, and real estate fund/REIT management, including private placement funds and J-REIT operations.</p> <p>Overseas real estate business Building on results in Japan, the business is developing residential sales and leasing businesses in developed countries such as the United States and Australia, as well as in the ASEAN region.</p> <p>Hotel business This business operates a wide range of hotel formats in many regions but particularly Tokyo and Osaka. See page 67</p> |
| <p>Entertainment</p> | | <p>Sports business This business manages the Hanshin Tigers professional baseball team as well as the team's home ground and high-school baseball mecca Hanshin Koshien Stadium and related businesses. The business also operates a music business (Billboard Live), and a tourism business on the Mt. Rokko mountain range.</p> <p>Stage business This business manages the performances of the Takarazuka Revue, and manages and operates related businesses engaged in original merchandise sales and video and music streaming. Further, the business operates Umeda Arts Theater and creates and promotes theatrical productions. See page 72</p> |
| <p>Information and Communication Technology</p> | <p>Hanshin Electric Railway</p> | <p>Information and communication technology business This business is in charge of the information services business, which offers a range of IT-based services such as system development; the broadcasting and communications business, which provides multi-channel broadcasts, internet services, and fixed telephone services; and the safety/education business, which operates ProgLab robot programming classes for children, and Mimamorume, a child safety service which monitors children's journeys to and from school. See page 75</p> |
| <p>Travel</p> | <p>Hankyu Travel International</p> | <p>Travel business This business plans, markets, arranges, and supports travel for Japanese people in overseas and Japan and for inbound tourists. The business provides various travel services which include: media sales to sell package tours, travel arrangements for individuals, group tours that we propose for study or as educational tours, counter sales at shops, tours for inbound international visitors, and arrangements for overseas business trips. As well as providing contracted call center services, the business also provides solutions for a variety of contracted tasks for national and local authorities. See page 77</p> |
| <p>International Transportation</p> | <p>Hankyu Hanshin Express</p> | <p>International transportation business As a global forwarder, we have established bases in regions all over the world and developed a comprehensive international logistics business. As the global business diversifies, we provide a one-stop logistics solution that is optimized to our customers' diverse needs by bringing together air freight, sea freight, and logistics services as a logistics consultant. Domestic bases: 48 / Overseas bases: 152 (As of September 1, 2024) See page 79</p> |

* As for our real estate business, Hankyu Corporation and Hanshin Electric Railway collaborate with Hankyu Hanshin Properties to promote urban development of real estate owned by Hankyu Corporation and Hanshin Electric Railway for rent and development in cooperation with transportation networks, local governing bodies and others in Osaka-Umeda and their line-side areas.

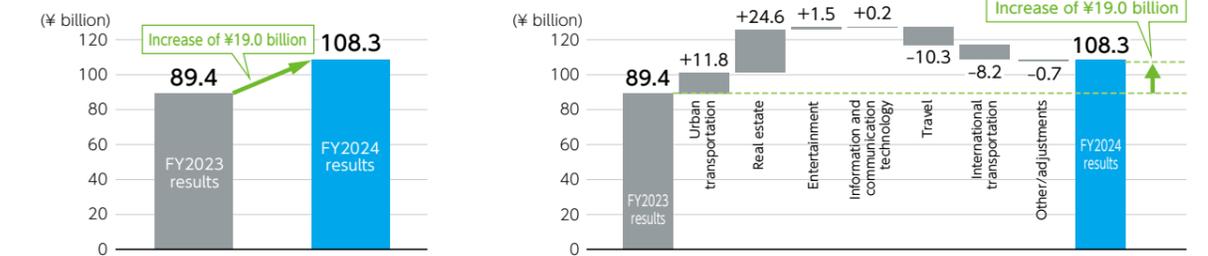
Fiscal 2024 Results Summary

Note: Calculated based on the simple aggregate amount (including intersegment transactions) of each segment.

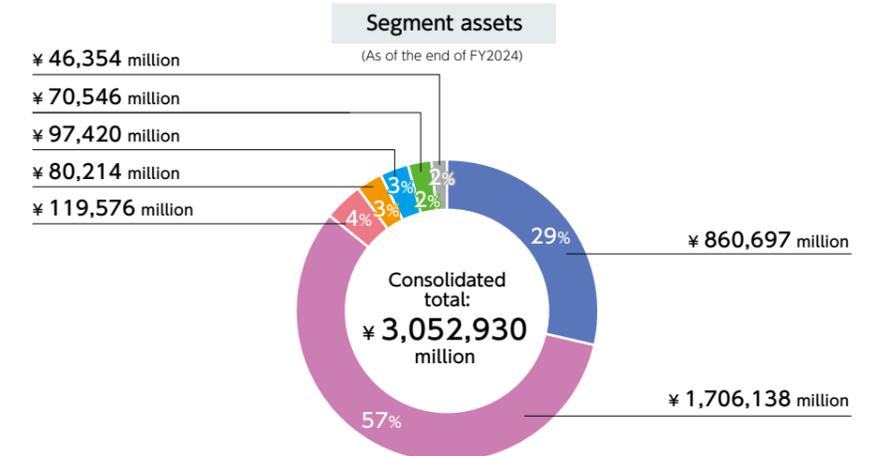


Changes in business profit

Note: Business profit = Operating profit + Equity-method gains/losses related to overseas business investments



Although there was a reaction to transitory demand during the previous fiscal year in our Travel Segment and International Transportation Segment, thanks to factors such as a recovery in the demand for hotel accommodations in our Real Estate Segment, the steady recovery in passenger numbers observed in our Urban Transportation Segment, and the Hanshin Tigers' victories in the Central League championship and the Japan Series, which maintained the strength of our Sports Business within the Entertainment Segment, revenue and profit increased compared to fiscal 2023.



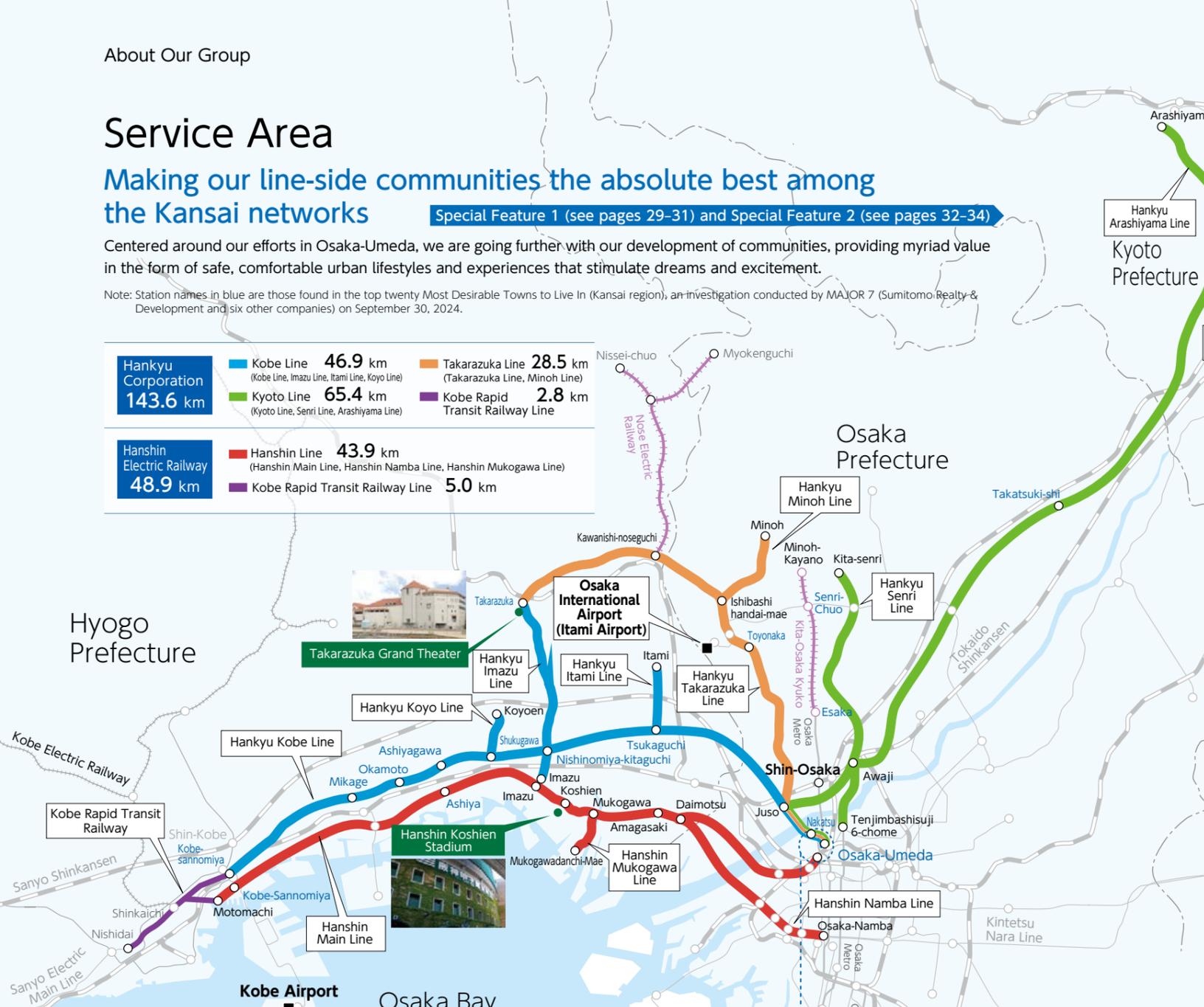
Service Area

Making our line-side communities the absolute best among the Kansai networks

Special Feature 1 (see pages 29-31) and Special Feature 2 (see pages 32-34)

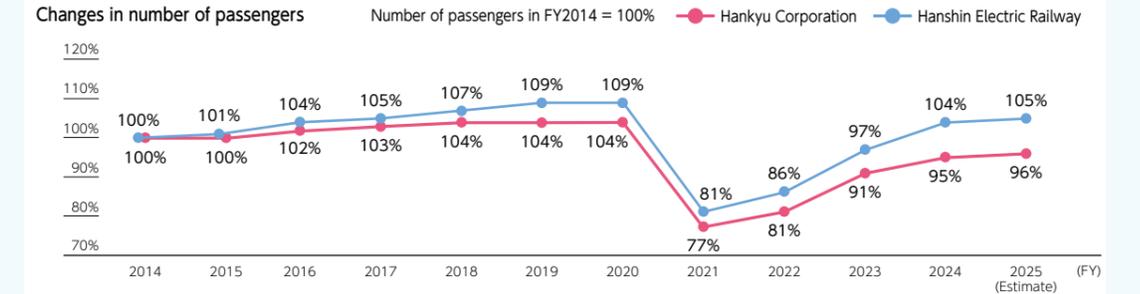
Centered around our efforts in Osaka-Umeda, we are going further with our development of communities, providing myriad value in the form of safe, comfortable urban lifestyles and experiences that stimulate dreams and excitement.

Note: Station names in blue are those found in the top twenty Most Desirable Towns to Live In (Kansai region), an investigation conducted by MAJOR 7 (Sumitomo Realty & Development and six other companies) on September 30, 2024.



A strong transportation network

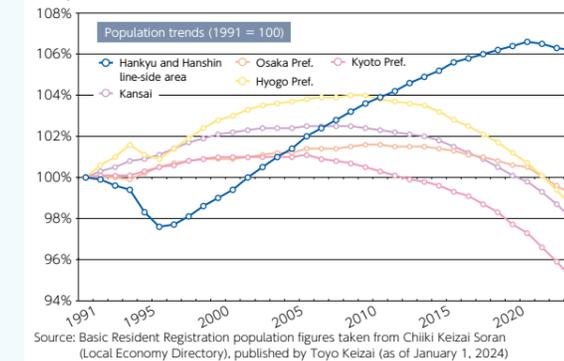
Hankyu Corporation's railway lines link Osaka-Umeda with Kobe, Takarazuka, and Kyoto. Hanshin Electric Railway is an operator with railway lines that directly link Kobe with Osaka's major northern and southern terminals, which are Osaka-Umeda and Osaka-Namba, respectively. These operations form a network that acts as a type of major society-supporting infrastructure in the Kansai area. While the number of passengers was particularly hard-hit by the pandemic, there are signs of recovery.



Our community building has powered our line-side areas' appeal

The populations in the line-side areas where we have been committed to community building since our founding have steadily grown despite the low birthrates and aging society in Japan as a whole. Furthermore, of the top twenty Most Desirable Towns to Live In (Kansai region), fifteen of our line-side towns were selected, and have been highly praised.

Population



Survey of Most Desirable Towns to Live In (Kansai region)

| Ranking | Station | (Location) | Ranking | Station | (Location) |
|---------|----------------------------|----------------------------|---------|-----------------|---------------------------|
| 1 | Osaka-Umeda / Osaka | (Kita-ku, Osaka) | 11 | Ashiyagawa | (Ashiya, Hyogo Pref.) |
| 2 | Nishinomiya-kitaguchi | (Nishinomiya, Hyogo Pref.) | 12 | Mikage | (Higashinada-ku, Kobe) |
| 3 | Shukugawa | (Nishinomiya, Hyogo Pref.) | 13 | Esaka | (Suita, Osaka Pref.) |
| 4 | Senri-Chuo | (Toyonaka, Osaka Pref.) | 14 | Takarazuka | (Takarazuka, Hyogo Pref.) |
| 5 | Ashiya | (Ashiya, Hyogo Pref.) | 15 | Takatsuki-shi | (Takatsuki, Osaka Pref.) |
| 6 | Kobe-Sannomiya / Sannomiya | (Chuo-ku, Kobe) | 16 | Nakatsu | (Kita-ku, Osaka) |
| 7 | Okamoto | (Higashinada-ku, Kobe) | 17 | Tsukaguchi | (Amagasaki, Hyogo Pref.) |
| 8 | Hommachi | (Chuo-ku, Osaka) | 18 | Toyonaka | (Toyonaka, Osaka Pref.) |
| 9 | Tennoji | (Tennoji-ku, Osaka) | 19 | Kitahama | (Chuo-ku, Osaka) |
| 10 | Karasuma Oike | (Nakagyo-ku, Kyoto) | 20 | Minamimorimachi | (Kita-ku, Osaka) |

*Of the top twenty, fifteen are our line-side areas.
Source: Investigation conducted by MAJOR 7 (Sumitomo Realty & Development and six other companies) (September 30, 2024)

Osaka-Umeda



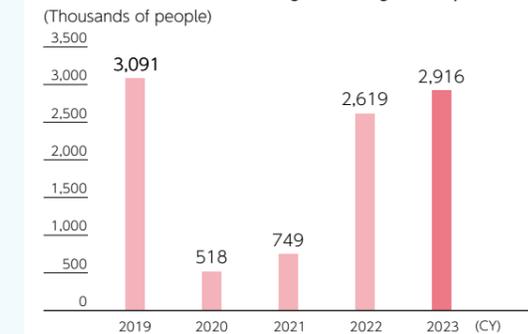
Kansai International Airport
The largest airport in western Japan, and the Kansai area's gateway to the world

■ Kansai International Airport

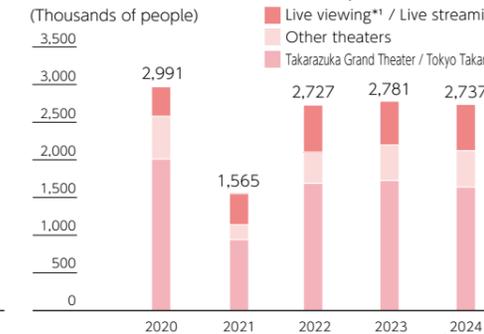
Two big draws supported by a wide array of fans

In our entertainment segment, the Hanshin Tigers and Takarazuka Revue have gained a following among a diverse range of fans, carrying the dreams and excitement of many people over a number of years.

Total attendance at Hanshin Tigers home games (by season)



Takarazuka Revue total attendance of performances



*1 Live viewing of shows at movie theaters nationwide for paying audiences
*2 Live streaming of shows via the internet for viewing at home on a TV, smartphone, or other device for paying viewers (started in fiscal 2021)

Number of shows:
Takarazuka Grand Theater: 314 (-54 from previous year, 139 cancellations)
Tokyo Takarazuka Theater: 386 (-4 from previous year, 70 cancellations)

Service Area

Creating richer lifestyles beyond our railway lines

We are expanding our thriving line-side community development to the Tokyo metropolitan area and to countries overseas, particularly in the ASEAN region.

Business development overseas Special Feature 3 (see pages 35-38)

With a particular focus on the ASEAN region, where sustainable growth is forecast, and in developed countries such as the United States and Australia, we are leveraging the expertise we have gained with our line-side areas to develop our Real Estate Business and broaden the scope of our business overseas. In May 2024, we also entered the railway operation business in the Philippines.



Residential sales

In 2015, we began selling condominiums in Vietnam's Ho Chi Minh City, and now we have 59 projects (covering more than 60,000 units) in six countries: Thailand, Vietnam, the Philippines, Indonesia, Malaysia, and Australia.

(As of September 24, 2024)

| Overseas markets | Projects | Total units |
|------------------|-----------|-----------------------|
| Thailand | 37 | Approx. 30,530 |
| Vietnam | 7 | Approx. 23,500 |
| The Philippines | 8 | Approx. 6,240 |
| Indonesia | 5 | Approx. 4,020 |
| Malaysia | 1 | Approx. 850 |
| Australia | 1 | Approx. 2,000 |
| Total | 59 | Approx. 67,140 |

Development/leasing

In addition to the residential sales business we have focused on in the ASEAN region up to now, we will work on our long-term holding business (Real Estate Leasing Business) and fix-and-flip business (Short-Term Return Business) to quickly increase and grow the scale of revenue and profit in our Overseas Real Estate Business.



Logistics warehouse in Melbourne, Australia

Developing the real estate business in the Tokyo metropolitan area

In addition to the steady promotion of developments currently underway in the Tokyo metropolitan area, we will look at how to incorporate hotel and entertainment functions in community development. While providing mid-size offices that are compatible with diverse working practices and accelerating efforts in our Short-Term Return Business, we will also expand redevelopment and replacement projects.

Suite mid-size office series



Suite Shin-Okachimachi

SUITE
スイテ

We are developing our Suite (pronounced "suite") series of mid-size offices based on the concept of incorporating hospitality into workplaces and the goal of office environments that will always be loved by the people who use them.

Leasing condominium brand Geo ent



Leasing condominium brand Geo ent

We promote the development of rental condominiums for investors to gain revenue, and of student dormitories, and other buildings—particularly in the Tokyo metropolitan area—through our short-term-return business.



Artist's impression of the exterior

Yaesu 2 Naka Category 1 Urban Redevelopment Project (scheduled for completion in January 2029)

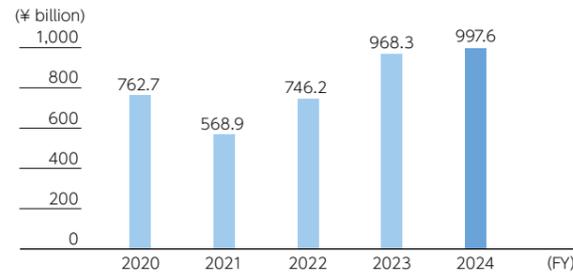
With the participation of our Group, construction work for this project began in August 2024.

| | |
|-------------------|--|
| Total site area | Approx. 19,560 m ² |
| Total floor space | Approx. 389,290 m ² |
| Size | 43 floors above ground and 3 below ground |
| Purpose | Offices, commercial facilities, theater, serviced apartments, international school, bus terminal |

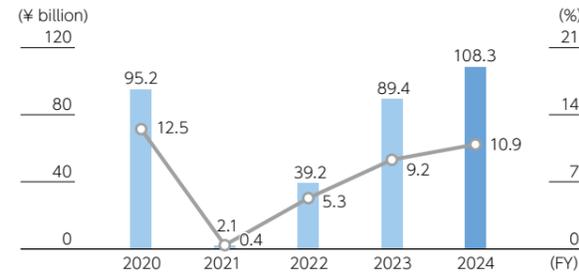
Financial Highlights

Key Financial Indicators (Graphs)

Operating revenue

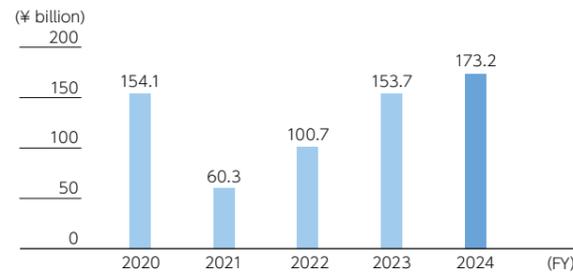


Business profit and business profit margin



Note: Business profit: Operating profit + equity-method gains/losses associated with overseas business investments (as there were previously no equity method affiliates involved in business overseas, for data relating to fiscal 2023 or earlier, business profit and operating profit are the same).

EBITDA

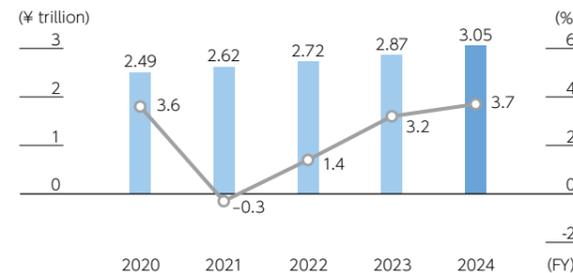


Profit attributable to owners of parent and ROE



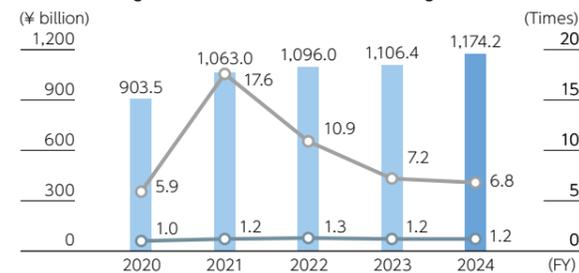
Note: ROE = profit attributable to owners of parent/equity (average of period-start and period-end totals)

Total assets and ROA



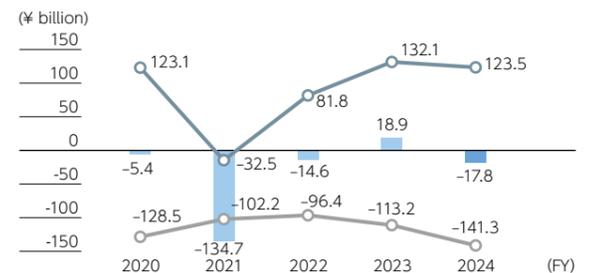
Note: ROA = ordinary profit/total assets (average of period-start and period-end totals)

Interest-bearing debt, D/E ratio, and interest-bearing debt/EBITDA ratio



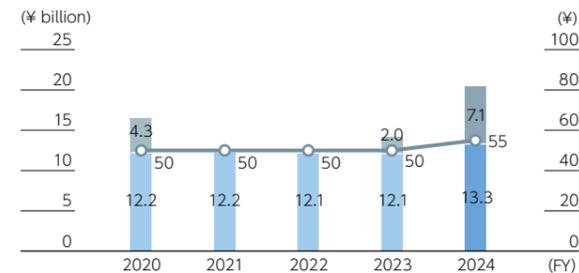
Note: D/E ratio = interest-bearing debt/equity (average of period-start and period-end totals)

Cash flows



Note: Net cash provided by operating activities, Net cash used in investing activities, Free cash flow

Returns to shareholders



Note: Acquired treasury stock, Total annual dividend, Annual dividend per share (right axis)

Note: The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied from the beginning of fiscal 2022. The key management indicators for fiscal 2022 onward presented here have been calculated to reflect these changes.

Non-Financial Highlights

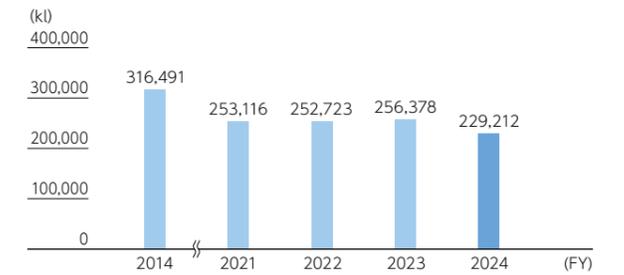
Environmental Factors

CO₂ emissions volumes (Scope 1 and 2 equivalent)



CO₂ emissions for fiscal 2024 totaled 415,572 t-CO₂, a 32.6% reduction from fiscal 2014 levels. Compared with the previous fiscal year, CO₂ emissions increased by 14.9% due to a rise in emission intensity.

Energy consumption (crude oil conversion basis)



In fiscal 2024, energy consumption on a crude oil conversion basis totaled 229,212 kl, a 10.6% reduction compared to the previous fiscal year and a 27.6% reduction from fiscal 2014 levels.

Social Factors

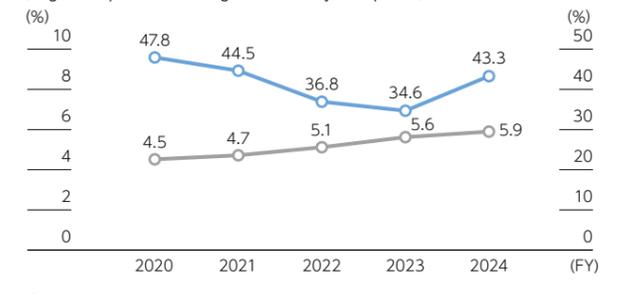
Capital investment in railway operation business



Note: The total length of lines operated is 143.6 km for Hankyu Corporation and 48.9 km for Hanshin Electric Railway.

As a railway operator, the Group provides a form of public infrastructure. We therefore make giving priority to the safety of our customers a fundamental policy of management, and conduct ongoing safety-related capital investments in our railway operation business accordingly. Safety-related capital investments in our fiscal 2024 totaled ¥15.5 billion at Hankyu Corporation and ¥6.9 billion at Hanshin Electric Railway. These investments were primarily used for the upgrading and renovation of trains, installing platform screen doors, safety measures at level crossings, and seismically reinforcing elevated tracks.

Percentage of women in management positions and women among new hires

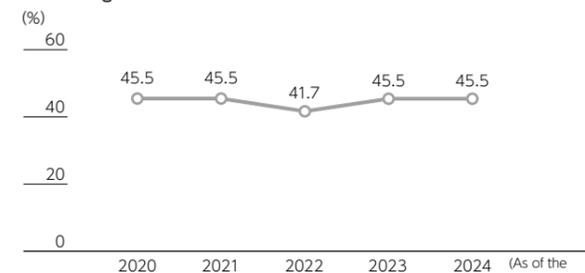


*Hankyu Corporation, Hanshin Electric Railway, Hankyu Hanshin Properties, Hankyu Travel International, Hankyu Hanshin Express, and Hankyu Hanshin Hotels

Hankyu Hanshin Holdings and its six major companies are actively continuing to hire female employees and also pursuing fair working environments where employees are able to fulfill their roles to the best of their abilities, regardless of gender, by supporting them by encouraging diverse paths and helping them to balance their work and private lives. In fiscal 2024, the percentage of women in management positions was 5.9% and females made up 43.3% of new hires.

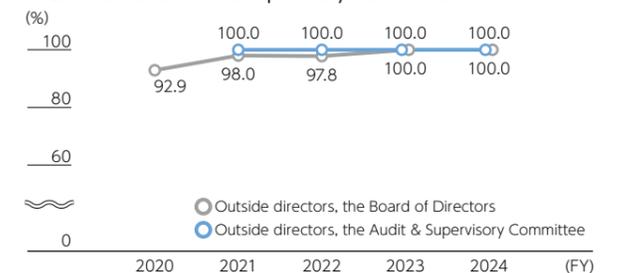
Governance Factors

Percentage of outside directors



(As of the conclusion of the General Meeting of Shareholders for each year)

Rate of attendance of outside directors at meetings of the Board of Directors and Audit & Supervisory Committee



Note: With the approval obtained at the Ordinary General Meeting of Shareholders held in June 2020, Hankyu Hanshin Holdings became a company with an audit and supervisory committee.

Message from the President



We will continue offering “safety and comfort” and “dreams and excitement” through our efforts to further improve governance and press forward with corporate reform.

Yasuo Shimada
President and
Representative Director

For the Takarazuka Revue to continue offering “dreams” and “excitement” in future years

We would once again like to express our deepest regrets regarding the inconvenience and concern which has been placed upon our investors, shareholders, and many others in relation to the Takarazuka Revue over the past year.

The source of the appeal of the Takarazuka Revue lies in the people involved in the creation of the performance, including its troupe members. The ideal delivery by individuals unlocking their full potential in a sound state of mind and body provides the audience with “dreams” and “excitement” through their performances.

We will once again return to the basics, keeping in mind the importance of constantly changing the way the Takarazuka Revue is managed in an appropriate manner, devoting ourselves to reform to allow everyone involved to focus on creating better performances with peace of mind.

Hankyu Hanshin Holdings, Inc. will continue to support Takarazuka Revue in all aspects of its initiatives while continuing to monitor it, with a stronger awareness than ever toward “empowering individuals.”

We have been under investigation by the Nishinomiya Labor Standards Inspection Office since last year, and on September 5, we received a written recommendation for corrective action. Taking this seriously, and with the guidance of the supervisory authorities and experts, we will strive to promptly make improvements, as well as consider approaches from both medium-term to long-term perspectives, in order to build a system that will allow Takarazuka Revue to keep offering dreams and excitement into the future.

Transforming our company in keeping with environmental changes beyond our expectations

Following the pandemic, we are facing various environmental changes more than expected.

To cite an example, rail passengers have not returned to the same level as initially expected. The cumulative number of railway passengers using commuter passes carried through August of this year on the Hanshin Line

exceeded the pre-pandemic level, whereas the amount on the Hankyu Line decreased by approx. 5.5% compared to fiscal 2019, partly because working from home has become established. The number of passengers not using commuter passes is below the pre-pandemic level on both the Hankyu and Hanshin Lines. Although the number of railway passengers is gradually recovering year by year, we think that it will be quite difficult for the Group as a whole, including lines other than the above-stated two lines, to bring amounts back to the previous levels.

Meanwhile, the number of births in Japan, which was 1.12 million in 2003, came to 730,000 in 2023, a decrease of more than 30%. As securing employees has already been a major challenge in some industries, even if productivity improvements are made through AI and other means, the bar is too high to completely overcome and the problem is likely to become even more serious in the future.

Due partly to labor shortages, construction costs, including cost of materials, and energy-related costs, are steadily increasing, and there will be no significant changes in this trend in the foreseeable future.

In addition, sustainability-related issues can be viewed as the needs of various stakeholders, and we must further commit ourselves as a good corporate citizen to solving these issues to contribute to community development. More than ever before, we are expected to solve various issues with our products and services in the course of establishing a sustainable society.

The Group’s mission is to contribute to affluent lifestyles for people who live in our operational areas and in other areas now and into the future, even amid the increasing pace of change. To this end, it is essential for us to secure and maintain the ability to stably generate funds and ensure the steady growth of the Group while building our reputation in the capital market.

Sales are the results of evaluation performed by our customers, and expenses are our ingenuity that take shape. Growth in profit, which is the result of our efforts, is a demonstration that our efforts made to provide services are correct. It is therefore important to first secure and maintain our ability to generate funds through our business operations by achieving steady growth in sales and profits while coping with changes in the environment. The point is how to identify growing markets and how to invest management resources in them.

With respect to evaluation by the capital market, we must consider whether the funds entrusted to us by our shareholders are used efficiently. This forms the base of our recognition to aim for “transformation into a corporate group capable of sustainably achieving ROE of 8%” through growth in profits and in capital efficiency. Here, it should be noted that this “ROE of 8%” is a means, not an end. For example, we may be able to achieve “ROE of 8%” in the short term by reducing our net assets, or the denominator of ROE, through large-scale share buybacks, but this is not what we should aim for. In order to constantly meet the expectations of our stakeholders, we will continue with transformation of the Group with a sense of speed and in step with the times amid rapid changes in the social and economic environment, with the aim of achieving sustainable growth in the Group by increasing both social and economic value, which will result in higher ROE.

Currently, group-wide discussions are ongoing concerning the long-term management direction from various perspectives, including financial, business, and personnel aspects, while also holding repeated meetings with managers in charge of respective businesses. Discussion details are described elsewhere in this report (see page 44). In particular, from among the “financial aspects” that support growth, we will consider an appropriate level for the debt/EBITDA ratio, while keeping a balance between financial soundness and capital efficiency.

In the ever-changing business environment, we need to quickly formulate and execute different strategies. We hope to be able to explain our approach to some extent next spring.

Spurring new demand

In this context, let us introduce some of the initiatives aligned with the direction we are already considering.

One initiative is to propose new needs and stimulate demand even in a shrinking market.

Demand for railways has not fully returned to pre-pandemic levels, but there are limits to cost-cutting measures we can take. Under these circumstances, the question is how to uncover potential demand. As one solution, the Group’s first paid seat reservation service, “PRIVACE,” was launched on the Hankyu Kyoto Line in July 2024. This service pays particular attention to

creating a high-quality space unique to Hankyu, and has been highly evaluated by customers since its start of operation, especially during weekday morning and evening rush hours and daytime hours on holidays.

In addition, from October 2024, new services such as tap and go payment and QR-tickets have been introduced to improve convenience for inbound tourists, thereby boosting new demand for transportation. In addition to the above, we intend to further expedite the early creation of an environment that facilitates stress-free movement for even physically challenged and elderly people by utilizing a barrier-free fare system, as this is an important initiative that will help solve social issues. Needless to say, we will also focus on attractive urban development encompassing housing, offices, and commercial and entertainment facilities.

As for the revision of railway fares, partly because both the Hankyu and Hanshin Lines have been operated quite efficiently up until now, it is difficult to say that an application would be approved at this point. However, there is a long list of challenges to overcome to upgrade improvement to railway transportation services, so we will continue to gather information.

Realizing the potential of the Osaka-Umeda area, to make it an internationally competitive city through industry-government-academia cooperation

In the Osaka-Umeda area, the Group’s most important base, the Umekita Phase II Development Project “Grand Green Osaka” opened its initial area to the public in September 2024.

As previously explained when we announced the “Umeda Vision” formulated in 2022, for the Osaka-Umeda area to enhance its value as an international exchange hub, we need to materialize not only tourism demand but also “industrial inbound” demand, and transform the area into one where foreign visitors for business purposes visit routinely to conduct activities. To this end, we must be prepared to create unique value that will enable the Osaka-Umeda area to survive international competition.

Going forward, the opening of the Naniwasuji Line will dramatically improve access from Kansai International

Airport to the Osaka-Umeda area. With Kansai’s strengths, such as the medical industrial cluster, initiatives to create innovations to be accumulated at Grand Green Osaka coupled with promotion of the development of new industries through these initiatives, as well as strengthening collaboration between industry, government and academia, will create unique value to win out on international competition, undoubtedly enhancing the international presence of not only the Osaka-Umeda area but the entire Kansai region.

Revitalization of the entire Osaka-Umeda area is not something we can do alone. The Group will delve into our approach to solving social issues in the “plane” of the Osaka-Umeda area and to the way we exhibit a suitable attitude for the international exchange hub in the “Shibata 1 Project,” which includes rebuilding the Hankyu Terminal Building and the Hotel new Hankyu Osaka, as well as renovating Hankyu Sanban Gai. Please look forward to future development.

Continuing urban development along our railway lines and overseas

Additionally, along our railway lines, the Kita-Osaka Kyuko Line was extended and opened in March 2024. This line is used by many customers both on weekdays and weekends, and we believe that this has been a very meaningful initiative that will invigorate the region.

For the area around Senri Chuo Station on the same line, a council involving the government has formulated a “Basic Plan for Revitalization of the Senri Chuo District,” and our Group is also considering redeveloping in the Senri Chuo area in line with this plan. In addition to the extended section, we will work to create vibrant communities along our railway lines in the Hokusetsu region, including the Kita-Osaka Kyuko Line and the area around Senri Chuo Station.

Overseas, with the cooperation of partner companies, we are actively operating our residential business in ASEAN countries and have already sold over 60,000 units. In 2023, we acquired Neo Soho Mall in Indonesia, which is adjacent to the Central Park Mall we had already acquired as commercial property. In the United States and Australia, we have participated in new projects, steadily expanding our business field.

Properties in line with our Group’s quality standards are being sold in different countries, proposing the high-

quality lifestyles we have cultivated our ability to support so far. We are gathering information and strengthening our network to further bolster business, and will accelerate our efforts to achieve 10 billion yen in business profit from our overseas real estate business as soon as possible by offering “safety and comfort” as well as “dreams and excitement” overseas.

Towards a carbon-neutral society

In April 2025, Hankyu Corporation and Hanshin Electric Railway will become the first railway companies in the Kansai region to start carbon-neutral operation on all of their railway lines. Railways have always had a lower environmental impact than other means of transportation, and the Group will continuously expand our public transportation network with railways at its core, emphasizing that the use of railways helps protect the environment. Other ongoing efforts include acquiring Green Building Certification for our real estate facilities and promoting the adoption of ZEH (Net Zero Energy Houses) and ZEB (Net Zero Energy Buildings) construction methods. We will further contribute to environmentally-friendly urban development hand in hand with local communities toward a carbon-neutral society.

Continuing to offer “safety and comfort” as well as “dreams and excitement” into the future

Expo 2025 Osaka, Kansai, Japan is just around the corner and preparations for the Integrated Resort (IR) are also underway. With growing interest from overseas, the Kansai area has the opportunity to make great strides onto the world stage.

Seizing this opportunity, we are determined to contribute to development in the Kansai region, which is the foundation of our business, through the growth of our Group, and to continue to deliver “safety and comfort” and “dreams and excitement” to people in our operational areas and around the world.

We appreciate your continued understanding and support.

Toward Further Improvement of the Group's Governance

At Hankyu Hanshin Holdings, Hankyu Corporation, and the Takarazuka Revue, all individuals involved in the operation of the Takarazuka Revue, including troupe members, are making every effort to reform the Revue to create an environment in which everyone involved can focus on creating better stage performances with peace of mind, and to develop the Revue into a form suitable for the new era.

The progress status of these reforms is as follows.

Takarazuka Revue, the Company's situation to date, and factors behind it

Takarazuka Revue

- In order to meet the growing demand for theater-going in consideration of the recent years' development and growth in the entertainment business, we have been striving to offer maximum numbers of theater programs and performances. However, as the burden on the entire organization increases with overloaded performance schedules and sophisticated and complex stage productions, we could not keep up in taking measures to alleviate burdens, develop a support system, or sufficiently create an environment for listening to voices at the front line and making improvements.
- Consequently, the performers and staff had been pressed for time and mentally stressed, but this situation was not remedied nor were there sufficient opportunities for education and training on harassment.

Hankyu Hanshin Holdings

- Due to the organizational characteristics of the Revue that performs in the performing arts based on its own traditions and culture, the same management approach as other Group companies was not suitable. For this reason, we were less involved in its governance and unable to build an effective governance structure, failing to provide the Revue with necessary guidance and support.
- With the Hankyu Hanshin Holdings Group Sustainability Declaration formulated, the Group had been advancing efforts toward empowering individuals, one of its priority issues, but not sufficient in a form consistent with the characteristics of the business.

Looking to the future

The Takarazuka Revue, Hankyu Corporation, and the Company are working united as a group on the following initiatives to allow the Takarazuka Revue to be recognized as having been born anew and once again win patronage.

Takarazuka Revue reform efforts

* For information on the progress status, visit the Takarazuka Revue website (<https://kageki.hankyu.co.jp/kaikaku/index.html>). (Japanese only)

Theater program planning review

We will review the program planning and establish a system to deliver more fulfilling performances in a safer and more secure environment.

1. Change from 9 programs per year to 8 programs per year [effective January 2024]
2. Change the number of performances per week from 10 to 9 [effective January 2024].

Building structures and systems to bolster organizational management and support

We will bolster systems and structures to provide on-site support and care, creating an environment in which performers and staff can dedicate themselves to their activities under preferable conditions.

1. Review of rehearsal schedule
2. Review of schedule and operation of performances featuring newcomers
 - Review of the performance dates and rehearsal start dates for Takarazuka Grand Theater performances featuring newcomers [effective July 2024 for Snow Troupe performances at the Takarazuka Grand Theater]
 - Assignment of tasks (rehearsal preparations, etc.) previously undertaken by performers to staff in each section [effective January 2024 for Snow Troupe performances at the Tokyo Takarazuka Theater]
3. Strengthening activity hour management [effective April 2024]
4. Enhancement of the physical and mental health management system for troupe members
 - Establish a permanent counseling room [effective November 2023]
 - Expand consultation routes to medical specialists [effective October 2023]
 - Extend working hours of clinic physicians [effective January 2024]
 - Increase the number of resident physicians [effective June 2024]
5. Strengthening the system to identify problems on-site and take opinions into account
 - Establish an external consultation desk exclusively for the Takarazuka Revue [effective February 2024]
 - Thoroughly disseminate information on various consultation services (including existing consultation services) [effective February 2024]
 - Conduct anonymous questionnaire surveys on the work environment (psychological safety) [conducted from January to March 2024]

Efforts to encourage awareness and behavioral change among troupe members and individuals involved

We will review our rules and instruction methods on a continuous basis to keep up with the times and pass on the skills, knowledge, and behavior on stage that we have cultivated through continuous awareness-raising.

1. Review of customs, traditions, and instruction methods [underway since January 2024].
 - Rules that are outdated or unnecessarily restrictive are being abolished or changed, such as the method and timing of information transmission and permission for using equipment. We will continue to consider ways to raise efficiency and make updates as appropriate.
2. Installation of suggestion box (in facilities and on the web) for anonymous submissions [effective December 2023]
3. Review of the division of roles for performers and staff
 - Review roles related to preparation and setup of props for rehearsals [underway sequentially since January 2024]
 - Introduce IT tools [to be implemented by the end of 2024]
 - Review rehearsal hall management [underway since July 2024]
4. Enhancement of human resource development [underway sequentially since December 2023]
 - Improve training programs such as harassment training, respect training, and coaching training
 - We plan to provide harassment training for performers and staff on a regular basis (other training courses and a career development support system will also be considered).

In addition to the above, we will further improve the environment and systems to allow troupe members to devote themselves to their activities free from anxiety.

Initiatives at Hankyu Hanshin Holdings and Hankyu Corporation

Establishment of an Advisory Board

In April 2024, Hankyu Corporation established an Advisory Board comprising outside experts. The Advisory Board provides advice and recommendations at plenary meetings and on an as-needed basis. Based on these, we will push forward with reform initiatives.

Plenary meetings held

| Date | Details |
|-----------------------------|--|
| 1st (April 25, 2024) | <ul style="list-style-type: none"> Following an explanation of the current issues and measures at the Takarazuka Revue and the progress status of reforms, opinions were exchanged on matters that require further study and the direction of discussions at the Advisory Board, etc. It was confirmed that advice and recommendations shall be provided from an objective and expert perspective on specific issues, mainly on the following three points: <ul style="list-style-type: none"> [1] Strengthening the governance structures at Hankyu Corporation and the Company [2] Improvement of the Takarazuka Revue's structure, rules, and systems [3] Initiatives to encourage awareness and behavioral changes in troupe members |
| 2nd (June 5, 2024) | <ul style="list-style-type: none"> To reinforce the governance structures at Hankyu Corporation and the Company, an explanation was given on the analysis of the current status including a case study of the governance structure and comparisons with the current organizational structure, followed by exchange of opinions on the next steps. Exchange of views on the study for reviewing rehearsal hall management to make it smoother and more efficient Report on the current status of performance rehearsals Experts' explanations on the contents of the questionnaire regarding the work environment (psychological safety), followed by exchange of opinions |
| 3rd (September 30, 2024) | <ul style="list-style-type: none"> Explanation of the policy, etc. for responding to the corrective action recommendations from the Nishinomiya Labor Standards Inspection Office, followed by advice on the next steps, etc. Exchange of opinions on the policy for strengthening the governance structure, etc. of the Takarazuka Revue Report on current issues and suggestions for improvement, etc. viewed from outside regarding rehearsal hall management, followed by exchange of opinions Explanation of the progress of study on suggested improvements for welfare and other matters for troupe members, followed by advice on future courses of action, etc. |

Strengthening governance functions for the Takarazuka Revue

1. Reorganization of the Takarazuka Revue's systems and initiatives

- We will reorganize the Group's systems and initiatives to strengthen governance in a manner that is consistent with the characteristics of the Takarazuka Revue, and the Takarazuka Revue will thus be put under proper compliance and risk management in the Group.

2. Dispatch of personnel from the Company and Hankyu Corporation, etc. [underway sequentially since December 2023]

- Enhance the management system of the Takarazuka Revue through the dispatch of personnel from the Company and Hankyu Corporation, etc. Specifically, the Company and Hankyu Corporation plan to reduce the burden on troupe members and create a system that is emotionally supportive by dispatching appropriate personnel from the two companies, including an increase in the number of assistant producers for each troupe.

3. Reinforcement of the internal audit system [underway since April 2024].

- A person in charge of the Takarazuka Revue has been assigned to Hankyu Corporation's Internal Audit Department to conduct regular operational audits.

Initiatives for empowering individuals

The Group's initiatives to support each individual playing an active role have not been fully implemented at the Takarazuka Revue in a manner consistent with its organizational characteristics. Consequently, we have not been able to provide sufficient effective risk prevention, mitigation measures, or remedies when risks have emerged.

In light of this, we will further improve our Business and Human Rights initiatives throughout the Group as follows:

1. Accelerating the PDCA cycle

- With stronger awareness of the perspective of "Business and Human Rights" and through human rights due diligence, we will identify and prioritize risks to human rights, regardless of job category, moving ahead with initiatives to prevent human rights violations and mitigate negative impacts through dialogue with external experts, such as university professors and NGOs, placing importance on external perspectives.

* For more information on human rights due diligence, see page 91.

- With regard to harassment, in addition to providing training as mentioned above, in order to monitor the effectiveness of our efforts, we will continue to conduct a "work environment questionnaire" to understand current situations in the workplace, considering and implementing future measures in cooperation with our Group companies.

2. Increasing supervision by the Board of Directors and monitoring by the Group Auditing Division

- We have reaffirmed that our initiatives in line with the "Business and Human Rights" framework shall be regularly reported to the Corporate Sustainability Committee and the Board of Directors, and these Group-wide initiatives shall be promoted under the supervision of the Group's top management.

* Corporate Sustainability Committee meeting most recently held: February 2024

- In addition, as a priority audit item for the Group Auditing Division, the current status of the above-stated initiatives in relevant divisions and Group companies will undergo increasingly thorough monitoring by the Group Auditing Division.

Strengthening risk management system [underway since April 2024]

- Regarding the Group's risk management system, each business division has assumed and analyzed risks under the supervision of the department responsible for risk management, but the comprehensiveness and evaluation of these risks have not been sufficiently verified.
- Given the above, in order to enhance the overall risk management function of the entire Group by checking the existence of potential risks and objectively verifying risk assessment, we have established a department dedicated to risk management (Risk Management Division) within the Company. Under the leadership of the Company, the Risk Management Division shall appropriately manage a wide range of management risks assumed for the Group as a whole.
- The Risk Management Committee deliberates on the appropriateness of the selected and assessed risks in this way and resulting countermeasures, regularly reporting to and discussing issues at the Company Board of Directors meetings.

* For more information on the risk management system, see page 88.

Moving forward, we will develop an environment in which all individuals involved in the operation of the Takarazuka Revue, including troupe members, can devote themselves to creating better performances with peace of mind, and establish a more effective governance system for the entire Group. We will put all ideas together, including medium-term and long-term initiatives, by the end of the current fiscal year.

Our review process

The review process for further improving governance in our Group is as follows:



Return of officer's compensation, etc.

The following actions were taken to clarify where responsibility lies.

Takarazuka Revue Chairperson steps down

- The chairperson (then) of the Takarazuka Revue resigned as of December 1, 2023.

Return of officer's compensation

- Kazuo Sumi, Director of the Takarazuka Revue and Hankyu Hanshin Holdings Chairperson and Group CEO; Yasuo Shimada, President and Representative Director of Hankyu Corporation; and Junichi Otsuka, Director of the Takarazuka Revue and Senior Managing Director and General Manager of the Entertainment Business Headquarters of Hankyu Corporation, voluntarily return officer's compensation for a period of three months by 25%, 20%, and 15%, respectively (titles are as of November 2023, and Kazuo Sumi resigned from the Takarazuka Revue board in February 2024).



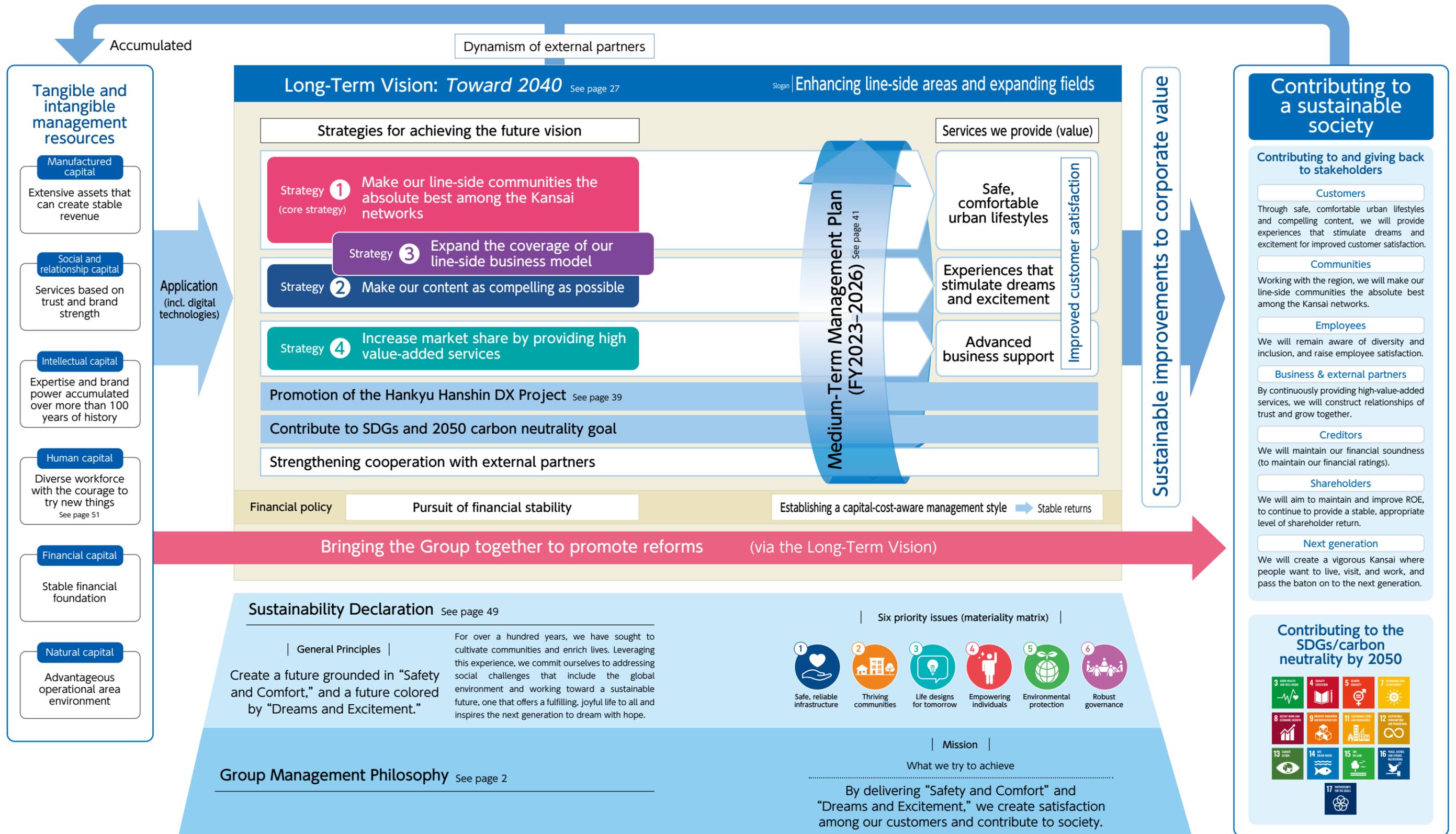
01 Creating Real Value: Our Story

CONTENTS

- 25 Value Creation Process (Overall Long-Term Vision)
- 27 Long-Term Vision: *Toward 2040*
- 29 **Special Feature 1** Toward the Realization of Our Long-Term Vision (Umeda and Line-Side Communities)
- 32 **Special Feature 2** Toward the Realization of Our Long-Term Vision (Urban Transportation)
- 35 **Special Feature 3** Toward the Realization of Our Long-Term Vision (Overseas)
- 39 Long-Term Vision Promotion of the Hankyu Hanshin DX Project
- 41 Outline of Our Medium-Term Management Plan (Fiscal 2023–2026)
- 44 Long-Term Management Direction

Value Creation Process (Overall Long-Term Vision)

By working toward achieving our Long-Term Vision, we will bring the Group together and push forward with reforms, while also further enhancing the appeal of our operational area and the products and services—the content—that we offer. Moreover, we will expand our business fields, pursue financial stability, and ensure that a style of management that is more conscious of capital costs takes hold. By doing so, we will aim to be a corporate group that can grow alongside the Kansai region.

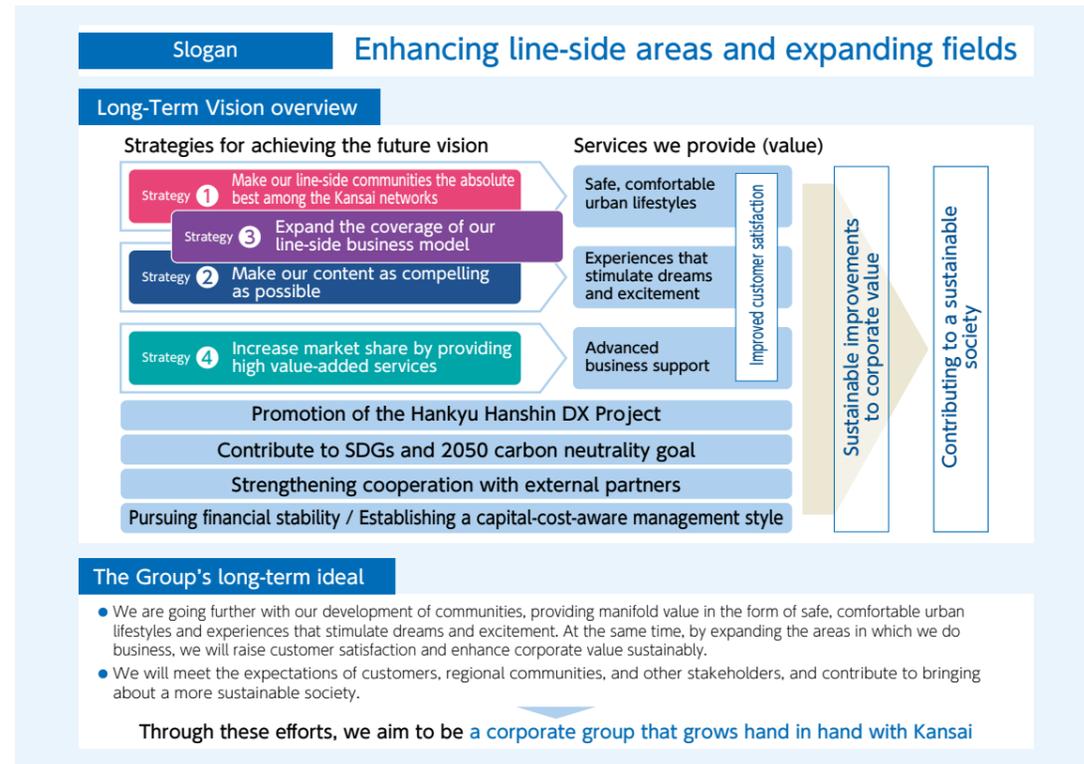


Long-Term Vision

Long-Term Vision: *Toward 2040*

We formulated our Long-Term Vision: *Toward 2040* in May 2022. This new corporate vision looks to the future, to the period between 2035 and 2040 when we expect the large-scale projects we are working on to start contributing to profits. It outlines our Long-Term Vision for the future and sets strategies and financial policies to reach those goals. However, the time frame for that contribution to profits is still some way off, so we have announced our management targets for fiscal 2031 as a waymark on the path to accomplishing sustainable growth toward 2040.

Summary of the Long-Term Vision



Strategies to achieve our ideal

Strategy 1 (core strategy) Make our line-side communities the absolute best among the Kansai networks (Urban Transportation, Real Estate, etc.)

- Focus on making our line-side areas much more attractive by engaging in community building and actively leveraging digital innovations with the aim of coping with the shrinking and aging population.
- Extend the land transport vitality and global dynamism of our line-side areas by steadily carrying out new line projects such as the Naniwasuji Connection Line and Shin-Osaka Connection Line Project, and use new projects such as the Shibata 1 Project to make Osaka-Umeda as a whole a world-class urban environment in line with the Umeda Vision.

Strategy 2 Make our content as compelling as possible (Entertainment and Travel)

- Make our content more compelling while expanding our customer base and actively leveraging digital technologies.

Strategy 3 Expand the coverage of our line-side business model (Real Estate and other businesses)

- Expand our line-side business model (e.g., building abundant communities) beyond line-side areas by utilizing the know-how and achievements that we have accumulated through strategies ① and ②.
- Particularly in the ASEAN region where sustainable growth is forecast, and also in developed countries such as the United States and Australia where markets are stable, we plan to expand the scope of our business outside Japan, for example, through residential subdivision and long-term property leasing.

Strategy 4 Increase market share by providing high value-added services (Information and Communication Technology and International Transportation)

- Use our technologies and know-how to expand the value scope of our businesses.
- Provide high-quality, competitive services to increase our business scale and market share.

In addition to pursuing these four strategies, we will strongly promote our efforts to implement the Hankyu Hanshin DX Project and to contribute to the achievement of the SDGs and the 2050 carbon neutrality goal.

Management targets for fiscal 2031 (targets when the Long-Term Vision was established in fiscal 2023)

In fiscal 2031, a waymark on the path to future growth and rapid progress, we will aim to achieve profit growth (particularly in existing businesses) and business profit of 130.0 billion yen, as well as taking on the challenge of getting something extra through efforts such as the Hankyu Hanshin DX Project. Our management targets (for financial and non-financial KPIs) for fiscal 2031 are as follows.

Financial KPI targets

With a view to achieving a sustainable society and regional development, we will pursue financial stability that enables us to continue offering a stable supply of our products and services. In order to meet stakeholders' expectations, we will also further establish a management style that is aware of capital costs, with the aim of maintaining and enhancing capital efficiency.

| | | |
|--|---|--|
| Pursuing financial stability | Stable base profit results <ul style="list-style-type: none"> By expanding revenue for each of our businesses, driving through cost reductions, strengthening our profitability structure, and working diligently to use digital technologies to expand our revenue base and raise productivity, we can record a certain standard of profits. We will also press ahead with thorough risk management for highly volatile businesses such as overseas real estate. | (FY2031 target) Business profit ¥130.0 billion plus something extra <small>*Aim to go further through the DX Project, etc.</small> |
| | Maintenance of financial soundness <ul style="list-style-type: none"> As well as advancing initiatives aimed at business expansion—including large-scale projects—and making growth investments, we will control the interest-bearing debt balance while keeping the current rating level in mind, and aim for an interest-bearing-debt/EBITDA ratio of between 5 and 6. | Interest-bearing-debt/EBITDA ratio Between 5 and 6 |
| Establishing a capital-cost-aware management style | Maintenance and improvements to capital efficiency (to create returns that exceed capital costs) <ul style="list-style-type: none"> In each business, we will remain conscious of capital costs and utilize ROIC* and other indicators, as we aim to maintain and improve yield. Also, by carefully selecting new growth investments from the perspective of yield, we will carefully move forward with accumulating stocks, reviewing the business situation, and withdrawing from low-yield assets, and so prevent a bloated balance sheet. We will provide and continue to offer stable, appropriate shareholder returns, and maintain a suitable debt/equity (D/E) ratio. Through these measures, we will aim for the ROE standard detailed on the right. <small>*Business profit / Invested capital</small> | ROE 7% range in the medium to long term |

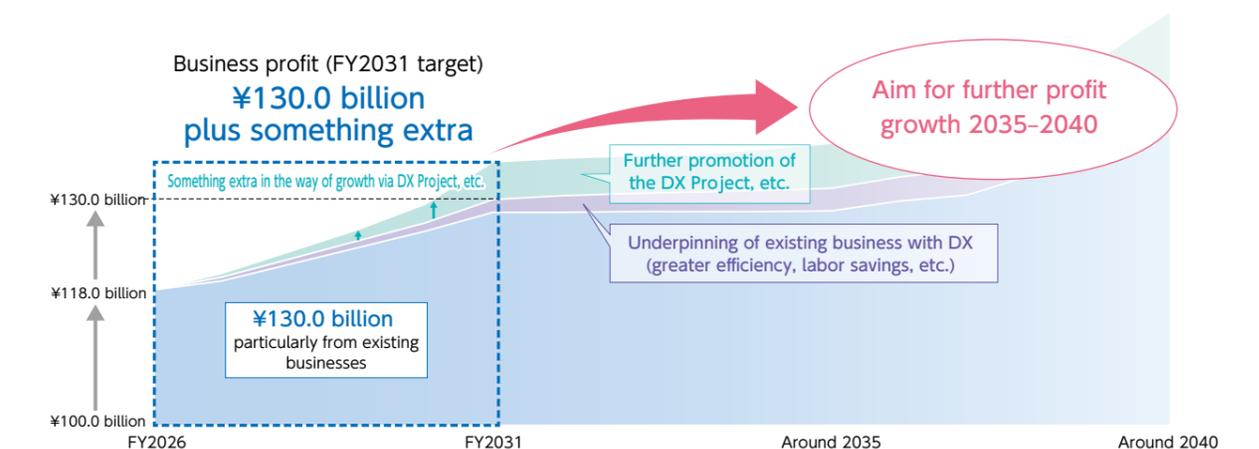
Note: Business profit = Operating profit + Non-operating profit/loss: Equity-method gains/losses related to overseas business investments (in Real Estate segment)

Non-financial KPI targets

| | |
|--|--|
| Rate of CO ₂ emissions cuts: 46% reduction from FY2014 level | Continued improvement in employee satisfaction |
| Zero culpable incidents in our railway operation business | Percentage of women in management positions: Around 10% |
| | Percentage of women among new hires: Always more than 30% |

Profit growth toward 2040

Annual operating profit prior to the pandemic was more than 100.0 billion yen, but in fiscal 2031 we aim to achieve profit growth, particularly in existing businesses, for a total business profit of 130.0 billion yen, and are challenging ourselves to accomplish something extra via the DX Project. Next, as the large-scale projects are completed and opened in turn, they will start to contribute to profits, so they are sure to help further grow our profit between 2035 and 2040.



Long-Term Vision

Special Feature

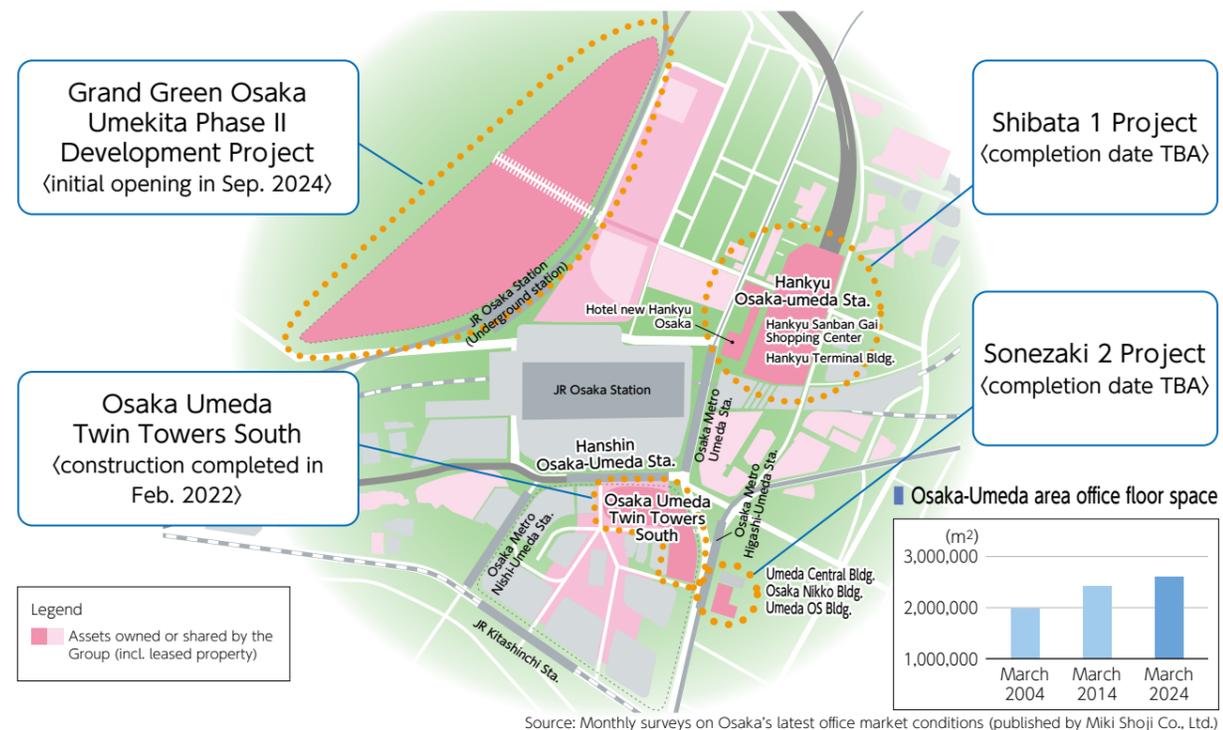
1

Toward the Realization of Our Long-Term Vision (Umeda and Line-Side Communities)

We have set making our line-side communities the absolute best among the Kansai networks as the first core strategy of our Long-Term Vision. As such, we have formulated the Umeda Vision aiming at maximizing the value of the Osaka-Umeda area, the largest business base of our Group, and are engaged in urban development that facilitates interaction between diverse people and between companies.

Community Building in the Osaka-Umeda Area

Toward the realization of the Umeda Vision, designed to increase international competitiveness and become an "international exchange hub" that bridges the world and the Kansai region, we will sequentially renovate (reconstruct buildings, etc.; remodel; and review functions to be introduced) the assets the Group owns in the Osaka-Umeda area, including the Grand Green Osaka Umekita Phase II Development Project, thereby synergistically enhancing the attractiveness of these urban spaces.



Six Basic Policies of the Umeda Vision

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

For more details on the Umeda Vision, please see our website. <https://umeda-vision.hhp.co.jp/> (Japanese only)

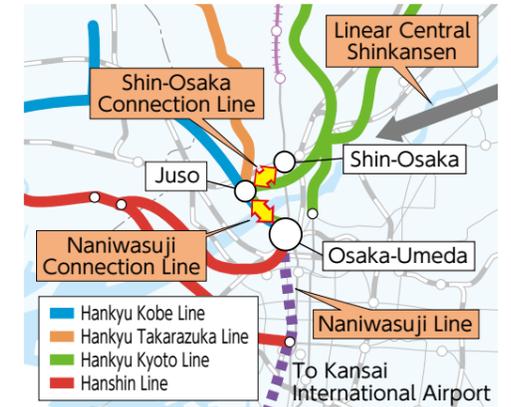
Potential in the Osaka-Umeda area

The Osaka-Umeda area has long flourished as a commercial center with a cultural flavor. Over the past few years, many high-function office buildings, as exemplified by the Osaka Umeda Twin Towers North/South developed by our Group, were established in the area, showing another side of the area as a bustling town with a high concentration of not only commercial but also business operations.

In addition, following the initial opening on September 6, Grand Green Osaka will open large-scale offices with a total rental area of approx. 34,000 *tsubo* (≈ 112,400 m²), the Hotel Hankyu Gran Respire Osaka, which will add even more comfort and quality to the Respire brand operated by the Group, and other facilities in March 2025. As large-scale redevelopment plans, the Shibata 1 Project and Sonezaki 2 Project are being developed by the Group, and the Osaka-Umeda area will evolve into a town with increasingly improving multifunctionality and efficiency as the biggest transport hub in western Japan where offices, commercial facilities, restaurants, hotels, entertainment, and residences are concentrated around seven railway stations.

The Group operates an array of businesses that provide total support for people's daily lives, comprising clothing, food, housing, entertainment, and employment, utilizing our expertise and uniqueness that have been cultivated over our long history of more than 100 years.

In this area, we will create innovation, culture, and other new values by providing opportunities for diverse individuals to gather and interact, from companies, start-ups, universities and research institutions, as well as artists and creators. Additionally, through the opening of the Naniwasuji Line, which is under construction, and other measures to further improve access from Kansai International Airport, we will create a virtuous cycle that attracts people through this value creation, thereby ensuring the area continues to evolve towards global competitiveness.



Approach 1 Grand Green Osaka, Umekita Phase II Development Project



Scope of initial opening (courtesy of the Grand Green Osaka developer)

Nine companies including Hankyu Corporation, a Group company, were selected in 2018 as joint developers for the Grand Green Osaka (hereinafter, the "Project"), and have been working on development plans.

Based on the planning concept of "Creation of Osaka MIDORI LIFE," the Project involves the integrated and seamless development of offices, commercial facilities, core function (innovation) facilities, hotels, residences, and other buildings, in front of JR Osaka Station, the largest terminal station in western Japan, with an unprecedented high-quality urban park placed as the centerpiece of the area. September 6, 2024 marked the initial opening* of part of Umekita Park (full South Park and partial North Park) and the North Building.

* The South Building is scheduled to open in March 2025, with the later stages of Umekita Park construction (part of North Park) scheduled for completion in spring of 2027.

Umekita Park

With an area of approx. 45,000 m², making it one of the world's largest urban parks directly connected to a large-scale terminal station and is one of the linchpins of the Project surrounded by "greenery" with a wide variety of plants.

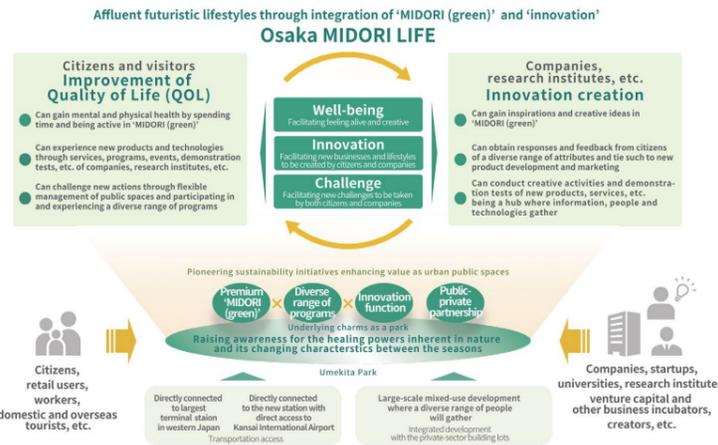
The Umekita MMO* (short for Midori Management Organization) will manage and operate the park as a designated manager for 50 years integrally with management in the surrounding area. The park has a diversity of visitors, including residents, people who work in the neighborhood, tourists, and shoppers who gather to relax surrounded by nature. The park also provides opportunities for new discoveries and cultural stimulation that brighten up visitors' daily lives with extraordinary experiences gained through events, not to mention the park's safety and security.

We will also develop a framework to support initiatives and activities developed by citizens and companies, facilitating the fusion of nature and innovation, in the interest of improving people's quality of life, creating opportunities for self-fulfillment, and helping corporate activities of promoting sustainability and creating innovation, for example.

* An organization formed by nine developers that integrally undertakes management of this park and area management for the whole city



Umekita Park (South Park) (courtesy of the Grand Green Osaka developer)

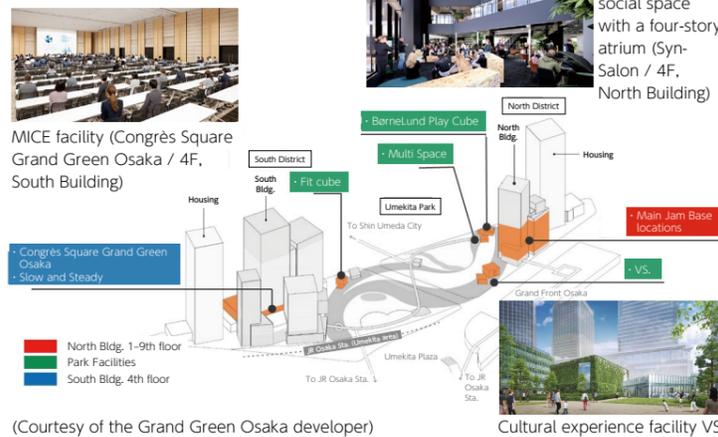


Jam Base

Jam Base is a core facility at Grand Green Osaka, where diverse people can gather and interact to generate ideas and innovation, under the concept of "vivid interaction between many different people."

At Jam Base, participants such as companies, universities, research institutes, start-ups, and venture capital institutions work together to give shape to new ideas and take on challenges related to social implementation and commercialization. Private sector, government, and economic organizations are united as one to promote and support a variety of activities, with Jam Base serving as a hub for innovation.

Jam Base facilities around the city



(Courtesy of the Grand Green Osaka developer)

Members-only social space with a four-story atrium (Syn-Salon / 4F, North Building)

Cultural experience facility VS.

Approach 2 Event space Noriba10 umeda

On March 1, 2024, the Group opened Hankyu Hanshin Meets in a prime location adjacent to the second-floor central ticket gate of Hankyu Osaka-umeda Station, with Noriba10 umeda, an event space inside the new facility, as part of the Umeda Vision. At this event space, new business managers from domestic and foreign companies, start-ups, investors, students, artists, creators, and many other people can gather to share their thoughts, talk about issues, test their ideas, and otherwise disseminate information. It will be utilized as a place where creators in various positions can meet and interact through discussions at seminars, workshops, etc. to bring about new transformations, also serving as a test ground for new technology, products, and services being evaluated toward social implementation.



Long-Term Vision

Special Feature

2

Toward the Realization of Our Long-Term Vision (Urban Transportation)

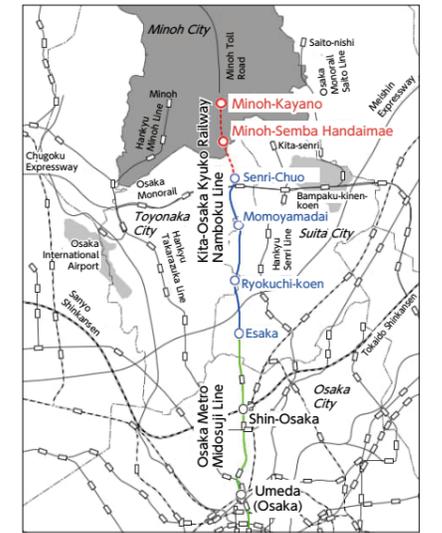
The first strategy in our Long-Term Vision involves making our line-side communities the absolute best among the Kansai networks. As part of our efforts in promoting a new railway line plan to invigorate transport links to our line-side communities and allow them to participate in global exchange, the extended section of the Kita-Osaka Kyuko Railway opened for service on March 23, 2024. In the promotion of safe, secure, and comfortable railway services, Hankyu Corporation is steadily advancing initiatives such as the introduction of PRIVACE, a seat reservation service.

Approach 1 Extension of the Kita-Osaka Kyuko Line

On March 23, 2024, an extended section of the Kita-Osaka Kyuko Railway Nambu Line (hereinafter, "the Line") opened for service. We will accelerate community building around the new stations, Minoh-Kayano Station and Minoh-Semba Handaimae Station, and contribute to the creation of livable and vibrant line-side communities.

Development plan overview

Main entity: Kita-Osaka Kyuko Railway and Minoh City
 Operating entity: Kita-Osaka Kyuko Railway
 Total project cost: 87.4 billion yen
 Extension distance: 2.5 km (Senri Chuo-Minoh Semba Handaimae-Minoh-Kayano)



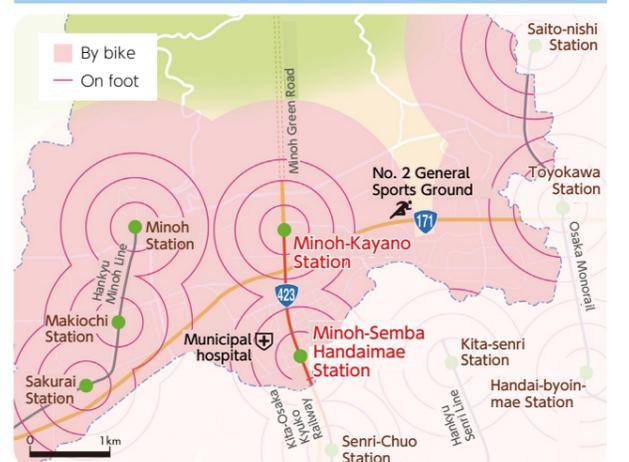
Route map (courtesy of Minoh City)

The two new stations, Minoh-Semba Handaimae Station and Minoh-Kayano Station, are expected to create four main types of value on the Line extending from Senri-Chuo Station, where the Line operates on the same track as the Osaka Metro Midosuji Line, a major artery stretching north and south through Osaka.

Value creation 1 Minoh area residents' shift to railway use

Despite its long and narrow urban area stretching east to west, Minoh City, where the Line has recently been extended, had the Hankyu Minoh Line in the western part of the city as the only railway service available, making the area highly dependent on automobiles. In this context, the opening of the extension running north-south through the center of the urban area and two new stations, Minoh-Semba Handaimae Station and Minoh-Kayano Station, has substantially expanded the walking and biking accessibility to the stations. Additionally, with the bus routes in Minoh city that used to start/stop at or run via Senri-Chuo Station reorganized into ones based at Minoh-Kayano Station, coupled with the promotion of a park-and-ride system for passengers from a wide area, the two new stations are used by approximately 30,000 passengers a day.

Post-extension



Larger walking and bicycling zone accompanying the extension (courtesy of Minoh City)

* Calculated based on a walking speed of 3.6 km/h, and a cycling speed of 10.5 km/h (in accordance with the MLIT's cost-benefit analysis manual)

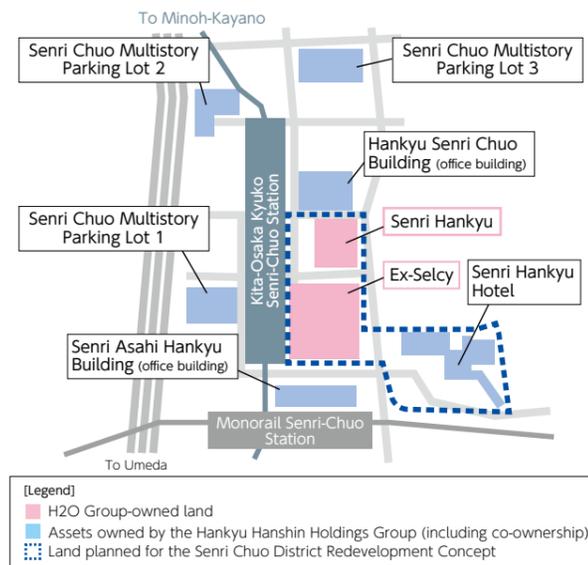
Value creation ② Easing traffic congestion on Shin-Midosuji (National Route 423)

The Meishin Expressway and Shin-Meishin Expressway run east-west as the national axis in the North Osaka area, including Minoh City, and Shin-Midosuji (Route 423), a distribution network converging in central Osaka, has the largest traffic volume in Osaka Prefecture, facing chronic traffic congestion.

Now, however, the extension of the Line is expected to increase convenience for residents in line-side communities and promote a shift to the use of railways, facilitating the separation of people traveling by train and goods transported by road, a process that can help ease congestion along the Shin-Midosuji and reduce CO₂ emissions.



(Courtesy of Minoh City)



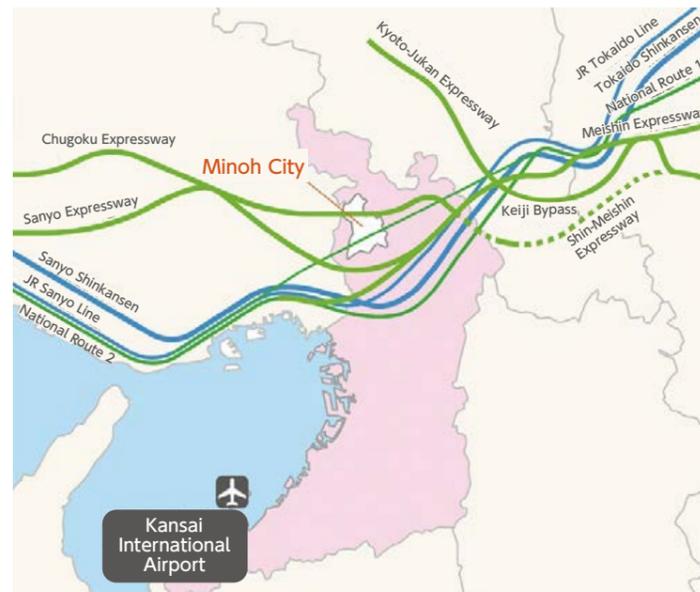
Value creation ③ Enhancing value along our line-side areas

Minoh-Semba Handaimae Station and Minoh-Kayano Station provide direct access to Umeda Station at the heart of Osaka via Senri-Chuo Station, where the Line operates on the same track as the Osaka Metro Midosuji Line. In the areas around these two new stations, new tower blocks are under construction and a new building with approx. 30 stores, including supermarkets and restaurants, has opened at a large-scale commercial facility directly connected to Minoh-Kayano Station, accelerating the revitalization of the area.

Meanwhile, the area around Senri-Chuo Station, which used to be the terminal station of the Line, now serves as the hub of the North Osaka area, with excellent access to Shin-Osaka, Osaka Umeda, and Osaka International Airport (Itami Airport), as well as a concentration of commercial, office, and residential functions. The opening of the extension has potential to further boost convenience in travel, and is expected to generate a synergistic effect with a Senri Chuo area redevelopment plan that is currently being studied jointly by the H2O Retailing Group and the Hankyu Hanshin Holdings Group.

Value creation ③ Accelerating the realization of the Umeda Vision

According to the Umeda Vision, which aims to ensure that the Osaka-Umeda area continues to evolve into a globally competitive city, the extension of the Line will reinforce Osaka's north-south axis that connects the Kansai International Airport, a gateway to the world, with the national axis of the Shinkansen bullet train, the Meishin Expressway, and Shin-Meishin Expressway that run east-west, and the extension is expected to bring global exchange to our line-side communities.



Reinforcement of the north-south axis (courtesy of Minoh City, partially processed by Hankyu Hanshin Holdings)

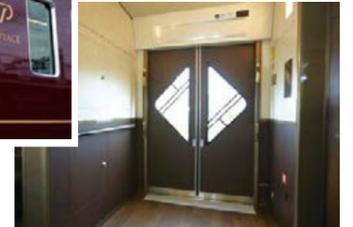
Approach ② 'PRiVACE,' a paid seat reservation service

Based on the concept of turning everyday 'travel time' into 'personal time' in a private space, the Hankyu Corporation launched PRiVACE on July 21, 2024, a seat reservation service on its Kyoto Line limited express trains (fourth car counting from the Osaka direction). This service responds to the needs of customers growing in recent years for private space and traveling in comfort, sitting in a seat.

The service charge is 500 yen per ride (tax included; a separate fare is required according to section). The PRiVACE car design is based on the idea of a special car unique to Hankyu that focuses on 'personal time,' allowing passengers to enjoy their personal time comfortably. In particular, in terms of interior design, we aim to create a high-quality space that offers both privacy and comfort. Various initiatives related to SDGs are also being implemented.



PRiVACE exterior



Naming concept

PRiVACE is a combination of "private" and "place," expressing a private atmosphere where passengers can spend their personal time.



Seats adjacent to the wheelchair spaces are designated as priority seats for passengers in wheelchairs.

Initiatives to achieve SDGs

① Carbon-neutral operation

As part of our efforts to promote environmental preservation, one of the priority issues in the Hankyu Hanshin Holdings Group Sustainability Declaration, we will operate our trains with PRiVACE in a carbon-neutral manner, utilizing Kansai Electric Power's Renewable Energy ECO Plan,* which enables us to provide all (virtually 100%) of the electricity needed to run the trains through renewable energy sources. This will reduce CO₂ emissions by approx. 7,700 tons (approx. 5.1% of CO₂ emissions from our railway operations) in fiscal 2026.

From April 2025 onward, all trains on the Hankyu and Hanshin Lines will be operated on virtually 100% electricity derived from renewable energy sources (see page 60).

* This plan uses electricity generated from solar, hydro, wind, and other power sources with added environmental value, which Kansai Electric Power Co., Inc. procures from the Japan Electric Power Exchange. In using this plan, the electricity we use is, in effect, treated as "electricity from renewable energy sources."

② Introduction of Ikou Portable Chair for children, first-of-its-kind on the railway

The Ikou Portable Chair was developed by Halu Inc. to meet the needs of children with disabilities and those having difficulty sitting alone due to physical weakness and the needs of their guardians, who want their children to be able to sit safely when they are out, allowing the whole family to relax and enjoy meals, watch games, and do other activities. Hankyu Corporation is the first railway company that has introduced the Ikou Portable Chair on its trains.

③ Exclusive attendant

Our attendants exclusively assigned to PRiVACE guide passengers to their seats. The attendants have taken a Universal Manners Test sponsored by Mirairo Inc., a comprehensive universal design consulting firm, allowing them to appropriately guide elderly passengers and those with disabilities.



Promoting understanding of the environmental advantages of railways for realizing a carbon neutrality

<https://www.mintetsu.or.jp/association/news/2023/22402.html> (Japanese only)



Image of attendant uniform

Long-Term Vision

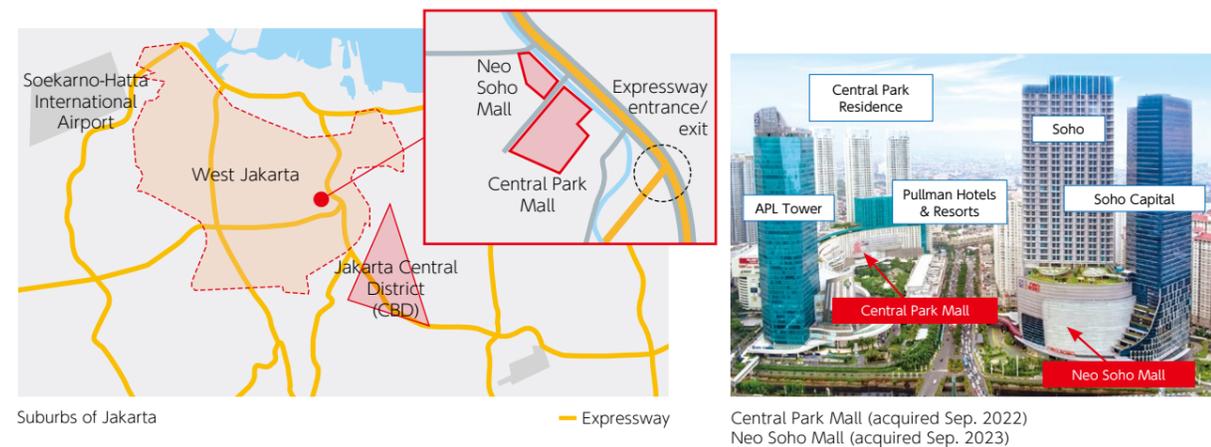
Special Feature

3

Toward the Realization of Our Long-Term Vision (Overseas)

For the Group to grow sustainably, under the third strategy of our Long-Term Vision, which entails expanding the coverage of our line-side business model, our real estate segment is expanding its scale and revenue overseas, where economic growth is expected, while minimizing risk and leveraging the track record, expertise, and experience we have gained in our line-side areas. In the urban transportation segment, we are also making a full-scale entry into the overseas railway business.

Approach 1 Expanding our leasing business in Indonesia



Promoting business with trustworthy local partners

In Indonesia, which continues to enjoy high economic growth against the backdrop of increased consumer spending supported by its large population, following the acquisition of the Central Park Mall in September 2022, we acquired the adjoining Neo Soho Mall in September 2023. Both malls are located in Podomoro City, a large-scale mixed-use development area developed by PT Agung Podomoro Land, Tbk, a leading real estate developer in Indonesia.

The area is conveniently located in the western part of the Jakarta metropolitan area, one seeing continued high economic growth in Southeast Asia, close to the entrance/exit of the expressway connecting Soekarno-Hatta International Airport and central Jakarta. With Central Park Mall as its core, it consists of a vast courtyard, movie theater, and university, featuring offices, high-rise residential buildings, hotels, and other facilities, attractive to not only residents and office workers from the surrounding area, but a wide range of customers from different locations.

As Central Park Mall and Neo Soho Mall are connected by an overpass and an underpass, we are committed to further

improving the value of our holdings through integrated promotion of these two malls, utilizing our Group's accumulated expertise in the operation and management of commercial facilities.



Overpass connecting the two malls Interior view of Neo Soho Mall

| | |
|--|--|
| Company name | PT Agung Podomoro Land, Tbk |
| Paid-in capital | Approx. 2.27 trillion Indonesian rupiah (approx. 20.9 billion yen*) |
| Revenues | Approx. 4.68 trillion rupiah (approx. 43.0 billion yen*) (Fiscal year ended December 31, 2023) |
| Line of business | Real estate business |
| Number of employees | Approx. 1,400 (as of December 31, 2023) |
| * Converted at 100 Indonesian Rupiah = 0.92 yen. | |



Luminary Tower (right)



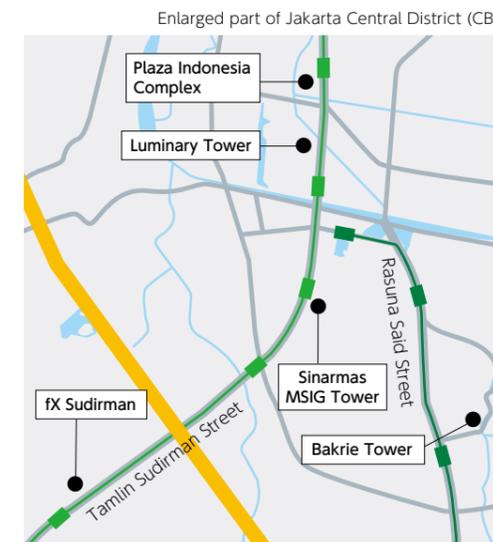
Plaza Indonesia Complex



Sinarmas MSIG Tower



fX Sudirman



Expressway MRT North-South Line LRT Line



Bakrie Tower

Meanwhile, in Jakarta's central CBD*1 district, home to government offices, enterprises, commercial facilities, and other buildings, we have begun full-scale operational management of the Plaza Indonesia Complex that integrates commercial, office, and hotel functions, in which we invested in July 2019, as well as fX Sudirman, a commercial facility that houses a JKT48 theater, a movie theater, and other businesses. In January 2023, we also acquired a portion of each of the Sinarmas MSIG Tower, Bakrie Tower, and Luminary Tower, located along Main Street, and have been participating in the operational management of these properties.

Each of these three properties are high-grade office buildings with quality specifications located quite close the MRT North-South Line and LRT*2 system stations, and are expected to develop further in view of the accelerated development in various types of transportation infrastructures over recent years.

All of the above facilities are operated and managed jointly with PT. Bumi Serpong Damai Tbk (hereinafter, "BSD"), a subsidiary of Sinarmas Land, the largest real estate developer in Indonesia, and we are thereby expanding leasing business while minimizing risks.

BSD is also involved in the Bumi Serpong Damai City, a large-scale new town development in the suburbs of Jakarta, and

through participation in this project, our Group has entered the residential sales business in Jakarta.

In the overseas real estate business, including the leasing business, we are actively promoting the third strategy of our Long-Term Vision, which entails expanding the coverage of our line-side business model by collaborating with trustworthy local partners to minimize country-specific risks, such as differences in commercial practices and legal systems.

*1 Abbreviation for Central Business District. It refers to a district in an urban area where government offices, enterprises, commercial facilities, etc. are concentrated.

*2 Abbreviation for Light Rail Transit

| | |
|--|---|
| Company name | PT. Bumi Serpong Damai Tbk |
| Paid-in capital | Approx. 2.12 trillion Indonesian rupiah (approx. 19.5 billion yen*) |
| Revenues | Approx. 11.54 trillion rupiah (approx. 10.6 billion yen*) (Fiscal year ended December 31, 2023) |
| Line of business | Real estate business |
| Number of employees | Approx. 2,146 (as of December 31, 2023) |
| * Converted at 100 Indonesian Rupiah = 0.92 yen. | |

Approach 2 Business expansion in the U.S.A. and Australia

Expanding real estate business in developed countries

Since 2022, we have been acquiring rental residences in the U.S.A., which has an enormous market. As all of our properties are located in areas where population, number of employees, and household income are growing significantly, with many large-scale workplaces and commercial facilities in a given neighborhood, we offer outstanding convenience in both commuting and living as well as prospect of continued stable occupancy.

Property location



Fox & Finch, rental residences in Seattle Westview Village Apartments, rental residences in Renton

In Australia, we conducted real estate leasing business in November 2023 with the acquisition of 60 Margaret, a retail and office complex. In September 2024, we participated in the condominium development project Melrose Park Southern District Stages 1-7 (approx. 2,000 units), which Sekisui House, Ltd. has been progressing with in the suburbs of Sydney, and have started to work collaboratively on the project. Further, in October 2024, we acquired interest in 11 logistics properties with a total rentable area of approx. 860,000 m² (including properties under development) located in four Australian cities (Sydney, Melbourne, Brisbane, and Perth) engaging in development and leasing operations jointly with the Australian subsidiary ESR Group Limited* and other partners.



Melrose Park Note: The architectural perspective may be subject to change.

Logistics facilities in Sydney

The Group is participating in this project through a fund established by Hankyu Hanshin Properties Australia Pty Ltd, an Australian subsidiary of Hankyu Hanshin Properties Corp., and Mitsui O.S.K. Lines, Ltd. and Kintetsu Real Estate Co., Ltd. have invested in the fund.

We intend to expand our overseas real estate business while minimizing risk by diversifying business we conduct in Australia, where stable population and economic growth are expected to continue with a high degree of liquidity on the real estate market.

* The ESR Group boasts the largest assets under management in the Asia-Pacific region (approx. 22 trillion yen) and operates real estate development, real estate fund investment management, asset management, and other businesses, focusing on advanced logistics facilities and data centers.

Efforts to minimize risk

As we expand our overseas real estate business, we are carrying out the following and similar initiatives to ensure risk is kept to a minimum.

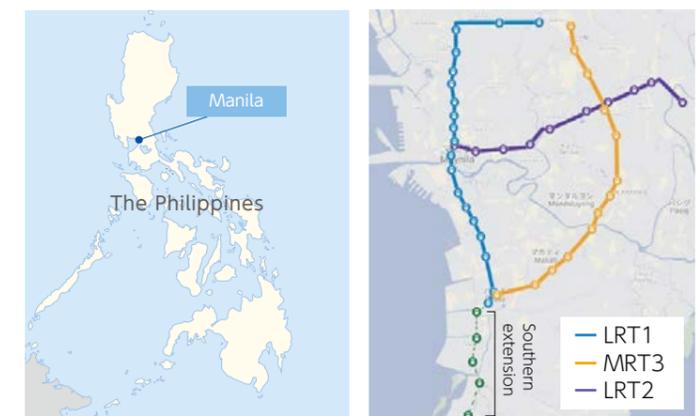
- In addition to dealings in areas where the economy is predicted to grow (such as the ASEAN region), we conduct business in developed nations that see a lot of movement and large numbers of transactions (such as the U.S.A. and Australia).
- For our first entries into overseas markets, we start with flow-oriented business (residential sales business and fix-and-flip business), which are comparatively low-risk, even compared to stock (leasing business) based on long-term holdings.
- For residential sales, we target user demand in high-volume demographics, which makes the business less susceptible to changes in the economic environment.
- To avoid an over-concentration in our business portfolio, in our first overseas market entries we start with small projects and gradually increase the scale. We also roll out our business into multiple countries.
- In order to reduce country-specific risks, such as differences in commercial practice or legal systems, we collaborate with trustworthy local partners.

Approach 3 Entry into the railway business in the Philippines

Japan's first major private railway company to enter an overseas railway business market

The Philippines has one of the highest economic growth rates among ASEAN countries, with a population that is projected to continue to increase over the next several decades. At the same time, Metro Manila is facing the social problem of traffic congestion and in urgent need of a public transportation network, with the development of a railway infrastructure underway. The Japan International Cooperation Agency (hereinafter, "JICA") has long supported the development of railway infrastructure through the provision of yen loans and technical cooperation.

Hankyu Corporation has recently agreed to collaborate on the operation and maintenance of the Manila Light Rail Transit System Line 1 ("LRT-1"), a 20-kilometer passenger railway in Metro Manila with the Sumitomo Corporation ("Sumitomo") and JICA, aiming for significant involvement in railway operation and maintenance in Metro Manila, Philippines. Specifically, in May 2024, the three parties entered into an agreement to transfer part of the shares held by Sumitomo Corporation in Light Rail Manila Corporation ("LRMC"), which operates and maintains LRT-1, to JICA and Hankyu.



Route map

This is Hankyu Corporation's first overseas investment in the railway operation and maintenance business. Utilizing our track record and experience in railroad operation and maintenance accumulated to this point, we plan to provide technical support for the railway business, including proposals for improvements in the LRT-1 operation and maintenance and information necessary to introduce new technology and expertise.

Going forward, Hankyu Corporation, Sumitomo, and JICA will utilize their respective strengths and knowledge in joint efforts with LRMC to make LRT-1 even safer and more convenient, thereby contributing to reinforcing the transportation network in Metro Manila. Furthermore, by mitigating traffic congestion, the three parties will improve the living environment and alleviate economic losses, which will help drive economic development in the Philippines.



Train on test run on the southern extension

Future outlook

Business profits* for fiscal 2025 are predicted to reach ¥6.1 billion. Our aim for fiscal 2026 is to achieve business profits of ¥10.0 billion.

* Business profit = Operating profit + Equity-method gains/losses related to overseas business investments

Changes in revenues and profit in the overseas real estate business

| | FY2024 results | FY2025 forecast | +/- |
|---|----------------|-----------------|------|
| Operating revenue | 8.6 | 10.5 | +1.9 |
| Business profit | 5.8 | 6.1 | +0.3 |
| Operating profit | 3.2 | 4.9 | +1.7 |
| Equity-method gains/losses related to overseas business investments | 2.6 | 1.2 | -1.4 |

Note: The anticipated full-year results for fiscal 2025 are based on information announced on May 14, 2024.

Long-Term Vision

Promotion of the Hankyu Hanshin DX Project

The Group launched the Hankyu Hanshin DX Project in 2021.

With the Hankyu Hanshin DX Project, we are promoting the digital transformation (DX) of lifestyles, staying close to each individual customer by implementing a variety of initiatives based on this cycle: ① centrally manage customer information stored for various services within the Group using HH cross ID, the Group's common ID, ② analyze the customer purchase history and other information, and ③ use insights (e.g. purchase history) to guide marketing. This will allow us to provide our customers with a safer and more comfortable lifestyle along with more "dreams and excitement" derived from the persistent need for "real-life experiences" and "interaction and communication with people" through a combination of digital and real content, utilizing diverse content owned by the Group.



Introduction and current status of HH cross ID, the Group's common ID

In 2021, the Group introduced HH cross ID, a common ID for the Group, for the purpose of sharing existing customer information interdepartmentally for various services the Group provides. This enables customers to seamlessly use any of the Group's services with a single ID.

At present, HH cross ID is usable on our 21 services, with approx. 870,000 members, and we aim to acquire 3 million members in fiscal 2031 by expanding the number of linked services from now on. By integrating customer data across the Group through HH cross ID and accumulating and analyzing said data, we will put into practice one-to-one marketing and reciprocal customer transfer between businesses, thereby increasing the number of loyal customers.



Members
Approx. 870,000
(As of the end of September 2024)



Target for FY2031:
3 million

Services currently provided on HH cross



Customer data integration and analysis by Data Analytics Lab



Data Analytics Lab was established in 2021 through an industry-academia collaboration with the University of Tokyo for the purpose of analyzing and utilizing customer data (attributes, service usage records, etc.) accumulated through HH cross ID. The lab uses a variety of methods, including statistical analysis and the latest forms of machine learning, to analyze the Group's businesses and HH cross ID, as well as designing, implementing, and evaluating measures that utilize the data.

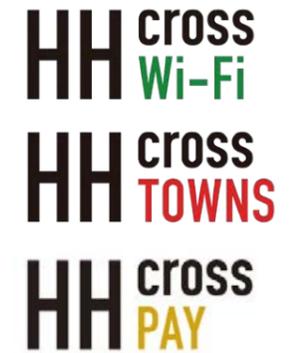
We will proceed with the analysis of integrated customer data across the Group and support the utilization of the Group's customer data, which consists of approx. 12 million users in total.

Scaling up digital services

HH cross Wi-Fi, our free Wi-Fi service, is available at two new stations on the Kita-Osaka Kyuko Line, which opened in March 2024, and on the Hankyu Corporation's new train cars, including those used for PRIVACE, a seat reservation service that started in July 2024. The service is also available at Grand Green Osaka, which partially opened in September 2024. Coverage areas are being expanded, with the aims of further improving the environment for using digital services within the Group's facilities.

Similarly, we are working to enhance the services in HH cross Towns app, which allows the use of various services the Group provides, by promoting collaboration with the Group's bus and tourist facilities in selling digital tickets.

In July 2024, we launched HH cross Pay, a payment service that enables HH cross ID users to make payments smoothly via web services and at the Group's physical stores. The HH cross Pay service will be introduced in various businesses that have introduced HH cross ID. The functionality of HH cross Pay has been improved so it can be used not only for transactions on the web, but also for face-to-face payments at stores and various facilities by displaying a code on a smartphone screen. Moreover, by linking with S Point, a point service offered by the Hankyu Hanshin Group, we plan to further enhance convenience and pleasure when shopping, delivering great deals and coupons tailored to customer preferences.



DX expertise sharing with other companies (DX2.0)

We have started sharing expertise and DX-related business models cultivated through the Hankyu Hanshin DX Project with other companies. We already have three companies participating as of fiscal 2024 to share their expertise in utilizing the DX platform. In the same manner, we have also invited more partners, including Hankyu Hanshin Toho Group companies, rail operators, and other companies, introducing the same initiative in sharing the DX platform. By extensively introducing the same initiative, we will share costs with partner companies and put an efficient DX platform into place.

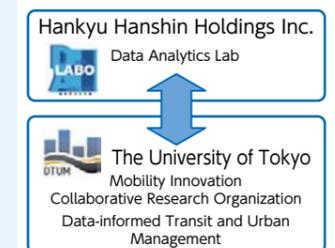
Collaboration with the Mobility Innovation Collaborative Research Organization, The University of Tokyo

On April 1, 2024, in conjunction with The University of Tokyo, we established "Data-informed Transit and Urban Management", a social collaboration program in The University of Tokyo. Using the data on transit and urban centers held by the Group, we will work to build a knowledge-based system on data utilization, in addition to engaging in joint research with the Data Analytics Lab and various researchers from The University of Tokyo.

[Expected outcomes]

- Further understanding of the relationship between the transit activity and urban activity of railway line users
- Establishment of methods to derive findings by combining big data on urban and transit activity with other information sources
- Application of developed knowledge systems in actual urban planning and development

Workshops and seminars will be held on research results as a form of social contribution.



Medium-Term Management Plan

Outline of Our Medium-Term Management Plan (Fiscal 2023–2026)

Our Group has formulated its Medium-Term Management Plan* as a concrete action plan for the implementation of medium-term initiatives that aid the achievement of our Long-Term Vision. The plan covers the four-year period from fiscal 2023 to 2026.

* Some content was updated in May 2024.

Positioning

In response to rapid changes in the economic environment, our Group has devised various initiatives to return to our stable pre-pandemic growth trajectory, aiming to quickly recover to a base profit level of 100.0 billion yen.

In addition to promoting the implementation of strategies intended to achieve sustainable profit growth in line with our Long-Term Vision, we are solidifying our footing for our next growth phase by expanding our investments in overseas real estate and the condominium businesses.

We are currently examining strategies and measures in line with our long-term management direction (see page 44), with this period positioned as a time to develop a foundation for growth to achieve dynamic growth and an ROE of 8% in the future.

Profit Targets

Profit Plan for Fiscal 2026

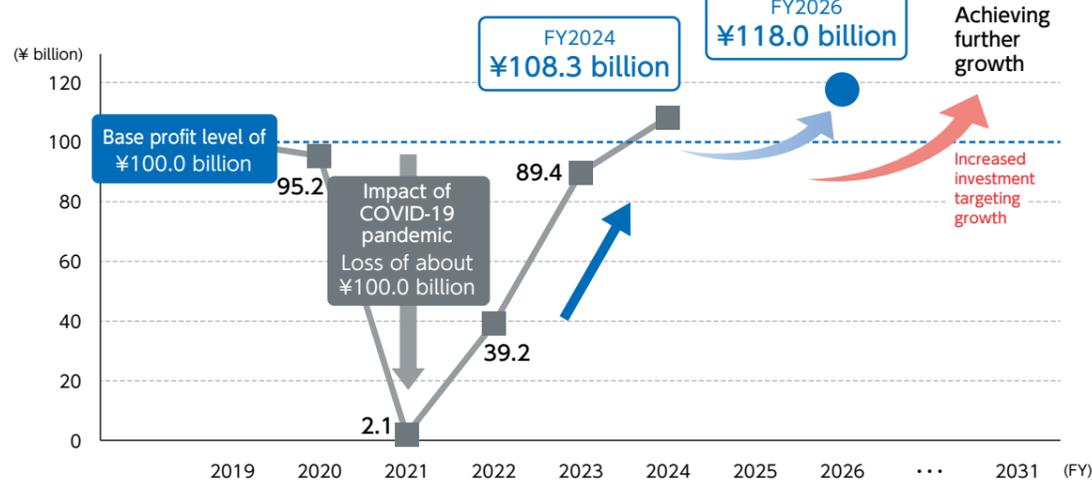
Business profit: 118.0 billion yen

Roadmap for Fiscal 2026

We have steadily recovered profits in our existing businesses up to fiscal 2024, utilizing the outcomes of efforts mainly to strengthen our profitability structure during the pandemic. Toward fiscal 2026, we will pursue profit growth through the benefits of new initiatives (e.g. Osaka Umeda Twin Towers South and in the overseas real estate business) that we have launched and promoted over the past few years.

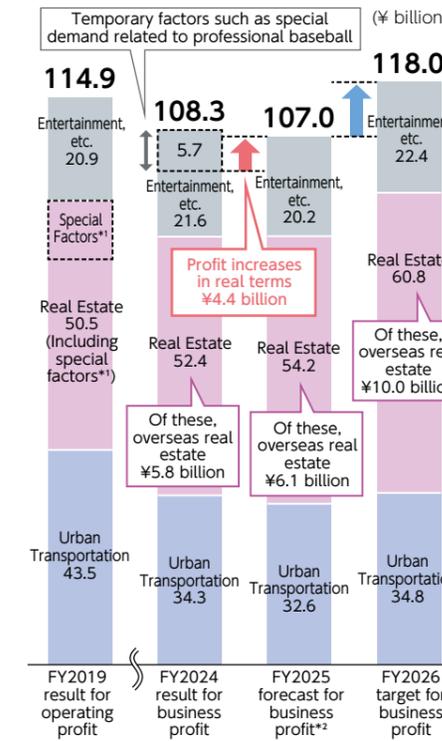
At the same time, we will steadily pursue growth in fiscal 2026 and beyond (by further expanding investment in our domestic real estate [real estate sales], overseas real estate business, DX, and other projects).

Changes in business profit



* Business profit: Operating profit + Equity-method gains/losses related to overseas business investments (in real estate segment) (For data relating to fiscal 2023 or earlier, operating profit and business profit are the same, as there were previously no equity method affiliates connected to business over seas.)

Changes in business profit toward fiscal 2026



*1 Gain on sale of facility land in the Eastern Saito area in Ibaraki City, Osaka
*2 Forecasts for fiscal 2025 are based on information published on May 14, 2024.

Fiscal 2024 ⇒ Fiscal 2025 Decrease of ¥1.3 billion

- Expansion of real estate sales business (condominiums, etc.) / Recovery of market conditions to a certain degree in the international transportation segment, particularly in air transportation, through the second half of the year
- Decrease in profit as a rebound from special demand related to professional baseball / Erosion of profit from the solution business in the travel segment
- Increase in depreciation, power costs, and other expenses in urban transportation segment / Increase in various expenses associated with the organizational restructuring of Takarazuka Revue, etc.

Profit increases in real terms ¥4.4 billion

Excluding temporary factors (rebound from special demand related to professional baseball [decrease of ¥3.7 billion] and the erosion of profit from the solution business in the travel segment [decrease of ¥2.0 billion]), profit increased in real terms.

Fiscal 2025 ⇒ Fiscal 2026 Increase of ¥11.0 billion

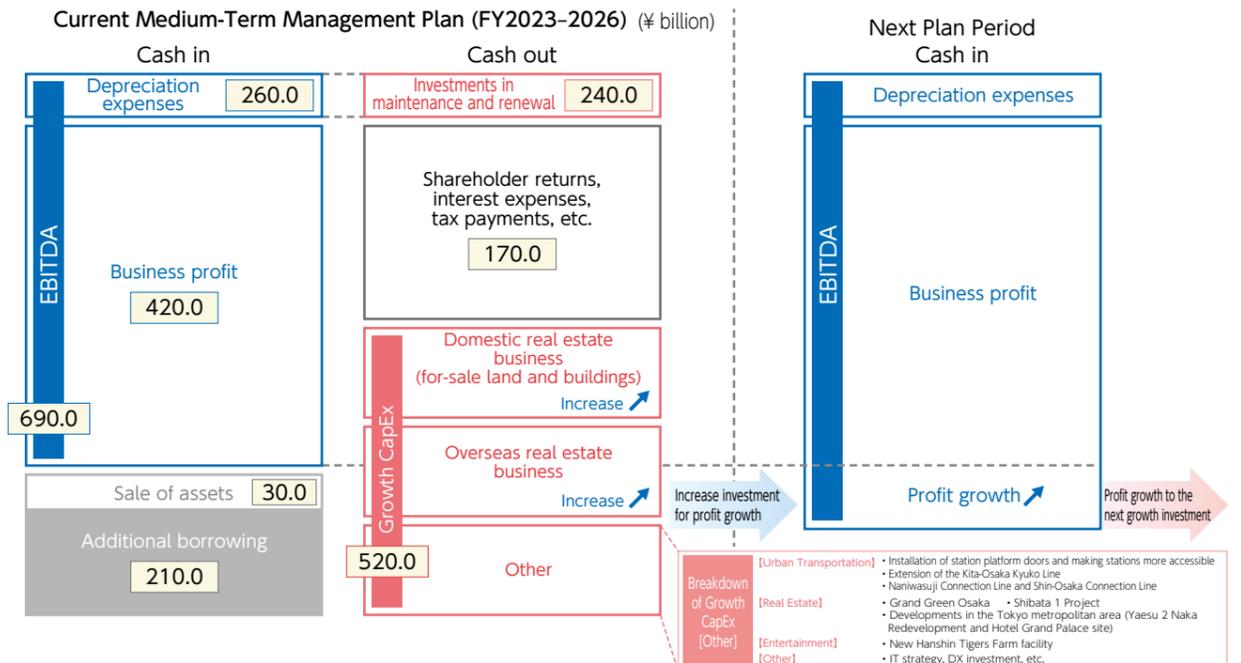
- Increase in railway transportation revenue due to recovery in demand, the world expo, etc. / Increasing the scale of overseas real estate business / Increasing the scale of international transportation segment, focused on marine transportation and logistics business

Changes in business profit by core business

| | FY2019 Result | FY2024 Result | FY2025 Forecast*2 | FY2026 Target |
|--|---------------|---------------|-------------------|---------------|
| Total | 114.9 | 108.3 | 107.0 | 118.0 |
| Major breakdown | | | | |
| Urban Transportation | 43.5 | 34.3 | 32.6 | 34.8 |
| Real Estate | 50.5 | 52.4 | 54.2 | 60.8 |
| Entertainment | 13.4 | 14.1 | 8.8 | 10.2 |
| Information and Communication Technology | 5.3 | 6.1 | 6.7 | 8.0 |
| Travel | 1.8 | 5.0 | 3.0 | 3.0 |
| International Transportation | 2.4 | 0.2 | 1.2 | 3.5 |

Cash allocation

With the intent to increase the scale of business in fiscal 2027 and beyond, we expect cash expenditures during the plan period to be approx. 930.0 billion yen due to growth investments increasing by 130.0 billion yen compared to the previous plan, centered on the real estate segment. In addition to internal reserves, we will secure funding for increased investments through additional borrowing and sale of assets.



Breakdown of Growth CapEx [Other] (Urban Transportation) • Installation of station platform doors and making stations more accessible
[Real Estate] • Extension of the Kita-Osaka Kyuko Line
[Entertainment] • Naniwasuji Connection Line and Shin-Osaka Connection Line
[Other] • Grand Green Osaka - Shibata 1 Project
• Developments in the Tokyo metropolitan area (Yaesu 2 Naka Redevelopment and Hotel Grand Palace site)
• New Hanshin Tigers Farm facility
• IT strategy, DX investment, etc.

Management Indicator Forecasts

| | FY2024 result | FY2025 forecast*1 | FY2026 target |
|---|------------------|-------------------|------------------|
| Business profit (① + ②) | ¥108.3 billion | ¥107.0 billion | ¥118.0 billion |
| Operating profit (①) | ¥105.7 billion | ¥105.8 billion | ¥116.4 billion |
| Equity-method gains/losses related to overseas business investments (②) | ¥2.6 billion | ¥1.2 billion | ¥1.6 billion |
| EBITDA*2 | ¥173.2 billion | ¥175.0 billion | ¥193.0 billion |
| Interest-bearing debt | ¥1,174.2 billion | ¥1,320.0 billion | ¥1,330.0 billion |
| Interest-bearing debt / EBITDA ratio | 6.8 | 7.5 | 6.9 |
| Debt/equity (D/E) ratio*3 | 1.2 | 1.3 | 1.2 |
| Profit attributable to owners of parent | ¥67.8 billion | ¥70.0 billion | ¥75.0 billion |
| ROE | 7.2% | 7.0% | 7% range |
| (Reference) | | | |
| Net interest-bearing debt*4 | ¥1,114.6 billion | ¥1,270.0 billion | ¥1,280.0 billion |
| Net interest-bearing debt / EBITDA ratio | 6.4 | 7.3 | 6.6 |

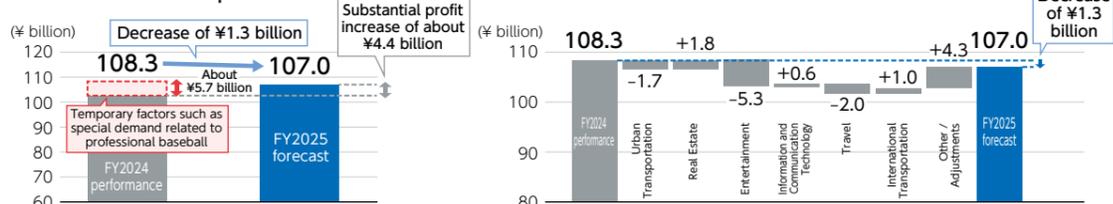
*1 Forecasts for fiscal 2025 are based on information published on May 14, 2024.
 *2 EBITDA = Business profit (Operating profit + Equity-method gains/losses related to overseas business investments) + Depreciation expenses + Amortization of goodwill
 *3 D/E ratio = interest-bearing debt / equity
 *4 Net interest-bearing debt = interest-bearing debt - cash and deposits

Fiscal 2025 Forecast for Earnings and Shareholder Return

Fiscal 2025 Earnings Forecast

For fiscal 2025, we expect revenue to increase due to higher condominium sales in our real estate segment. Profits are expected to be on par with levels in fiscal 2024 due to the rebound from temporary factors in fiscal 2024 (special demand related to professional baseball in sports business and orders received for providing support to local governments in travel segment).

Trend in business profit



Note: Forecasts for fiscal 2025 are based on data released on May 14, 2024.

Shareholder Return (Distribution of Tangible Profits)

Basic Approach to Shareholder Return

The Group provides a total payout ratio as an indicator of shareholder return, and its basic policy is to provide a stable dividend and implement share buybacks by establishing a **total payout ratio of 30%** while striving to further strengthen the management foundation. Regarding share buybacks, the upper limit of treasury stock holdings is set at 5% of the total number of shares issued; if the upper limit is exceeded, the share buybacks will be canceled.

- Dividend distribution for fiscal 2024: Annual dividend per share was raised from 50 yen to 55 yen (interim: 25 yen and year-end: 30 yen) plus treasury stock buybacks (upper limit of 7.1 billion yen)
- Planned dividend distribution for fiscal 2025: Annual dividend per share will be raised from 55 yen to 60 yen (interim: 30 yen and year-end: 30 yen), based on recent business performance and other factors.

Reference: Method of calculating total payout ratio

$$\text{Total payout ratio for year } n \text{ (\%)} = \frac{(\text{Total annual dividends for fiscal year } n) + (\text{Amount of treasury stock buybacks in fiscal year } n + 1)}{(\text{Profit attributable to owners of parent for fiscal year } n)} \times 100$$

Long-Term Management Direction

Review background

In 2022, the Group formulated its Long-Term Vision: *Toward 2040* (see page 27) and has since been promoting various strategies under the slogan "Enhancing line-side areas and expanding the field." In spite of this, the environment has been changing more rapidly than previously anticipated and is expected to change even more quickly in the future.

Anticipated changes in the environment

Social environment

- Accelerated population decline
- Lifestyle changes

Business environment

- Difficulty in securing workforce
- Rising costs
- Internationalization of Kansai

Population forecast by age group (nationwide)



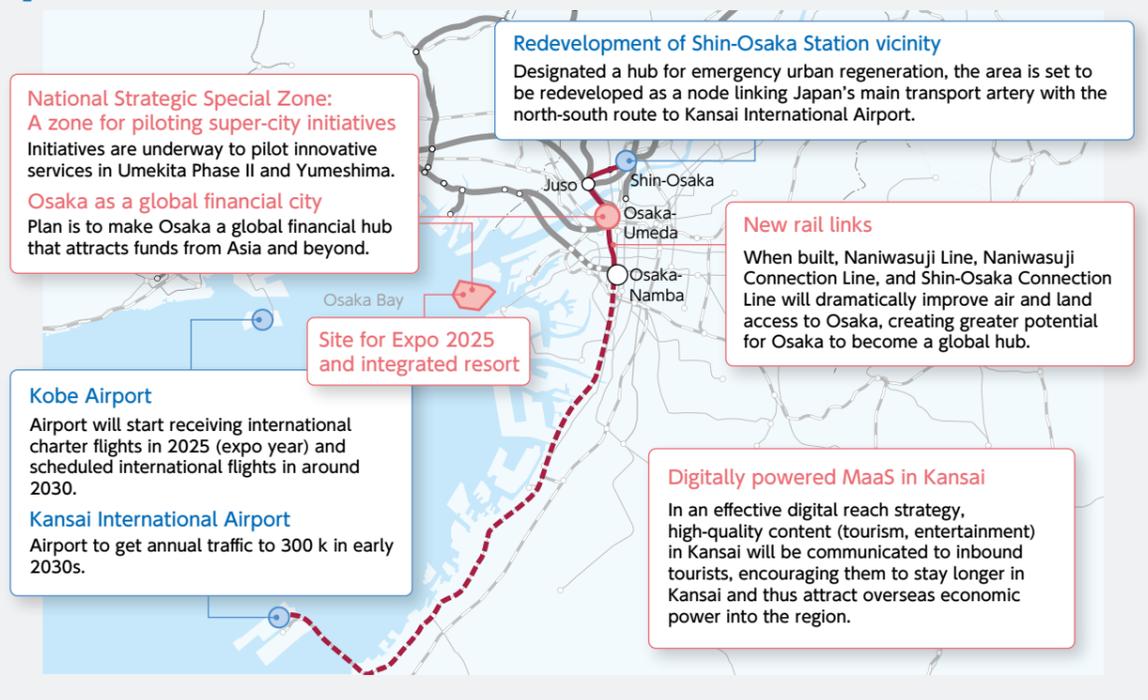
Source: National Institute of Population and Social Security Research

Consumer Price Index (Composite, excluding fresh food)



Source: Consumer Price Index, Ministry of Internal Affairs and Communications

Internationalization of Kansai



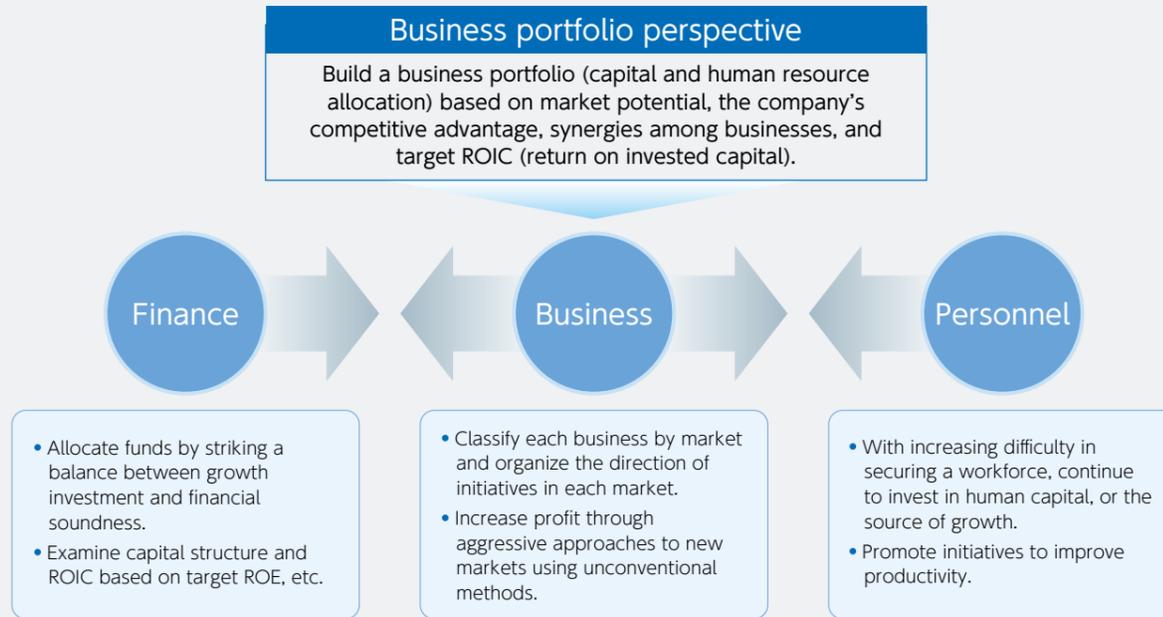
The value (mission) of the Group is to provide "safety and comfort" and "dreams and excitement" and to provide upscale lifestyles along our line-side communities. In order for the Group to grow and contribute to communities in the midst of the changing environment, it is important to actively develop new markets, secure and maintain stable cash generating ability, and achieve a consistent reputation in the capital markets through profit growth and improved capital efficiency.

As one method to move forward in this direction, we aim to

transform ourselves into a corporate group capable of achieving an ROE of 8% on a sustainable basis.

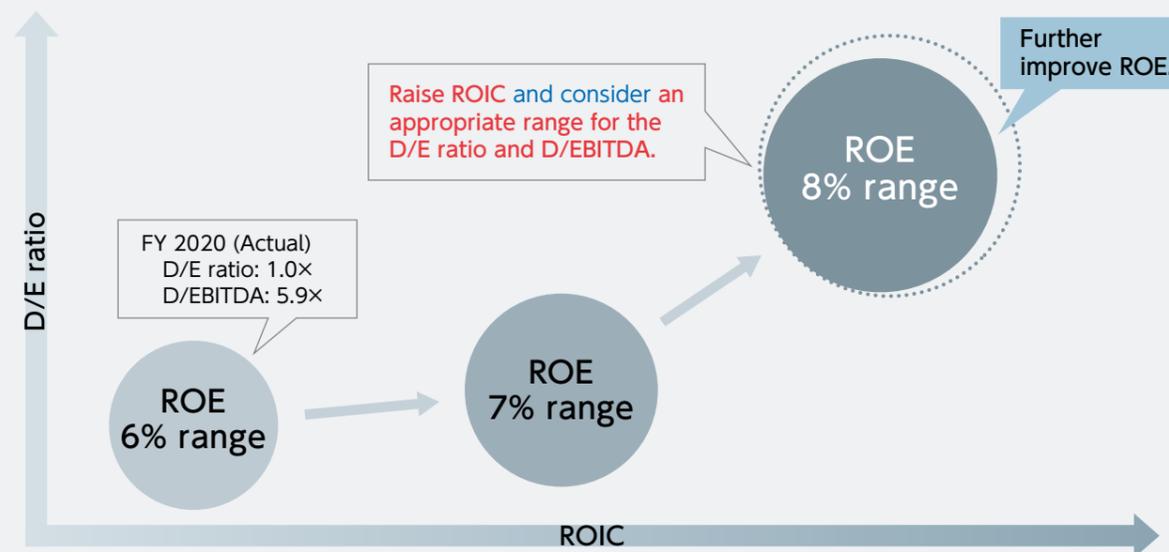
Direction of analysis for achieving reform

Achieving reform requires allocation of funds, human resources, and other management resources in a flexible, clear, and focused manner, in addition to further promoting sustainable management. To this end, we will re-examine the long-term management direction of our Group from a business portfolio perspective, subsequently discussing issues and future directions on business, financial, and personnel fronts.



From a financial perspective (aiming for ROE in the 8% range in the future)

In order to achieve stable management and continuously provide upscale lifestyles along our line-side communities, we need to earn high acclaim in the capital market and, to this end, we will consider utilizing leverage based on ROIC improvement. In that regard, however, a prerequisite involves securing the trust of creditors for stable funding. We will therefore aim to maintain an interest-bearing-debt/EBITDA ratio ("D/EBITDA") of between 5 and 6 (6 and 7 will be maintained even if the investment burden temporarily increases) while maintaining top-class financial soundness (credit rating) as a private railway operator.



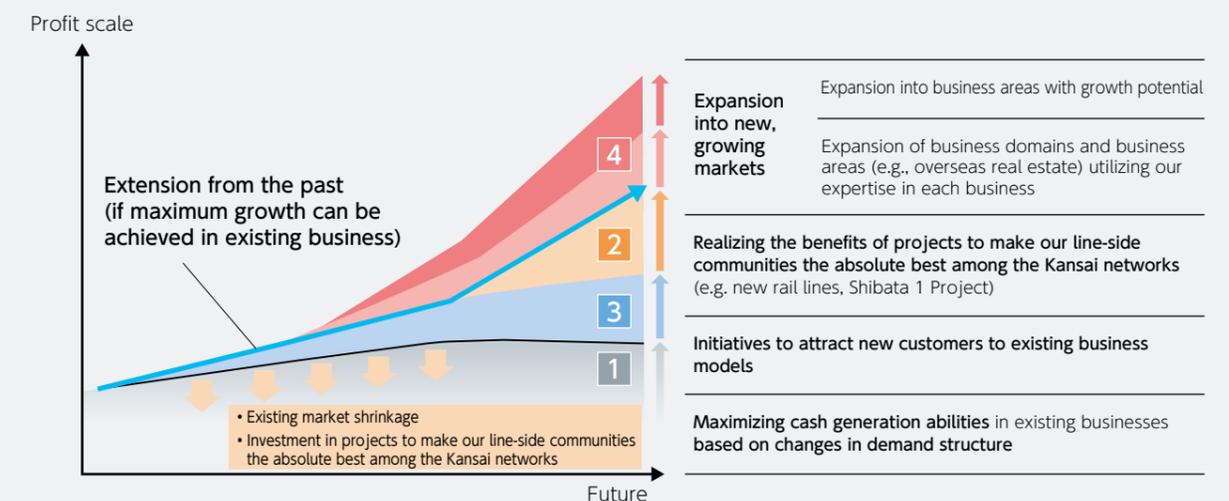
From a business perspective

Even with existing markets shrinking, we must promote large-scale projects such as new rail lines (Naniwasuji Connection Line and Shin-Osaka Connection Line) and the Shibata 1 Project in order to make our line-side communities the absolute best among the Kansai networks. While promoting these projects, we will dig even deeper into the existing markets, particularly along our railway routes, to meet expectations in the capital market (maximize cash generation ability in existing markets). At the same time, we will promote an "aggressive approach to new (growth) markets" and identify growth markets, taking into account our Group's strengths and sources of competitiveness, thereby increasing profits in unconventional ways.



Business expansion from a long-term perspective

We will aim for profit growth and secure and maintain a stable fund generating ability as follows.



We will "accelerate transformation" based on "our efforts made to date" to achieve growth that is not an extension of past measures (dynamic growth).



02 Creating Real Value: The Processes

CONTENTS

| | | | |
|----|--|----|--|
| 49 | Sustainable Management | 62 | Business Strategy |
| 51 | Human Capital —Empowering Individuals | 62 | Urban Transportation |
| 57 | Task Force on Climate-related Financial Disclosures (TCFD) | 65 | The Pursuit of Safety and Peace of Mind in the Railway Business |
| 59 | TOPICS The Positive Impact of Reducing CO ₂ Emissions | 67 | Real Estate |
| | | 72 | Entertainment |
| | | 75 | Information and Communication Technology |
| | | 77 | Travel |
| | | 79 | International Transportation |

Sustainable Management

The Group formulated a Sustainability Declaration in 2020 as the basis for working toward sustainable growth and we are now accelerating our ESG-related initiatives. Our goals are to resolve societal issues through our business activities, enhance corporate value sustainably, and ultimately achieve sustainability in society.

Sustainability Declaration

General Principles Create a future grounded in “Safety and Comfort,” and a future colored by “Dreams and Excitement.”

For over a hundred years, we have sought to cultivate communities and enrich lives. Leveraging this experience, we commit ourselves to addressing social challenges that include the global environment and working toward a sustainable future, one that offers a fulfilling, joyful life to all and inspires the next generation to dream with hope.

| Priority issues (materiality) and policies | Related fields* | Project themes |
|---|-----------------|--|
| 1 Safe, reliable infrastructure Provide railways and other infrastructure that are safe and disaster-resilient. Ensure that anyone can safely access our facilities and services. | | S Social <ol style="list-style-type: none"> Eliminate accidents and improve safety at railways and commercial facilities Promote actions to prevent/reduce accidents and respond promptly and properly to accidents if they occur Establish safe and comfortable facilities and services that satisfy the needs of a diversity of people |
| 2 Thriving communities Help build sustainable communities with rich natural and cultural heritage, making great places to visit, work in, and live in. | | S Social <ol style="list-style-type: none"> Develop a good living environment (providing good residences, creating green spaces and public spaces, establishing cultural and educational facilities, etc.) Develop and expand commercial/business areas where people communicate with each other Create a line-side environment that makes it easier for women to work and raise children Promote measures to extend the healthy lifespan of the elderly Offer services that satisfy the needs of foreign visitors/residents Enhance collaboration and partnerships with universities, research institutions, ventures, local communities, etc. |
| 3 Life designs for tomorrow Promote refined and inspired lifestyle solutions for a better tomorrow. | | S Social <ol style="list-style-type: none"> Propose products/services that help realize a lifestyle in harmony with nature Propose products/services that lead to revitalization and promotion of local communities and cultures Propose products/services that respond to diverse values and create comfort and excitement Propose products/services for young people who will lead the next generation Create and disseminate cultures through sports and entertainments Improve existing services and create new businesses by utilizing ICT innovation |
| 4 Empowering individuals Provide an inclusive workplace that values diversity and taps into individual talent. Cultivate tomorrow's leaders for society. | | S Social <ol style="list-style-type: none"> Improve employee satisfaction and create a more positive workplace Promote health and productivity management Promote diversity and inclusion Respect human rights and prevent harassment Cultivate tomorrow's leaders |
| 5 Environmental protection Conduct eco activities that contribute to a carbon-neutral world and a circular economy. | | E Environmental <ol style="list-style-type: none"> Cut greenhouse gas (CO₂) emissions Improve energy efficiency (promote energy saving) Use more renewable energy (e.g. solar) Aim for more eco-friendly buildings (green buildings) Produce less waste and recycle more |
| 6 Robust governance Act honestly and in good faith, as stakeholders expect us to do. | | G Governance <ol style="list-style-type: none"> Promote effective and transparent corporate governance Ensure compliance and prevent corruption Enhance risk management, including climate change Pay attention to opinions of stakeholders in doing business |

*The SDG icon that is placed first is the most relevant to each priority issue.

The Process of Determining Materiality

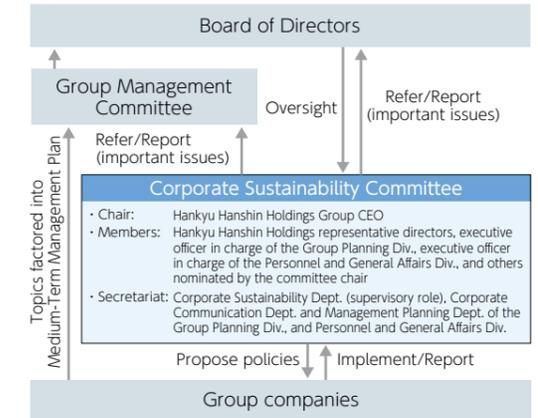
Our Board of Directors identified the Group's priority issues (materiality) based on interviews with each business division, external experts, and others, taking into consideration the societal issues facing the world today (outlined by the SDGs, SASB Standard, etc.) that the Group should address. For details, see: <https://www.hankyu-hanshin.co.jp/sustainability/materiality/#theme> (Japanese only)

Sustainable Management Promotion Framework

Since fiscal 2021, the Corporate Sustainability Committee (see the diagram to the right for details of its composition) has convened twice each fiscal year, in principle, in September and February. The committee considers the outside environment (government, investor, and competitor trends, etc.), the status of ratings by ESG evaluation bodies, and other factors, while formulating policies related to priority issues in sustainable management, verifying the progress of associated initiatives, and deliberating and deciding on items to be reflected in the Medium-Term Management Plan.

The committee's deliberations are then referred to the Group Management Committee and it also reports to the Board of Directors and accepts their oversight. In this way, we are promoting sustainable management and incorporating it into the Group's overall management system.

Sustainability Promotion Framework



*Executive Officers responsible for the Personnel and General Affairs Division are responsible for risk management as General Managers in the Risk Management Division.

The PDCA Cycle Applicable to Sustainable Management

The Corporate Sustainability Department, which is the supervising secretariat under the Corporate Sustainability Committee, collaborates with the Corporate Planning Division and the individual business divisions to apply the PDCA cycle in an effort to enhance sustainable management.



Group-wide non-financial KPIs

| Priority issues | Non-financial KPIs | Target value | Scope | FY2024 result | Reference page |
|---------------------------------|---|--|---|------------------------------------|----------------|
| 1 Safe, reliable infrastructure | Number of culpable incidents in railway operations business | Maintain at zero | Hankyu Corporation, Hanshin Electric Railway, Kita-Osaka Kyuko Railway, and Nose Electric Railway | 0 incidents | P64 |
| | Employee satisfaction | Always better than in previous survey | Conducted once every two years by Hankyu Hanshin Holdings and the six major companies* | 3.50 | P99 |
| 4 Empowering individuals | Percentage of women in management positions | Improve to around 10% (FY2031) | Hankyu Hanshin Holdings and the six major companies | 5.9% | |
| | Percentage of women among new hires | Always 30% or more | Hankyu Hanshin Holdings and the six major companies | 43.3% | |
| | Specific health guidance implementation rate | 60% or more (FY2026) | Hankyu Hanshin Holdings and the six major companies | 47.8% | |
| | Smoking prevalence | 15% or less (FY2026) | Hankyu Hanshin Holdings and the six major companies | 17.4% | |
| 5 Environmental protection | Rate of CO ₂ emissions cuts (Scope 1 and 2 equivalent) | FY2031: 46% reduction compared to FY2014 FY2051: Net zero | Hankyu Hanshin Holdings and its subsidiaries' Japanese worksites | 32.6% reduction compared to FY2014 | P101 |

*Six major companies: Hankyu Corporation, Hanshin Electric Railway, Hankyu Hanshin Properties, Hankyu Travel International, Hankyu Hanshin Express, and Hankyu Hanshin Hotels

Non-financial KPIs for each core business

In order to address the six priority issues (materiality), we have identified non-financial KPIs for each core business and are engaged in improvement efforts.

| Urban Transportation | Real Estate | Entertainment | Information and Communication Technology | Travel | International Transportation |
|--|--|--|---|---|---|
| Barrier-free accessibility rate, ratio of energy-efficient rolling stock, etc. | Compliance rate of large buildings with BCP, environmental certification acquisition rate, adoption rate of ZEH construction methods, etc. | Number of baseball classes, number of children and students in attendance at the theater, etc. | Number of municipalities with which disaster prevention agreements have been concluded, status of information security certifications, etc. | Satisfaction of tour participants, number of cooperating municipalities, etc. | Improvement of the BCP maintenance rate, lowering of the customs clearance error rate, etc. |
| See page 64 for details | See pages 70-71 for details | See page 74 for details | See page 76 for details | See page 78 for details | See page 80 for details |

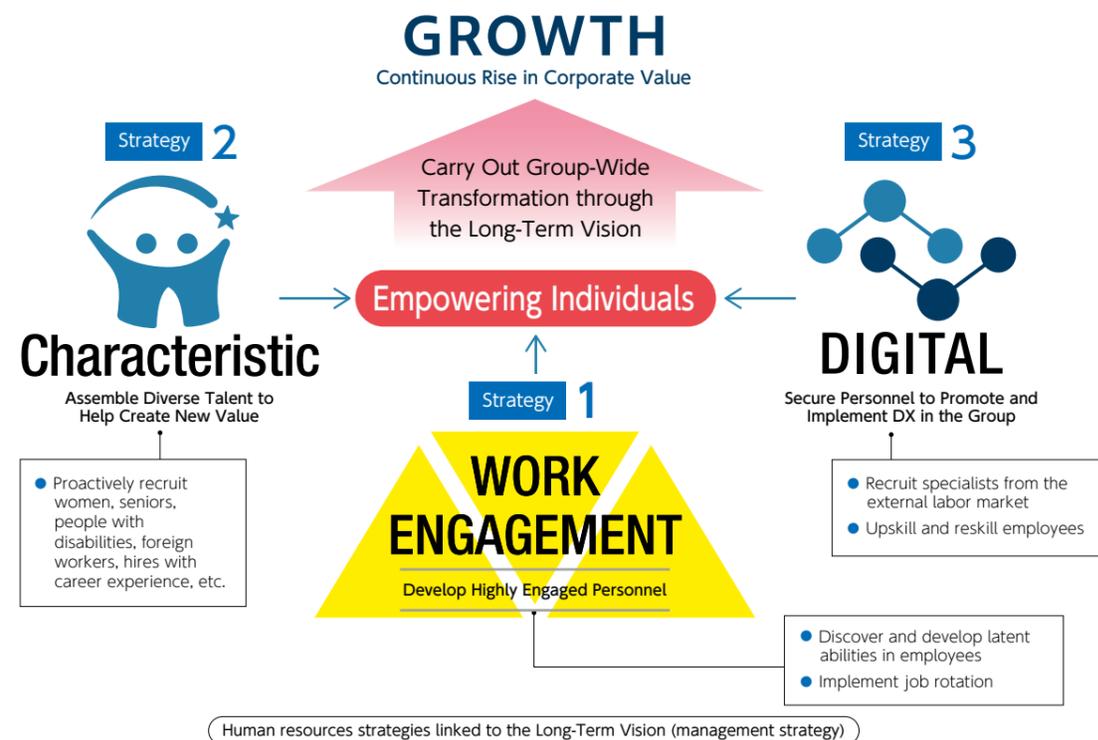
Human Capital—Empowering Individuals

To achieve our Long-Term Vision, we need to increase the appeal of our line-side areas and content, expand our fields of business, and work together to push Group transformation in unison. An essential factor in that effort is the full engagement of every employee and the driving force that can become. We thus aim to make significant improvements in the working environment within the Group to enhance the workplace, ensuring that it is both enjoyable and enriching, and that it allows people of different characters and abilities to make full use of their unique strengths. We want to foster a vibrant, interactive culture that values everyone's point of view.

Our approach

Achieving our Long-Term Vision requires a human resources strategy that lines up with that vision, which means not relying on the highly homogeneous pool of graduates fresh from university, but bringing greater diversity into the workforce. It means drawing out new, latent abilities from employees and fostering them through a work environment of mutual cooperation between company and employee that makes it easy for empowering individuals.

Our human resources strategy



Initiatives based on each strategy

Strategy 1

Develop Highly Engaged Personnel

To push Group transformation as one, it is necessary to have a highly engaged workforce—people who are capable of responding flexibly to changes in the external environment, much as people adapted their behavior to the pandemic. We require people who enjoy change and can act autonomously to grow the organization.

Specific measures

- Employee satisfaction survey
- Diverse work styles and workplace environments
- Promotion of health and productivity management
- Elimination of harassment
- Human resource development initiatives

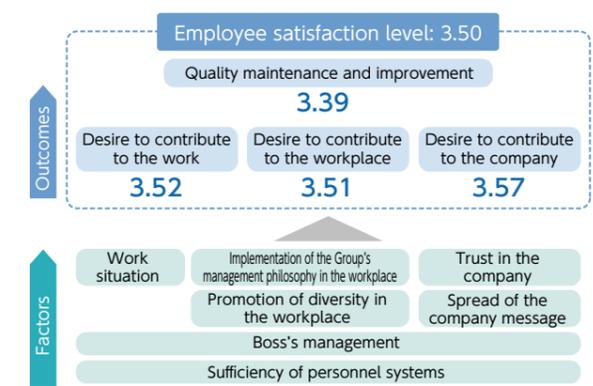
| Non-financial KPIs | Target (FY2026) | FY2024 Actual record (difference from previous year) | Details |
|--|---------------------------------------|--|---|
| Employee satisfaction | Always better than in previous survey | 3.50 out of 5 (-0.07) | Conducted every other year (not conducted in FY2023) |
| Turnover rate of employees who have joined the company within the last 3 years | — | 12.1% (-13.3 pts) | |
| Average years of service | — | 20.0 years (+0.3) | |
| Specific health guidance implementation rate | 60% or higher | 47.8% (-8.0 pts) | Subjects taken from the results of health checkups in FY2023 (individuals who completed Specific Health Guidance or those eligible for Specific Health Guidance) |
| Smoking prevalence | 15% or lower | 17.4% (-1.3 pts) | |
| Frequency rate of lost-time injuries | — | 1.38 (+0.83) | Number of fatalities or injuries due to work-related accidents per one million total actual working hours (one or more days lost from work) excluding accidents involving a third party and commuting accidents |
| Rate of participation in human rights training (level-specific training mainly conducted by Hankyu Hanshin Holdings) | Always 100% | 97.1% (-2.9 pts) | |
| Number of trainees (total) | — | 16,307 employees (-4,946) | |
| Training hours per employee | — | 11.34 hours (+0.21) | |

Note: Unless otherwise indicated, coverage encompasses Hankyu Hanshin Holdings and six major companies (Hankyu Corporation, Hanshin Electric Railway, Hankyu Hanshin Properties, Hankyu Travel International, Hankyu Hanshin Express, Hankyu Hanshin Hotels)

Employee satisfaction survey

The Group has long conducted employee satisfaction surveys and aimed to improve employee satisfaction through periodic monitoring (using the PDCA cycle). In the survey, the employee satisfaction level is calculated as the average value for the four items listed in the "Outcomes" section in the diagram to the right. The four items are considered to be the outcomes or results of actions and were set to ascertain current conditions such as job, workplace, boss, and company, which are possible factors affecting employee satisfaction, so that improvement measures can be set up and their effects verified.

Considering the importance of understanding employee engagement throughout the group, since fiscal 2024, we have been conducting surveys at 94 Group companies, including consolidated subsidiaries and some unconsolidated subsidiaries and affiliates.



Structure of the employee satisfaction survey

Note: These are results from the fiscal 2024 survey (5-point scale)

Diverse work styles and workplace environments

The Group is setting up systems to enable diverse working styles independent of time and place and is creating open-design workplaces that are employee-friendly*. We are creating an environment that will allow employees to work flexibly around their life events and continue working with peace of mind, while fostering a workplace culture that raises productivity in which active communication takes place that contributes to value creation.

*Workplaces will vary according to the company, department, etc.

Systems that enable diverse working styles independent of time and place

- Remote work system
- Flextime system
- Staggered work hours
- System that allows employees to take annual paid leave in half-day or hourly increments
- System of short working hours and short work days that allows employees to balance childcare, nursing care, or medical treatment with their professional lives

Open-design workplaces that are employee-friendly

- Free address system
- Activity-Based Working (ABW) areas (private spaces suitable for a single person to concentrate on work or conduct a web conference, free spaces suitable for small group meetings, etc.)
- Loosening of dress code

| Category | 2021 | 2022 | 2023 | 2024 |
|-----------------------------------|-----------|-----------|-----------|-----------|
| Large enterprise | 8 | 10 | 11 | 12 |
| Small and medium-sized enterprise | 7 | 9 | 14 | 18 |
| Total | 15 | 19 | 25 | 30 |



Elimination of harassment

Once every two years, we conduct a group-wide work environment survey. The results of the questionnaire help each company to formulate a plan for harassment prevention measures, and are also used to make work environment improvements and provide education. Striving to create an environment in which it is easy to seek consultation, we have set up Harassment Consulting Offices at the head office and at each company, and provide training to improve the expertise of those working in the offices. We also provide human rights awareness training for the president of each Group company annually, along with training regarding awareness of harassment and other human rights for new employees and employees promoted at each level.

Human resource development initiatives

《 Systematic Job Rotation 》

We value and use job rotation in the Group's six core businesses, primarily within each core separately to train large numbers of employees. This practice gives employees familiarity with the business and helps them develop knowledge that will give us a competitive edge in the industry.

From the perspective of the management of the entire Group, however, it is essential to have personnel who are familiar with many different businesses and can guide the Group in a leadership role. To develop that kind of expertise over the long term from a group-wide perspective, we plan to gradually increase the scope of job rotations in a systematic way that includes providing crossbusiness experience through internal transfers beyond each core. In terms of assigning personnel, personnel departments also get an accurate read on the career aspirations of each employee via our Communication Sheets and career interviews undertaken when personnel are promoted.

《 Expert Professional Course 》

The Company set up a new training program in fiscal 2023—an Expert Professional Course—to join the existing Basic Management Course. This will enable us to develop the specialized personnel needed to carry out our business strategy.

By providing new career options for our employees, the Company hopes to elicit even better individual performance, aiming to strengthen the Group's businesses and further augment our corporate performance.

《 Extensive Training Programs 》

The Company has established a Basic Policy on Human Resource Development, based on which we offer many types of training programs each year. Such programs support the career aspirations of all employees in a step-by-step manner. We also support independent study by subsidizing self-development and

study opportunities and correspondence courses. We send employees out to get external training or to attend graduate school for an MBA, helping them acquire knowledge and develop personal connections.

In the area of self-development, we subsidize tuition to attend the GLOBIS University MBA program and assist with costs for other types of external training such as DX-related e-learning. We also cover the full cost of tuition for correspondence courses that lead to career advancement (with an upper limit).

In addition, the Group is carrying out training aimed at cultivating foresight and creativity through the New Value Creation Project Research. This unique project trains people to conceptualize and propose new value by using cutting-edge technologies in the businesses we are in, based on seminars given by experts in various fields complemented by discussion and research.

| Basic Policy on Human Resource Development | Types of Personnel Needed |
|--|---|
| <ol style="list-style-type: none"> 1 Support proactive career formation and skills development 2 Clarify the types of personnel needed and support their training in the workplace 3 Encourage the creation of new value from a long-term perspective | <p>The Ideal Employee of Hankyu Hanshin Holdings</p> <ul style="list-style-type: none"> • Envisions the future of the entire Group from an optimal perspective and has the drive to actualize that vision • Has high aspirations and strong beliefs and takes on challenges without preconceptions • Engages with others sincerely and with humility and is constantly learning |

Our Basic Policy on Human Resource Development / Types of Personnel Needed

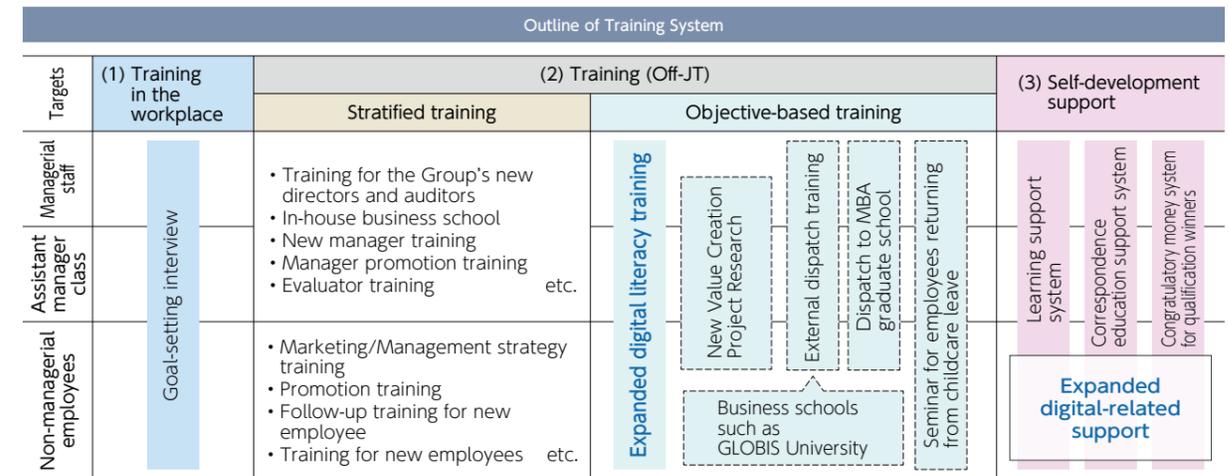


Diagram of Our Overall Training System

Strategy 2

Assemble Diverse Talent to Help Create New Value

To meet the challenge of the SDGs and keep providing value of many kinds requires not only "human resources skilled in the proper execution of prescribed tasks" but diverse talent—people who can bring change to the organization from new perspectives. That diversity can take the form of skills, behavioral characteristics, career experience, high-productivity work styles, etc.

Specific Measures

- Implementing strategic recruitment to secure diverse human resources
- Empowering women in the workplace
- Encouraging male employees to participate in childcare
- Supporting employment of people with disabilities

| Non-financial KPIs | Target (FY2026) | FY2024 Actual record (difference from previous year) | Details |
|---|--|--|---|
| Percentage of women among new hires | Always 30% or more | 43.3% (+9.0 pts) | |
| Percentage of women in management positions | Improve to around 10% (FY2031) | 5.9% (+0.3 pts) | |
| Wage gap between men and women | — | 72.2% (+0.7 pts) | Ratio of actual wages paid to female employees vs. male employees (Scope of coverage: Hankyu Hanshin Holdings) |
| Paternity leave uptake rate | 100% | 99.1% (+4.3 pts) | Number of employees who took childcare leave or leave for childcare purposes in FY2024/Number of employees whose spouses gave birth in FY2024 |
| Employment rate of people with disabilities | Always at or above statutory employment rate | 3.01% (-0.04 pts) | Scope of coverage: Companies designated as special subsidiaries |
| Ratio of new hires with career experience | — | 36.5% (+9.0 pts) | Percentage of new hires in FY2024 with career experience |
| Ratio of foreign employees (Percentage of increase in foreign employees over the previous year) | — | 0.52% (-0.01 pts) | |

Note: Scope of coverage: Hankyu Hanshin Holdings and six major companies (Hankyu Corporation, Hanshin Electric Railway, Hankyu Hanshin Properties, Hankyu Travel International, Hankyu Hanshin Express, and Hankyu Hanshin Hotels), except as described in details.

• The ratio of women is low in management positions with relatively high wage levels. On the other hand, there is almost no difference in wages between men and women relative to their age and years of service.

Implementing strategic recruitment to secure diverse human resources

◀ Hiring new graduates ▶

We are promoting recruitment activities with the aim of acquiring human resources who can work to enhance corporate value while maintaining a group-wide perspective. In order to secure diverse human resources, we are communicating the appeal of a wide variety of business areas and placing importance on providing applicants with a specific image of what their work will involve. We believe it is essential that not just those responsible for recruitment in personnel department but also employees working at each business division interact with larger numbers of students, and based on this, we are organizing internship programs that involve the active participation of those employees.

Specifically, we are offering six different courses catering to the needs of participants, including "Open Companies for Promoting Business Understanding," "Work Experience-Style Five-Day Internships," and "Two-Day Work Experience for Understanding Technological Fields." With these initiatives, we are creating opportunities for employees from each business division to directly convey to students a true picture of Hankyu Hanshin Holdings.

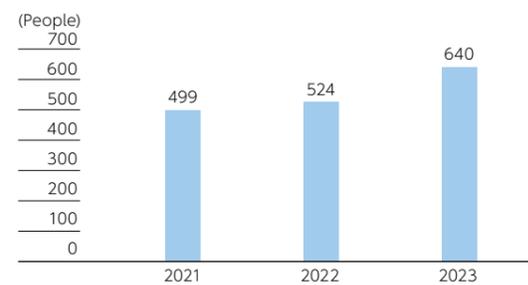
As a result, our internships are very popular among students who are job hunting, and around 650 of them participate as interns each year.

◀ Recruiting experienced personnel ▶

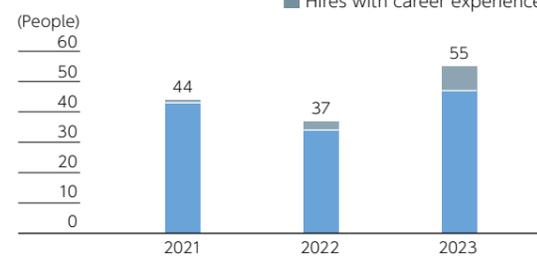
In addition to hiring new graduates, we are also actively working on the recruitment of experienced personnel. Our goal is to enhance diversity and innovation within the organization by welcoming professional human resources with diverse backgrounds. Particularly as a means of promoting the Hankyu Hanshin DX Project, this initiative began in earnest in 2022, and since then, we have been joined by people from a variety of industries including IT, who are contributing to the promotion of DX at the Company by leveraging their varied expertise.

From fiscal 2024, in addition to DX personnel, we have been advancing the recruitment of experienced personnel from a wide range of fields, including new businesses, inbound tourism, and back-office operations. Thanks to this, we are incorporating expertise and innovation from numerous fields, and by creating an environment in which even more diverse human resources can fully demonstrate their capabilities, we are promoting the growth and evolution of the entire organization.

Number of interns



Number of hires



Empowering women in the workplace

Hankyu Hanshin Holdings and its six major companies have established action plans based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and continue to be proactive in hiring women. In addition, we strive to maintain a working environment where all employees can seek to fulfill their potential, regardless of their gender. To this end, we are conducting external dispatch training to cultivate female leaders, and improving policies that utilize external mentors to help women maintain a balance between work and home life.

We will continue to promote policies that enable all employees to fully express their individuality and demonstrate their abilities, based on: ① support for balancing work with significant life events, ② support for career development, and ③ promotion of understanding in the workplace.

Encouraging male employees to participate in childcare

The rate of male employees at the Company taking childcare leave is already relatively high, and in April 2023, a policy was implemented with the aim of further increasing the number of days taken for such leave (including incentives for taking long-term leave and granting special paid leave). We are also promoting the creation of a workplace culture that makes it easier for male employees to participate in childcare, for example, by holding seminars for all those in management positions about the effectiveness of encouraging

male employees to take childcare leave.

Propagating and supporting the recruitment of people with disabilities

The Group hires people with disabilities primarily through our special subsidiary, Assist Hankyu Hanshin, to create a supportive working environment for people with disabilities and actively create work opportunities for people with disabilities in the future.

Strategy 3

Secure Personnel to Promote and Implement DX in the Group

In a rapidly changing business climate that includes labor shortages and shifting consumer needs and values, it is essential to respond quickly and utilize data and digital technologies to achieve transformation (creating value and improving productivity). To do this, the Group needs personnel who can promote and implement DX.

Specific Measures

- Creation of a DX promotion system
- Hiring and training of DX personnel

| Non-financial KPIs | Target (FY2026) | FY2024 Actual record (difference from previous year) | Details |
|--|------------------|--|---|
| DX education expenditure | Always about 15% | 17.7% | Scope of coverage: Hankyu Hanshin Holdings |
| Percentage of employees completing DX online education | Always 100% | 100% | DX education expenditures as a percentage of human resource development expenditures (Scope of coverage: Hankyu Hanshin Holdings) |

Creation of a DX promotion system

In April 2022, we established the DX Project Promotion Department. This department is playing a central role as we forge ahead with building a common platform for the entire Group. Personnel with expertise in the operations of our core businesses are also actively incorporating digital technologies, and through initiatives such as these, we are promoting digital transformation throughout the Group.

Hiring and training of DX personnel

The Hankyu Hanshin Holdings Group has strengths in information and communications and has developed specialized talent working at the forefront of IT. In addition to such talent, in fiscal 2023 we began hiring new personnel with career experience in order to promote DX throughout the Group, incorporating their knowledge and perspectives.

In fiscal 2023, we began providing all employees with extensive digital training, starting with basic digital education using an e-learning system. Additionally, we introduced a new job rotation system, dubbed the DX Human Resource Development Program. The program works by taking a certain number of young employees positioned in core businesses—generally in their third year with the Company—and transfers them to Itec Hankyu Hanshin to pick up skills, then sends them back to their original departments after about two years. During their time with the company, they gain experience in programming, systems development, and other skills. The goal of the program is to develop personnel who have insight into both information technology and business operations. We later plan to use the program to reskill more seasoned employees in the focused area of DX.

Our Approach to Digital Education

We will provide educational opportunities through both training (Off-JT) and self-development support aimed at developing personnel capable of promoting value creation in each business, improving the productivity of each Group company, and leading their respective organizations.

| Objective | Means | Training Programs |
|-----------------------|--------------------|---|
| Value creation | New value creation | [DX] Business and business model transformation for customer-centric value creation • Philosophy of digital transformation seminars • New Value Creation Project Research • Problem-solving training using AI • E-learning for acquiring basic DX knowledge |
| | Higher added value | [Digitalization] Digitalizing of individual operations and manufacturing processes • E-learning for acquiring the ability to read and analyze numbers • Assigning employees to take productivity improvement training using Office |
| Improved productivity | Cost reductions | [Digitization] Conversion of analog and physical data into digital data • Productivity improvement and information security training using IT tools |

Objectives of the DX Human Resource Development Program

- 1 The acquisition of practical, real-world technical skills through Engineer/Programmer developmental training
- 2 The acquisition of the fundamentals for becoming future Systems Architects (personnel who can design systems related to DX and digital business)

| Personnel Title | Personnel Roles |
|------------------------------|---|
| Producers | Leaders to lead the implementation of DX and achieve digital business |
| Business designers | Personnel responsible for planning, drafting and promoting DX and digital business |
| 2 Systems architects | Personnel who can design systems related to DX and digital business |
| Data scientists/AI engineers | Personnel with expertise in digital technologies (AI, IoT, etc.) and data analysis related to DX |
| UX designers | Personnel in charge of user interface design for systems related to DX and digital business |
| 1 Engineers/Programmers | Personnel responsible for the implementation of digital systems and infrastructure-building, plus the above |

Basic Digital Education at the Company

Specialized digital education at Itec Hankyu Hanshin

Task Force on Climate-related Financial Disclosures (TCFD)

In May 2021, our Group announced its support for the Task Force on Climate-related Financial Disclosures (TCFD). Since then, we have proceeded with information disclosure in line with the various principles related to governance, strategy, risk management, and metrics and targets. Going forward, we will continue to steadily promote the transition to a carbon-neutral society by incorporating a response to climate change into our business strategies and by enhancing the resilience of our businesses.

*For details (Japanese only) of information disclosure based on TCFD recommendations, please visit our website (<https://www.hankyu-hanshin.co.jp/sustainability/tcfd/>).

1 Governance

To drive environmental, social, and governance (ESG) responses—including those to climate change—throughout the Group, our Corporate Sustainability Committee meets twice a year (normally, September and February) under the chairpersonship of the Group CEO. The deliberations of the

committee are submitted to a meeting of the Group Management Committee, which is attended by all representative directors and representatives of each core business, and are reported to the Board of Directors to obtain their guidance. (See page 50 for details.)

2 Strategy

Identifying risks and opportunities

In considering responses to climate change issues, the Group identified risks and opportunities with the potential to influence our core business, especially in railway operations and real estate, which are expected to be particularly affected by climate change, and in international transportation, in which the needs of business partner companies are significant.

| Main Items Identified | | | Timeframe |
|-----------------------|------------------------------|---|----------------------|
| Risk | Railway operations | The imposition of carbon taxes, changes to the energy mix, and other measures will lead to an increase in power costs. | Medium to long term |
| | Real estate | Ultra-large-scale typhoons and increasingly heavy rainfalls increase the potential for damage due to flooding of garages, stations underground, or electrical equipment, and the destruction of embankments may lead to the suspension of railway services. | Short to long term |
| | International transportation | The cost of construction and renovation of buildings will increase due to soaring prices of building materials from the imposition of carbon taxes and the tightening of regulations on Net Zero Energy Buildings (ZEB) and Net Zero Energy Houses (ZEH). | Short to medium term |
| Opportunity | Railway operations | There may be fewer opportunities to do business with customers who are highly environmentally aware if we delay reducing the environmental impact of our logistics services or providing information relating to those services. | Medium to long term |
| | Real estate | The price advantage of energy efficient railways is expected to increase, and customers can be expected to shift to rail transportation. | Medium to long term |
| | International transportation | We can strengthen our competitiveness by responding to emerging needs for disaster-resilient buildings and housing with high environmental performance. | Medium to long term |
| | | There is expected to be an increase in business opportunities from enhancing our portfolio of environmentally friendly services and from proposing integrated storage and transportation. | Medium to long term |

Scenario analysis and estimation of financial impacts

In order to assess the impact on our business in fiscal 2031, we conducted scenario analysis of risks and opportunities whose impact is likely to be significant, specifically in relation to our railway operations business and real estate business, which are expected to have a particular impact on climate change.

Specifically, we estimated the financial impact on business of the 1.5°C temperature-rise scenario, under which carbon-neutral policies are likely to be strengthened, and the 4°C temperature-rise scenario, under which physical risks are likely to be tangible.

Railway operations

Impacts on the railway operation business and future response

Under the 1.5°C temperature-rise scenarios, we were able to confirm that environmental regulations should be tightened due to policies and that the impact of carbon taxes would increase. We will continue to reduce the impact of these by reducing energy consumption by upgrading to energy-efficient railway cars; introducing LED lighting; and working to utilize renewable energy by installing solar panels at stations.

Under the 4°C temperature-rise scenario, it was confirmed that the potential for greater physical damage would be exacerbated by

natural disasters that are more intense in scale and frequency. In this trial calculation, we selected the Muko River, which would be expected to cause the largest amount of damage on our line-side areas, and calculated the likely amount of damage. On the other hand, it was confirmed that the damage could be greatly reduced by evacuating trains when the Muko River floods. We will continue to strive for robust business operations that can avoid long-term suspensions through various safety investments and steadily implementing train evacuation plans.

| | Category | Eventualities That Would Impact Business | Impact on operating profit*(¥ billion) | |
|------------------|---|---|--|----------------|
| | | | 4°C | 1.5°C#2 |
| Transition risks | Carbon tax and costs | Requirement to pay carbon taxes | - | -3.0** |
| Physical risks | Abnormal weather (intensification of natural disasters) | Flooding from Muko River would damage our assets and reduce ridership revenue | No train evacuations (Amount saved by avoiding train evacuations) | -3.9 (-1.0) |
| | | | Train evacuation | -0.4 (-0.1) |
| | Changes in rainfall and other weather patterns | Higher frequency of service cancellations due to torrential rain** | | -0.4 (-0.2) |

*1 None of the figures account for the possibility of passing on cost increases to passengers.
*2 As there are no parameters for physical risk for the 1.5°C scenario, we have assumed the same impact as under the 2°C scenario.
*3 For the IEA's 1.5°C scenario, impacts are calculated on the basis of 140\$/t-CO₂, with a dollar worth 152 yen (the rate at the end of March 2024).
*4 Increase in torrential rain is averaged over a period from 2076 to 2095.

Real estate

Impact on our real estate business and future responses

Under the 1.5°C temperature-rise scenario, it has been confirmed that construction costs would increase due to the higher price of construction materials after the introduction of the carbon tax, the adoption of ZEB construction methods, and the tightening of environmental regulations. Regarding ZEB, it is difficult to pass on the cost of construction methods in rent prices, and there may be an impact on operating profit that is equivalent to depreciation, although we will endeavor to reduce the impact as much as

possible while utilizing government subsidies. Under the 4°C scenario, we have confirmed that the financial impact on the real estate business would be limited.

Mainly for newly developed large buildings, in the future, we will continue to adopt metrics such as the business continuity plan (BCP) compliance rate, the green building certification acquisition rate, and the adoption rate for ZEH construction methods in new condominium development, and will promote initiatives that enable us to respond whatever the scenario.

| | Category | Eventualities That Would Impact Business | Impact on operating profit*(¥ billion) | |
|------------------|--|--|--|--------|
| | | | 4°C | 1.5°C |
| Transition risks | Carbon tax and costs | Rising prices of construction materials due to introduction of a carbon tax | - | -2.6** |
| | | Requirement to pay carbon taxes | - | -0.4** |
| | Response to greenhouse gas emissions regulations such as ZEB construction methods, and dissemination of new technologies | Increase in construction costs due to ZEB construction methods (equivalent to depreciation cost) | - | -0.5 |

*1 None of the figures account for the possibility of passing on cost increases to passengers.
*2 Estimated based on the IEA's 1.5°C temperature-rise scenario estimates (same as railway operation business)

3 Risk management

Our Group has established a dedicated Risk Management Committee to oversee group-wide risk management, and our Risk Management Division in charge of actual operations conducts annual risk assessments. For these assessments, the risk management office uncovers risks to organizational operations, including those relating to climate change (natural disasters, sharp rises in energy and materials prices, etc.), and

having assessed the likelihood of these risks occurring and their impact, establishes the appropriate countermeasures. The status of these risks is analyzed and risk countermeasures are reported to the Board of Directors whenever necessary, while the Corporate Sustainability Committee also deliberates on risks relating to climate change and their impact on business. (See page 88 for details.)

4 Metrics and targets

We have adopted environmental protection as a priority issue for sustainable management and established CO₂ emission reduction targets as a non-financial KPI common to the Group (net zero emissions by fiscal 2051, with the interim goal of a 46% reduction from fiscal 2014 levels by fiscal 2031). While looking at financial soundness and investment effects, we are steadily promoting energy efficiency, and based on trends in technological innovation and business profitability, we will also consider energy generation (the introduction of equipment, etc. for generating renewable energy) (See page 102 for details). In line with the above policy,

each business has established indicators for the appropriate management of non-financial action plans and progress, including responses to climate change. Furthermore, with the aim of encouraging investment aimed at reducing CO₂, from fiscal 2024 we introduced internal carbon pricing (¥5,000/t-CO₂). Utilization examples: Decision-making relating to alternative newly built railcars with high energy efficiency and the carbon-neutral operation of all Hankyu Hanshin railway lines). We will continue to actively promote initiatives contributing to the emergence of a society that is committed to carbon neutrality.

| | |
|------------------------------|---|
| Shared by the Group | <p>Non-financial KPIs: FY2031 goals for reducing CO₂ emissions: 46% compared to FY2014, net zero in FY2051 (Scope: Hankyu Hanshin Holdings and its subsidiaries' Japanese worksites) (See page 102 for details.)</p> |
| Railway operations | <ul style="list-style-type: none"> Upgrading to energy-efficient rolling stock, installing solar power generation on factory roofs and station buildings, and introducing regenerative power storage devices Promoting a response to natural disasters based on business continuity plan (BCP) <p>Non-financial KPIs: VVVF train* conversion rate, LED conversion rate, zero long service downtime due to natural disaster, etc. (See page 64 for details.) *Railway cars whose motor voltage and frequency can be controlled with high environmental efficiency and no waste.</p> |
| Real estate | <ul style="list-style-type: none"> Helping make rental facilities carbon neutral (energy efficiency/generation and procurement of renewable energy) Promoting ZEB and ZEH construction methods for buildings and housing under development <p>Non-financial KPIs: BCP compliance rate for large buildings in the Osaka-Umeda area, green building certification rate for large office and commercial buildings, rate of adoption of ZEH construction methods for new condominiums for leasing or sale in Japan, etc. (See pages 70-71 for details.)</p> |
| International transportation | <ul style="list-style-type: none"> Seeking to maintain and strengthen competitiveness by providing optimal alternative transportation measures (non-stop distribution) based on appropriate BCPs <p>Non-financial KPIs: Rate of existence of BCPs.</p> |

TOPICS

Contributing to a carbon-neutral society through our business
The Positive Impact of Reducing CO₂ Emissions

Our Group has adopted environmental protection as one of its priority issues for sustainable management. Amid the demand for carbon neutrality in society as a whole, by promoting positive urban development through transportation networks, real estate facilities, and the like that serve to reduce CO₂ emissions, our goal is to contribute to a carbon-neutral society.

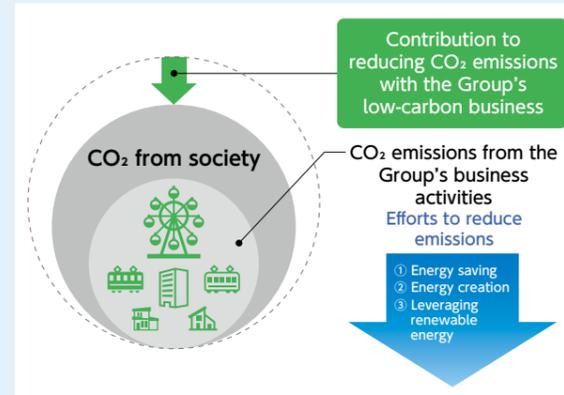


Business for a carbon-neutral society

Built on a transportation network that includes our railway operations, the Group has expanded its business into a number of other fields that include everything from the development and operation of homes, office buildings, commercial facilities, and hotels to the provision of entertainment. We also aim to deliver safety, comfort, dreams, and excitement, and to provide affluent lifestyles to customers—including those who live near our railway lines—in their residences and the places they spend time (living, working, at leisure, etc.) and the movement they accumulate in their daily lives.

In recent years, as climate change has become an urgent social issue, there has been a demand for a transition to a carbon-neutral society in which there are reduced emissions of greenhouse gases such as carbon dioxide (CO₂), which is one of the main causes of global warming. Based on our three fundamental efforts to achieve carbon neutrality: ① steadily promoting energy-saving measures, ② considering energy creation, and ③ leveraging renewable energy (to add environmental value), while striving to reduce the CO₂ emitted through our business activities, by providing products and services that serve to reduce CO₂ emissions, we also intend to promote positive urban development that results in carbon-neutral communities and happiness for those who live in them.

Recently, in order to further clarify the outline of the social value of contributing to a carbon-neutral society that our railway segment and real estate segment aim to deliver, we estimated the extent to which both these businesses could contribute to reducing CO₂ emissions. Using the results of these estimates, we would like to increase awareness of the fact that the products and services of both Group businesses are more environmentally friendly choices than comparable products and services (see below), and to encourage even greater use of them by customers.



(1) Railway business: Estimated carbon reduction* as a mode of transportation compared to cars

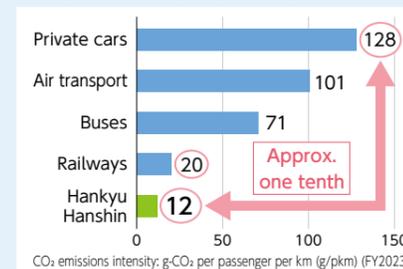
Concept

Trains are a mode of transportation with a low environmental impact and use less energy per person than cars. In particular, the Hankyu Corporation and Hanshin Electric Railway, which have railway lines in urban areas, constitute an extremely efficient mode of transportation, with CO₂ emissions per person that are approximately 90% less than cars. Furthermore, through the Group's energy-saving and energy creation initiatives, which include upgrading to energy-efficient rolling stock, introducing auxiliary power supplies for station buildings that effectively utilize the surplus regenerative power produced when a railcar's brakes are applied, and installing solar panels at stations and elsewhere, we have reduced the amount of electricity used in our railway business by 16% in about ten years (fiscal 2024 results compared to fiscal 2014). (See pages 102 and 103 for details of key initiatives for reducing CO₂ emissions.)

With these points in mind, the Group is building a safe, secure, and highly convenient public transportation network with train use at its core, and by passengers using the railways, we believe it is possible to reduce CO₂ emissions compared with traveling the same distances by car and to expand carbon reduction.*

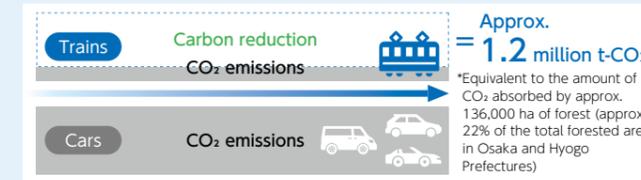
*Carbon reduction: This concept involves quantitative assessment of contribution amounts, that is, the extent to which companies have contributed to reducing the emission of greenhouse gases—including CO₂—in society as a whole through the popularization of their products and services. It is one method for considering the reduction of CO₂.

CO₂ emissions per mode of transportation (per passenger)



Source: Ministry of Land, Infrastructure, Transport and Tourism website
 CO₂ emissions from the transport sector (updated April 26, 2024)

Carbon reduction in the Group's railway operations (FY2024 in-house estimates)

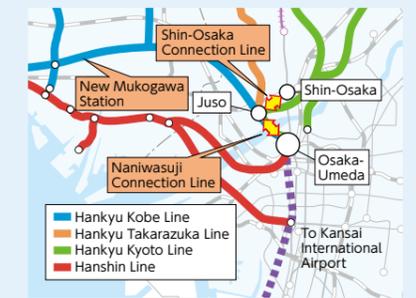


[Concept for estimates]

Calculations relate to approximately 216 km of railway lines operated by four companies: Hankyu Corporation, Hanshin Electric Railway, Kita-Osaka Kyuko Railway, and Nose Electric Railway. These calculations compare hypothetical conditions assuming the use of private cars to cover the total distance traveled by passengers on those railway lines. Estimates are based on "Estimation Guidelines for CO₂ Emissions from Train Use by Passengers" (March 2024) by a working group of the Railway Decarbonization Public-Private Partnership Platform for visualizing and promoting use (CO₂ emissions per passenger per kilometer from travel using private cars have been sourced from "CO₂ emissions from the transport sector" from the Ministry of Land, Infrastructure, Transport and Tourism website).

Looking to the future

Alongside our plans for new railway lines such as the Shin-Osaka Connection Line and the Naniwasuji Connection Line and for establishing New Mukogawa Station, through initiatives such as energy saving and upgrades to usage environments—for example, with buses, taxis, bicycle rental, and bicycle parking facilities—the Group will continue to promote the formation of a low environmental impact transportation network centered around public transportation. In addition to ongoing work for enhancing the safety and comfort of stations and railway lines, motivated by the carbon-neutral operation (net zero CO₂ emissions) of all Hankyu and Hanshin railway lines, which will begin in April 2025, we also hope to generate greater awareness of the environmental advantages of rail travel. With these initiatives, we will further increase the convenience and environmental advantages of public transportation, with the goal of promoting urban development for a carbon-neutral society.



Formation of a transportation network with low environmental impact

Column

Carbon-neutral operations on all Hankyu and Hanshin railway lines ready for departure in April 2025!

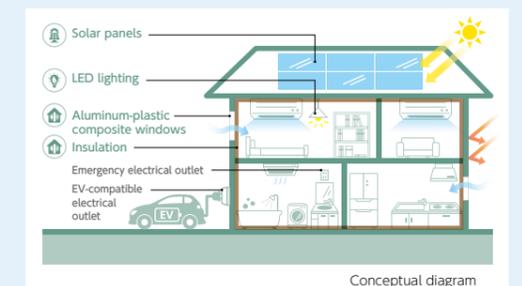
Railways are a highly environmentally advantageous mode of transportation, and in the Sixth Basic Environment Plan established by the Ministry of the Environment, in responding to the climate change crisis, the urban infrastructure of public transportation is regarded as a sustainable socio-economic system for coexisting with nature that focuses on reducing environmental impact and creating a favorable environment. From April 2025, all electricity used in the railway business (train operations and station facilities, etc. on all lines) of the Hankyu Corporation and Hanshin Electric Railway will be switched to power effectively derived from renewable energy sources, thereby commencing carbon-neutral operations with net-zero CO₂ emissions. As a result, Hankyu and Hanshin lines, which are key railway lines in the Kyoto-Osaka-Kobe area with a total length of around 193 km, will become a mode of transportation that does not emit CO₂. Customers who use these lines for commuting to work and school, going out, and so on, will gain a positive impression of public transportation as a highly environmentally advantageous and eco-friendly way of traveling. Furthermore, from the viewpoints not just of convenience but also consideration for the environment, we anticipate the acceleration of a modal shift (behavioral change) from private cars toward public transportation. By customers gaining a sense of familiarity with renewable energy, we also hope to contribute to generating the momentum toward carbon neutrality in society and boosting the utilization of renewable energy.



(2) Real estate segment: Contributing to reduced CO₂ emissions with more eco-friendly buildings

Concept

We are working to be more environmentally friendly in our real estate segment, for example, by increasing the number of eco-friendly buildings (green buildings), and introducing energy saving and energy creation that take into account facility characteristics. Regarding offices and commercial facilities, in addition to adopting a 100% acquisition rate* for environmental certification—for example, green building certification—for newly built large buildings from fiscal 2022, we are considering and, where appropriate, adopting reductions to the impact of heat on the external surfaces of buildings, the greater optimization of facility systems, and the introduction of equipment that uses renewable energy. When these buildings are opened, we endeavor



to improve energy efficiency, for example, by upgrading facilities and equipment that are sources of heat and by installing LED lighting. Regarding residences, as well as pioneering the adoption of low-emissivity (low-E) double glazing with high insulation efficiency, LED lighting, and so on as standard, we are setting precedents by working to generate electricity through the introduction of renewable energy, for example, from solar power generation systems. Furthermore, we have adopted as

our target a ZEH adoption rate of 100%* for condominiums sold from fiscal 2025 onward. (*See pages 70-71 for details of our targets.)

As part of the Group's efforts to be environmentally friendly, we believe these initiatives will lead to reduced CO₂ emissions in society as a whole, through customers choosing and utilizing the Group's homes, offices, and commercial facilities as places in which to live, stay, and spend time during the course of their everyday lives.

Examples of reducing CO₂ emissions from the Group's buildings (Group estimates of annual reductions in CO₂ emissions compared with standard buildings)

A: Offices and commercial facilities



Osaka Umeda Twin Towers South
(completed in FY2022)
5-star DBJ Green Building certified
Approx. 10,210 t-CO₂

B: Condominiums and detached homes



Geo Saito Irodori No Oka (372 homes)
(first construction area completed in FY2024, second area completed in FY2025)
First area: Certified as ZEH-M Oriented
Second area: Certified as ZEH-M Ready
Approx. 273 t-CO₂



Geo Garden Suita-Senriyama (22 homes from total)
(partially completed in FY2024 with the remainder scheduled for completion in FY2025)
Certified as ZEH or Nearly ZEH
Approx. 30 t-CO₂

Standard CO₂ emissions → **Our Group** CO₂ reduction amounts

[Concept for estimates]

- A: Calculated by multiplying the difference between units for the standard primary energy consumption intensity and the designed primary energy consumption intensity by the floor area (theoretical value)
- B: Calculated using the difference between standard secondary energy consumption and designed secondary energy consumption based on reference information from Building-Housing Energy-efficiency Labeling System (BELS) certificates (theoretical values; total CO₂ reduction amounts per dwelling)

Toward the Future

We are progressing with initiatives toward our goals of a 100% ZEH adoption rate* (target for fiscal 2031) for our Geo Garden residential homes and at least ZEB Ready certification for our LOGiSTA logistics facilities (target for each fiscal year from fiscal 2025 onward). In the operation and management of offices and commercial facilities after they have opened, while endeavoring to save energy by continuing to upgrade facilities and optimizing energy use, with a view to reducing CO₂ emissions, which can be difficult to control with energy saving and energy

creation, we are also promoting the introduction of electricity effectively derived from renewable energy sources. Through these efforts, in addition to further enhancing the eco-friendly aspects of our real estate facilities, by aiming to develop, manage, and operate such facilities to provide the customers and tenants who use them with even greater satisfaction from the perspectives of convenience and comfort, we will promote positive urban development that is also environmentally friendly.

*Either ZEH, Nearly ZEH, or ZEH Oriented

Conclusion

With the Group's community development, in addition to the aforementioned estimates for our railway business and real estate business, we are promoting a succession of initiatives that will contribute to carbon-neutral communities, for example, the maintenance of our environmental conservation project at the Hanshin Koshien Baseball Stadium and our zero-carbon baseball park, and the utilization of renewable energy at the Takarazuka Grand Theater and Takarazuka Hotel. Going forward, along

with products and services that provide safety, security, and comfort, we will promote environmentally friendly initiatives, and by resonating with as many customers as possible, in our role as a group that is capable of the cohesive provision of urban transportation, real estate, entertainment, and more besides, we will continue our efforts to achieve positive community development that supports and illuminates people's lifestyles.



Message from an external expert

The decarbonization of society in response to the problem of climate change is a pressing issue, and the fact that Hankyu Hanshin Holdings has estimated the positive impact of reducing the CO₂ emissions that its businesses bring about in society is a valuable first step that visualizes its contribution to tackling social challenges. Disclosing



the Company's positive impacts is invested with its desire to share the kind of value it wants to provide to society, and having made the concept behind its calculations explicit, I believe that disclosure with a story of value creation is a meaningful thing to do. The ability to contribute to reduced CO₂ emissions through community development unified with its highly environmentally advantageous railways is one of the Hankyu Hanshin Holdings Group's strengths, and also from the perspective of avoiding the risk of disasters that accompanies climate change, I believe this will lead to even greater security, comfort, and happiness for community residents. I am hopeful of creating a virtuous cycle in which carbon-neutral community development that does not place a burden on the environment will lead to the revitalization of communities, people's well-being will be increased, and communities will flourish so that residents feel glad they chose to live in them.

Yukari Takamura Professor, Institute for Future Initiatives, The University of Tokyo

*Going forward, we will work to broaden the scope and detail involved in calculating our positive impact, while referring to guidance, etc. issued by organizations such as the World Business Council for Sustainable Development (WBCSD).

Business Strategy

Urban Transportation

We are contributing to improved line-side value through the provision of secure, comfortable, and environmentally friendly transportation services.



Business environment

We are responding to changes in the demand for movement and a declining number of workers, and increasing expectations for high-quality transportation services.

While the population of the Kansai region as a whole is in decline, the Group's line-side areas, especially in the Osaka-Umeda district, continue to be recognized as very popular. However, with changes to the demand for movement, an increasing number of visitors from overseas, and a shortage of workers, the business environment is changing more than previously anticipated. While flexibly responding to such changes, we need to encourage the use of public transportation by providing higher quality transportation services.

In these circumstances, it is essential that we improve productivity through the provision of passenger services that respond to diversifying needs, the revision of train schedules to take demand into account, and the utilization of new technologies to make our operations more efficient. We must also strive to generate new demand for movement, for example, by promoting line-side urban development. Bearing in mind growing public awareness about higher levels of safety, SDGs, and carbon neutrality, there is also a demand for measures such as installing platform screen doors that enable a diversity of customers to use the railways safely, and the introduction of energy-efficient rolling stock to help reduce CO₂ emissions.

Trains are a mode of transport for which the energy used per person is extremely low, so in urban areas where a certain number of passengers can be expected, promoting train use as the core of public transportation can make a significant contribution to decarbonization throughout society.

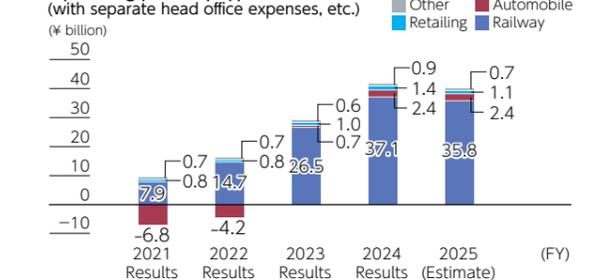
Fiscal 2024 review of operations

As well as starting to levy barrier-free charges at railway stations, there was increased operating revenue and profit compared to the previous fiscal year. Among other factors, this was due to a certain amount of recovery in users for our Railway Operations Business and Automobile Business.

Revenue and profit



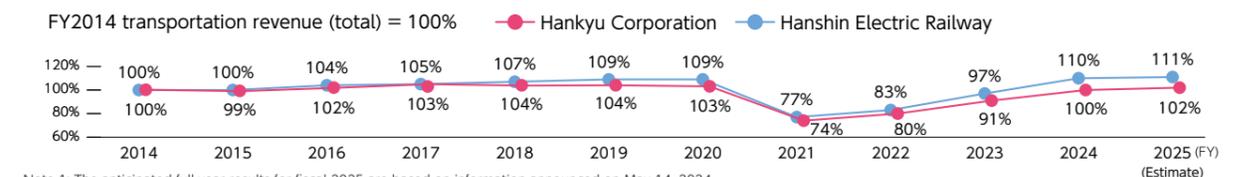
Operating profit by type of business



Note: The anticipated full-year results for fiscal 2025 are based on information announced on May 14, 2024.

Transportation revenue (tier 1 + tier 2)

| Hankyu Corporation | | Hanshin Electric Railway | | | | | | | | | | | |
|--------------------|---------------|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|
| | | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 (estimate) |
| Non-commuter pass | 61,630 | 60,910 | 62,920 | 62,720 | 63,137 | 63,059 | 61,887 | 40,982 | 45,422 | 54,908 | 60,674 | 62,305 | |
| Commuter pass | 31,299 | 31,549 | 32,272 | 32,628 | 33,198 | 33,456 | 34,119 | 28,093 | 28,654 | 29,900 | 32,244 | 32,359 | |
| Total | 92,929 | 92,459 | 95,192 | 95,348 | 96,335 | 96,516 | 96,007 | 69,075 | 74,077 | 84,809 | 92,919 | 94,664 | |



Note 1: The anticipated full-year results for fiscal 2025 are based on information announced on May 14, 2024.
Note 2: Since fiscal 2024, a fare system for barrier-free facilities at railway stations has been applied, and a barrier-free charge is levied in addition to the normal fare. The charge is included in non-commuter pass revenue and commuter pass revenue (excluding school students' commuter passes).

Summary of the Medium-Term Management Plan

Basic policies

| | |
|---|--|
| <p>1 Provide quality urban transportation services Enhance services to match diversifying needs / Strengthen cooperation within the Group</p> | <p>3 Ensure safe, reliable transportation Maintain and steadily enhance operational safety / Promote measures to prepare for large-scale disasters</p> |
| <p>2 Increase convenience and reliability of transportation infrastructure, and stabilize business base Develop and expand railway stations and the transportation network / Promote the creation of excitement around stations and line-side urban development / Establish efficient management systems</p> | <p>4 Take measures toward carbon neutrality Promote the introduction of energy-efficient trains and equipment / Promote the introduction of EV buses / Work on energy generation via solar power, etc. / Implement carbon-neutral operations / Encourage use of public transportation</p> |

Aiming to grow the value of line-side areas by expanding the transportation network

We have set making our line-side communities the absolute best among the Kansai networks the first, core strategy of our Long-Term Vision. Our focus is on making our line-side areas much more attractive by engaging in community building with partners such as local governments, and by actively leveraging the latest technologies to improve convenience and the level of service we can offer, with the aim of coping with the shrinking and aging population.

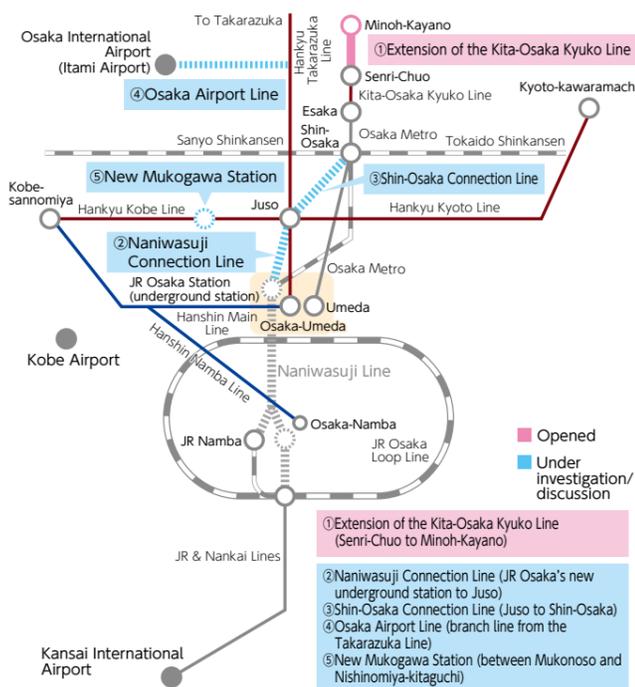
As part of this strategy, in our Urban Transportation Segment, we are investigating and discussing new lines and new station projects in order to further strengthen the transportation network.

An extension of the Kita-Osaka Kyuko Railway opened in March 2024, along with two new stations directly connected to the center of Osaka, Minoh-Kayano Station and Minoh-Semba-Handaimae. This greatly improves the convenience of transportation, and as well as creating new line-side lifestyles by developing the areas around stations, we are lessening the environmental impact on these areas with a modal shift toward train use.

The Hankyu Corporation is establishing a new station between Mukonosu and Nishinomiya-kitaguchi on the Kobe Line, and in the future, will lay the Naniwasuji Connection Line and the Shin-Osaka Connection Line. This will dramatically improve access to Osaka-Umeda from gateways in the air and on land, and we intend to invigorate transport links to our line-side communities and allow them to harness global power. Moreover, with the government's designation of the Shin-Osaka area as a priority district for urban regeneration, we are pushing forward with a public-private partnership for new community development in an area that includes the adjacent Hankyu Juso and Hankyu Awaji stations. Shin-Osaka will therefore be at the center of efforts to improve the area's outstanding potential as a major transport hub serving a large region.

Aiming to provide even higher quality transportation services

In our Urban Transportation Segment, we will continue to pursue services that prioritize safety, security, and comfort, even in the context of changing needs and demand. From April 1, 2023, a system of additional charges was introduced on Hankyu Corporation and Hanshin Electric Railway train journeys for investing in barrier-free facilities at railway stations, and thanks to this, we are now swiftly and steadily installing equipment for greater accessibility, such as platform screen doors at all stations. Having fully secured safety with such equipment, our efforts to enhance the sustainability of railway



services include plans to run conductor-less trains on the Hankyu Itami, Minoh, and Arashiyama lines.

Although it may be difficult for transportation revenue to completely return to pre-COVID-19 levels, we will continue to promote measures for the improvement of services that appropriately respond to changing needs. These include the launch in July 2024 of our PRIVACE reserved seat service on the Hankyu Kyoto Line, the introduction on Hankyu and Hanshin lines of an electronic ticket service that utilizes QR codes*, the provision of boarding services through contactless payment—for example, with credit cards—as a response to increased inbound tourism, and the introduction of AI interpretation devices.

Furthermore, we are proactively working on environmental measures that will further enhance the environmental performance of rail transportation, including the implementation from April 2025 of carbon-neutral operations (effectively net zero CO₂ emissions) on all Hankyu and Hanshin lines. By effectively promoting such measures, our goal is to encourage greater use of public transportation.

*"QR Code" is a registered trademark of DENSO WAVE INCORPORATED.

Urban Transportation Segment non-financial KPIs

| Priority issues | Action plan | Non-financial KPIs | Target values | Scope | FY2024 actual record | |
|--|--|--|---|---|---|--|
| <p>Safe, reliable infrastructure</p> | <ul style="list-style-type: none"> Improve safety education training and performance of train operation safety systems | Number of culpable incidents in railway operation business | Maintain at zero | Hankyu Corporation Hanshin Electric Railway Kita-Osaka Kyuko Railway Nose Electric Railway | Hankyu: 0 incidents (since 1979) Hanshin: 0 incidents (since 1986) Kita-Osaka Kyuko: 0 incidents (since 1970) Nose Electric: 0 incidents (since 1982) | |
| | | Number of major accidents in automobile business | No accidents involving death | Hankyu Bus Hanshin Bus Hankyu Kanko Bus Hankyu Taxi Hanshin Taxi Osaka-Hanshin Taxi | Hankyu Bus: 0 incidents Hanshin Bus: 0 incidents Hankyu Kanko Bus: 0 incidents Hankyu Taxi: 0 incidents Hanshin Taxi: 0 incidents Osaka-Hanshin Taxi: 0 incidents | |
| Reason for action plan based on opportunity and risk | In response to rising interest in customer safety and peace of mind, to add transport reliability to the given fundamental of transport safety to put customers at ease and strengthen the Group's brand and trustworthiness | | | | | |
| <p>Safe, reliable infrastructure</p> | <ul style="list-style-type: none"> Seismic retrofitting (elevated bridges/stations) Slope protection Flood protection for major facilities (including railcar evacuation) Bridge reconstruction to lower risk of flooding Ascertainment of bridge soundness | Long service downtime due to natural disaster (non-operational for 2 days or more) | Zero | Hankyu Corporation Hanshin Electric Railway Kita-Osaka Kyuko Railway Nose Electric Railway | 0 incidents | |
| | | Reason for action plan based on opportunity and risk | To improve sturdiness to make railway infrastructure more resistant to natural disasters such as earthquakes or torrential rains and typhoons that are intensifying due to climate change, and to set up core systems to enable continuation of operation after a disaster in order to strengthen the Group's brand and trustworthiness | | | |
| <p>Safe, reliable infrastructure</p> | <ul style="list-style-type: none"> Expand wheelchair space in railcars, improve responsiveness of guidance chimes for the vision-impaired, etc. Encourage rail transit employees (station employees, train crew, etc.) to acquire service assistant certification | Increase number of accessible railcars (units) | Aim for steady increase | Hankyu Corporation Hanshin Electric Railway Kita-Osaka Kyuko Railway Nose Electric Railway | <ul style="list-style-type: none"> Guidance chime installation rate Hankyu: 42% Hanshin: 76% Kita-Osaka Kyuko: 70% Nose: 8% Installation rate of advance warning light for side sliding door opening/closing Hankyu: 66% Hanshin: 76% Kita-Osaka Kyuko: 90% Nose: 77% | |
| | | Percentage of accessible railway stations | Rate of step-barrier removal*1 | | 100% | <ul style="list-style-type: none"> Hankyu: 99% Hanshin: 100% Kita-Osaka Kyuko: 100% Nose: 100% |
| | | Accessible human service rate | 100% service assistant certification among rail transit employees (station employees, train crew, etc.) | | 100% | <ul style="list-style-type: none"> Hankyu: 77% Hanshin: 100% Kita-Osaka Kyuko: 100% Nose: 32% |
| Reason for action plan based on opportunity and risk | To proceed with accessibility measures both technical and human to provide safe, comfortable, high-quality service for diversifying needs in order to strengthen the Group's brand and trustworthiness | | | | | |
| <p>Environmental protection</p> | <ul style="list-style-type: none"> Introduction of new low-energy-consumption railcars Conversion to LED lighting in station buildings, etc. | Rate of conversion to VVVF inverter-type railcars*2 | Aim for steady increase | Hankyu Corporation Hanshin Electric Railway Kita-Osaka Kyuko Railway Nose Electric Railway | <ul style="list-style-type: none"> Hankyu: 59% (105/179 train units) Hanshin: 73% (55/75 train units) Kita-Osaka Kyuko: 100% Nose: 23% (3/13 train units) | |
| | | LED light conversion | Station lighting (excluding back yard) | | <ul style="list-style-type: none"> Hankyu: 100% (FY2031) Hanshin: 100% (FY2031) Kita-Osaka Kyuko: 100% (FY2022) Nose: 100% (FY2027) | <ul style="list-style-type: none"> Hankyu: 70% Hanshin: 78% Kita-Osaka Kyuko: 100% Nose: 47% |
| Reason for action plan based on opportunity and risk | <ul style="list-style-type: none"> To accelerate environmental measures amidst rising interest in environmental issues such as global warming in order to meet the expectations of society To prepare for the risk of rising costs such as electricity rates accompanying stricter environmental regulations | | | | | |

*1 Percentage of accessible stations (among stations that service 3,000 or more passengers per day)

*2 VVVF inverter-type railcar: A different type of railcar (not the type that generates waste heat energy to control resistors to adjust the voltage for the motor), but a more environmentally efficient railcar that can control the motor's voltage and frequency without waste

The Pursuit of Safety and Peace of Mind in the Railway Business

As organizations involved in public transportation, the railroad companies in our Group aim to provide stable transportation services in which safety is the top priority, and to establish an environment that enables everyone to use our trains with peace of mind. This in turn will lead to improved customer satisfaction and increased utilization. In particular, the Hankyu Corporation and Hanshin Electric Railway are pushing ahead with their pursuit of safety and peace of mind through the following initiatives involving stations and trains.

Initiatives to improve safety

Toward the installation of platform screen doors at all railway stations

To improve safety, Hankyu Corporation and Hanshin Electric Railway are progressing with the installation of platform doors (sliding or fixed) at all stations, with the expected targets for completion being the end of fiscal 2041 for Hankyu Corporation and fiscal 2043 for Hanshin Electric Railway. From December 2021, a system of additional charges was introduced for investing in barrier-free facilities at railway stations and is being utilized for this installation.



Platform doors on platform No. 2 at Hanshin Amagasaki Station (in use from February 2024)

Installation record in fiscal 2024 and future plans for platform screen doors (sliding or fixed)

| | Hankyu Corporation | Hanshin Electric Railway |
|--|---|--|
| FY2024 track record | 7 platforms at 4 stations (Itami, Shin-itami, Inano, and Tsukaguchi stations) | 6 platforms at 2 stations (Osaka-Umeda and Amagasaki stations) |
| FY2025 plans | 21 platforms at 8 stations (Nishinomiya-kitaguchi, Hotarugaike, and Katsura stations, etc.) | 2 platforms at 1 station (Koshien Station) |
| FY2026 plans | 21 platforms at 8 stations | 1 platform at 1 station |
| Timescale for installation at all stations | By around the end of FY2041 | Scheduled to be by the end of FY2043 |

Installing security cameras to improve safety on trains

We are proceeding with the installation of security cameras on trains to enhance security. The camera system has communications functionality, and video footage of the situation on board a train can be monitored in real time, for example, from the operations control center. This makes it possible to quickly and appropriately respond if a problem incident occurs, and leads to reductions in crime and antisocial behavior.

Security cameras are planned to be installed by April 2025 in all railcars owned by Hanshin Electric Railway, and by the end of fiscal 2028 in all railcars owned by Hankyu Corporation.



Security camera installed on a Hanshin Electric Railway train

Training employees for safe operations

In order for customers to be able to use our railways with peace of mind, we are working to train employees who value safety. Specifically, our efforts include raising safety awareness through inspections of work-site departments by senior management and the exchange of views with employees, establishing a training institute (Hankyu Corporation) and a safety exhibition room (Hanshin Electric Railway) for learning about past accidents and disasters, holding safety conferences to improve skills relating to the maintenance of railway facilities, and implementing comprehensive training for responding to emergencies.

Evacuation guidance and facility restoration drills assuming an earthquake in the Nankai Trough

In November 2023, Hankyu Corporation held practice drills at the Nishinomiya Marshaling Yard on the Kobe Line in readiness for an earthquake in the Nankai Trough. A scenario was envisaged in which a train stops between stations in an area forecast to be inundated by a tsunami, and the practice drill involved passengers being guided to evacuate via a nearby level crossing. The participants included wheelchair users and various evacuation methods were tested. Practical proficiency drills were also held relating to railcars derailed due to an earthquake, signal equipment, and the restoration of severely displaced tracks.



Track restoration drill using a maintenance vehicle



Testing evacuation methods for wheelchair users

Safety exhibition room opened with the aim of further increasing safety awareness and creating a culture of safety

At Hanshin Electric Railway, we are establishing and reviewing railway rules for preserving safety based on lessons from serious accidents and disasters which have occurred in the past. We are also studying the circumstances relating to the introduction of safety equipment, and with the aim of building and maintaining stronger safety management systems, in April 2024 we opened a safety exhibition room, which is a facility for raising awareness about safety.



Barrier-free measures

Eliminating stairs and installing elevators at stations

Our stations are not simply places for boarding and alighting from trains. We also want them to be inclusive facilities that are pleasant to use for all our customers. For example, Hanshin Electric Railway has widened platforms and installed an elevator and escalators as part of improvement work at Osaka-Umeda Station (work completed in March 2024).

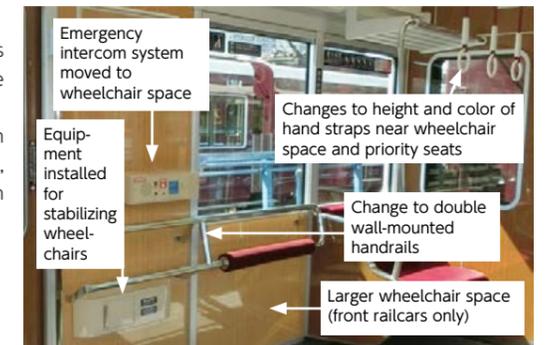


Elevator and escalators at Hanshin Osaka-Umeda Station West Gate

Improving barrier-free facilities in railcars

We are gradually introducing chimes that help visually impaired passengers locate entrances on the platform for boarding trains while the doors are open.

Furthermore, in new railcars introduced in July 2024, Hankyu Corporation has enlarged the space for wheelchairs in the front railcar of each train, lowered hand straps, and changed the colors of hand straps with consideration for differences in color vision.



Hankyu Corporation 2000 and 2300 barrier-free facilities

Promoting multilingual guidance

As well as catering to the multicultural society that accompanies globalization and the higher proportion of foreign residents in Japan, in the event of accidents and disasters, it is important that we alleviate the anxieties of tourists visiting from overseas by providing them with information as quickly as possible.

Since 2019, Hankyu Corporation has been installing multilingual broadcasting equipment on trains, in which announcements are now conveyed in two languages (Japanese and English) during normal operations and in four languages (Japanese, English, Chinese, and Korean) in emergencies. In line with this, we are working to establish an environment that enables the smooth and accurate provision of information, for example, with an AI interpretation device (Pocketalk), which was introduced at all stations in 2023, and a voice recognition system (YYSsystem) for translating and converting speech to text in real time, which is being introduced at Osaka-umeda Station in preparation for the Expo 2025 Osaka, Kansai, Japan.



Voice recognition system (YYSsystem)

Please refer to the Safety Reports (Japanese only) of each company for details (Hankyu Corporation, Hanshin Electric Railway, Kita-Osaka Kyuko Railway, Nose Electric Railway).

Business Strategy

Real Estate

Our goal is to support attractive urban development while offering the choice of an affluent lifestyle.



Business environment

Real estate leasing business

Demand for our office buildings remains stable, thanks to their advantageous locations and functions. In contrast, we need to respond to changes in the roles and functions expected of such buildings, for example, by addressing the diversification of working practices, and in relation to environmental protection and measures for disaster mitigation. While taking into account customer needs and changes, in order to differentiate our commercial facilities from others nearby, we also need to continuously improve their value through renovations, tenant changes, and so on.

Real estate sales business and others

Demand remains strong in the Group's core sector—central urban areas whose prime locations and proximity to train stations offer superior convenience—and sales prices for newly built condominiums and detached homes have remained at a high level. We do, however, need to remain vigilant about the impact of rising mortgage interest rates on purchasing motivation and about trends in construction costs.

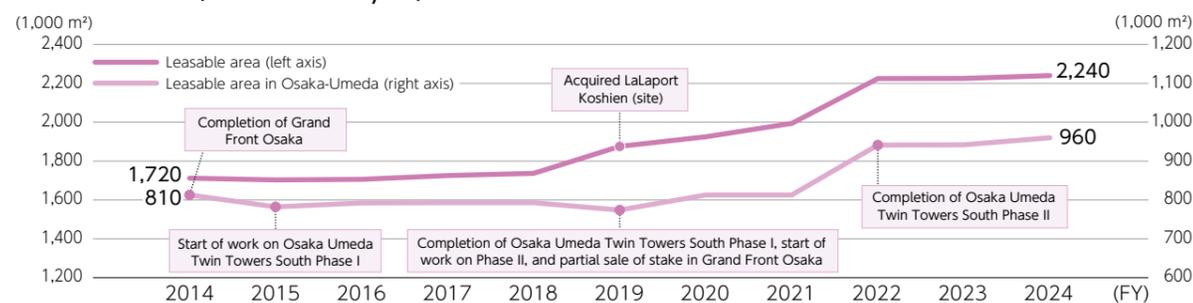
Overseas real estate business

Economic growth has been particularly striking in the ASEAN region, where that growth and increasing demand appear likely to continue. We believe that promoting business expansion in a region such as this presents a two-fold chance, not just to fully leverage the expertise we have accumulated in Japan but also to incorporate new ideas into our line-side and other community development projects. Furthermore, we are working in developed countries such as the United States and Australia with a view to market and economic stability.

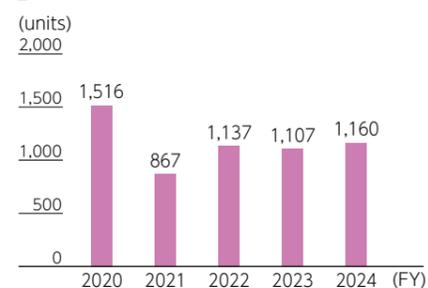
Hotel business

Due to the post-COVID-19 recovery and the ongoing weak yen, demand continues to increase, particularly with inbound tourism. Added to this, events such as the planned Expo 2025 in Osaka are expected to further drive the demand for hotel accommodations in the Kansai area.

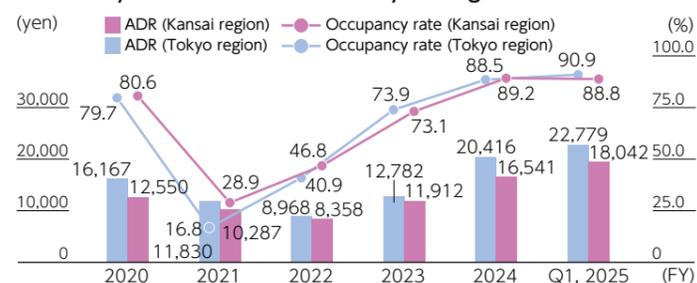
Leasable area (at end of fiscal year)



Domestic condominium units sold



Average daily rate (ADR) and occupancy rate* at Hankyu Hanshin Hotels' directly managed hotels



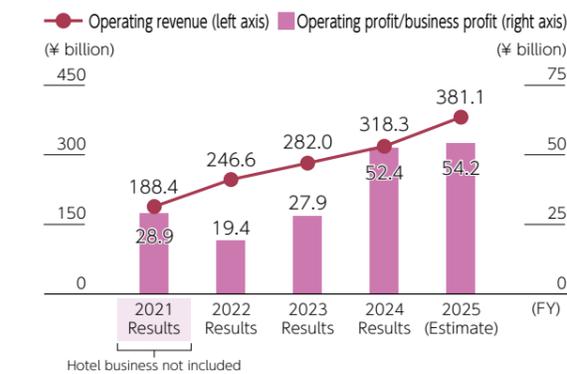
* For hotels that were temporarily closed due to the COVID-19 pandemic, data for the periods they were shut is omitted from the figures above.

Fiscal 2024 review of operations

Particularly with inbound tourism, there has been a recovery in demand for accommodations in our Hotel Business. In addition, the increased number of short-term return (fix-and-flip) rental condominiums sold in our Real Estate Sales Business and Others,

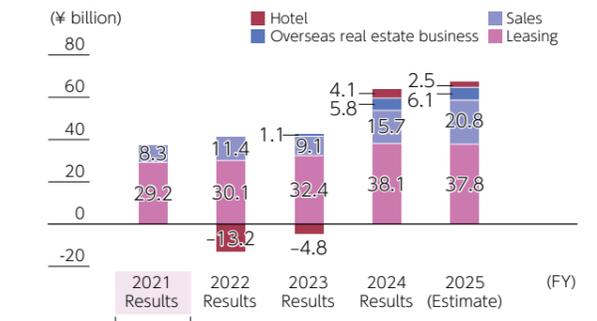
properties such as Osaka Umeda Twin Towers South remaining strong in our Real Estate Leasing Business, and the scaling up of our Overseas Real Estate Business have helped generate increased operating revenue and profit.

Revenue and profit



Note 1: The anticipated full-year results for fiscal 2025 are based on information announced on May 14, 2024.
 Note 2: Business profit: Operating profit + Equity-method gains/losses related to overseas business investments (as there were previously no equity method affiliates connected to business overseas, for data relating to fiscal 2023 or earlier, business profit and operating profit are the same).
 Note 3: In line with the integration of the hotel business into the real estate segment from fiscal 2023, figures from fiscal 2022 onward include the hotel business.
 Note 4: From fiscal 2024, overseas real estate business, previously recorded as part of "Real estate sales business and others," will be an independent category. Fiscal 2023 results are the post-reorganization figures.

Business profit by type of business (with separate head office expenses, etc.)



| Reference: | FY2021 Results |
|----------------|------------------------|
| Hotel business | Operating revenue 19.1 |
| | Operating profit -17.9 |

Summary of the Medium-Term Management Plan

Basic policies

Real estate leasing business

- Promote attractive urban development in Osaka-Umeda and areas along our rail lines to make our line-side communities the absolute best among the Kansai networks
 - Enhance urban functions by promoting large-scale development plans and both upgrading the value of and rebuilding holdings based on the Umeda Vision plan (see page 29)
 - Develop major line-side bases from a long-term perspective
- Strengthen business foundation, etc., in Tokyo metropolitan area
- Strengthen short-term-return (fix-and-flip) business and distribution facility real estate business

Overseas real estate business

- Expand the scale of international businesses and build a stable revenue base
 - Expand the scale of business in ASEAN nations
 - Extend to developed countries (U.S.A., Australia and others), which have stable markets
 - Acquire non-residential assets such as commercial facilities and offices

Real estate sales business and others

- Secure stable profits in the real estate sales business and expand scale of operations
 - Participate in medium- and long-term projects (urban redevelopment, building reconstruction, etc.)
 - Expand business portfolio (rental condominiums for income, etc.)
 - Expand business area (extend to Nagoya area and major regional cities)
- Strengthen and expand non-asset business
 - Expand scope of real estate funds and REIT business

Hotel business

- Carry out structural reforms
 - Strengthen business competitiveness
 - Strengthen competitiveness by using management resources to concentrate and specialize
 - Improve competitiveness of each hotel
 - Review cost structure at existing hotels/
 - Improve efficiency of business operations at existing hotels

The absolute best line-side communities among the Kansai networks

Special Feature 1 (see pages 29-31)

As part of our efforts based on the Umeda Vision, with a view to enhancing value in the Osaka-Umeda area as a whole, OS Co., Ltd., which operates real estate and entertainment services businesses, was acquired as a consolidated subsidiary in January 2024. Furthermore, the Grand Green Osaka Umekita Phase II Development Project had its initial opening in September 2024.

Going forward, in order to make our line-side communities the absolute best among the Kansai networks, we will forge ahead with development and enhanced value for key locations such as the Osaka-Umeda area.



The OS Building, which is owned by OS Co., Ltd.

Grand Green Osaka (picture courtesy of Grand Green Osaka developers)

Residential sales business and business portfolio expansion

In our Residential Sales Business, at a domestic level, we will retain our Condominium Business as a focal point, promote our short-term return business (selling rental condominiums to investors to generate revenue), and while expanding and developing our range of businesses—including redevelopments and building replacements—we anticipate that profits will continue to grow through fiscal 2026.



Geo Tower Takarazuka Grand Regis, a large-scale development on the site of the old Takarazuka Hotel (scheduled to begin handovers in fiscal 2025-2026)

Geo Tower Osaka Juso has been highly rated as a combined development that features a library, childcare facilities, retailers, a school, and other facilities. It was ranked number one for the number of units sold among newly built condominiums in the Kansai region in H2, fiscal 2024* (scheduled to begin handovers in fiscal 2027).



*Checked by Marketing Research Center Co., Ltd. Number of newly built residential condominiums sold during H2, fiscal 2024 (October 2023-March 2024) in the Kansai region (Shiga, Kyoto, Osaka, Hyogo, Nara, and Wakayama Prefectures).

Overseas expansion of Real Estate Business

Special Feature 3 (see pages 35-38)

In our Overseas Real Estate Business, in addition to the residential sales business we have focused on until now in the ASEAN region, we are working on our stock business (Real Estate Leasing Business) and rotational business (Sort-Term Return Business) to quickly expand and grow the scale of revenue and profit. Based on this policy, in fiscal 2023 we acquired Central Park Mall, a large-scale commercial facility in Indonesia. In fiscal 2024, as well as acquiring the neighboring Neo Soho Mall, we continued with efforts in our rental residence business in the United States. We have also endeavored to expand our business sectors and regions, for example, by entering the Australian market for the first time.



The Neo Soho Mall commercial facility in Indonesia (acquired September 2023)



The 60 Margaret commercial and office complex in Sydney, Australia (acquired November 2023)

Strengthening business through structural reforms and efforts to increase demand

In our Hotel Business, while responding to greater demand from inbound tourism, we are also committed to capturing the demand that will accompany Expo 2025 in Osaka.

Hotel Hankyu Gran Respire Osaka is scheduled to open at Grand Green Osaka in March 2025. We will leverage the hotel's proximity to JR Osaka Station (Umekita Underground Gate), which has easy access to Kansai International Airport, to attract its main target demographic of adults who regularly visit Japan for tourism and leisure.

We are also steadily pushing ahead with structural reforms, and in April 2024, separated the asset holdings arms of the business from the management and operation arms. Going forward, we will further strengthen the revenue and operational capabilities of our Hotel Business, and cultivate even greater improvements to our competitiveness.



Hotel Hankyu Gran Respire Osaka (scheduled to open in March 2025)

Real Estate Segment non-financial KPIs

| Priority issues | Action plan | Non-financial KPIs | Target values | Scope | FY2024 actual record |
|--|--|---|---|---|---|
|  Safe, reliable infrastructure | <ul style="list-style-type: none"> Implement measures, both human and technological, to enable customer use with peace of mind, including measures to manage natural disasters | Accident and emergency course attendance rate (for employees in real estate leasing) | 100% (FY2031) | Hankyu Hanshin Properties Hankyu Hanshin Building Management | 84% |
| | | BCP readiness*1 rate for large buildings*2 in the Osaka-Umeda area | 100% | Hankyu Corporation Hanshin Electric Railway Hankyu Hanshin Properties | 100% Note: Target property: Osaka Umeda Twin Towers South |
| Reason for action plan based on opportunity and risk | In response to rising calls for safety, to prepare for accidents or natural disasters such as earthquakes or flooding from storms occurring more frequently because of climate change through measures both human and technological, thereby strengthening the Group's brand value and trustworthiness | | | | |
|  Safe, reliable infrastructure | <ul style="list-style-type: none"> Manage use of "select ingredients" listed on menus Train employees on menu creation and item listings Comply with designated system of checks | Number of serious culpable incidents related to listing of foods | Maintain at zero | Hankyu Hanshin Hotels Hanshin Hotel Systems | 0 incidents |
| | | Reason for action plan based on opportunity and risk | | | |
| To make an active and ongoing effort to label foods properly in order to provide customers with safe food, thereby helping to build trust in the Group and bolster our brand value | | | | | |
|  Safe, reliable infrastructure | <ul style="list-style-type: none"> Enhance collaboration with local governments Prepare stockpiles of items for disaster preparedness and establish a system for managing them Prepare a response manual for when lifelines get cut off Prepare a response manual for how to evacuate, the location of evacuation shelters, etc. | Prepare stockpiles of items for disaster preparedness | Secure a 3-day supply for employees and guests (FY2031) | Hankyu Hanshin Hotels | Secure a 3-day supply for employees and a 1-day supply for guests (based on a 100% occupancy rate) |
| | | Reason for action plan based on opportunity and risk | | | |
| To strengthen risk countermeasures in times of emergency and create an environment in which customers can feel safe at a hotel, thereby helping to build trust in the Group and bolster our brand value | | | | | |
|  Thriving communities | <ul style="list-style-type: none"> Carry out robust urban development that promotes ease of use for diverse customers and working styles | Rate of multilingual guidance at major commercial facilities in the Osaka-Umeda area | 100% | Hankyu Corporation Hanshin Electric Railway Hankyu Hanshin Properties | 100% Note: Target facilities: Hankyu Sanban Gai, HEP Five, Herbis Plaza, Herbis Plaza ENT (Facilities website and pamphlet available in 4 languages, interpretation service available at information desk) |
| | | Number of startups and other collaborative projects aimed at creating new work-life-play forms for diverse lifestyles and to provide services that improve safety, comfort, and peace of mind | Aiming for a steady increase | Hankyu Corporation Hanshin Electric Railway Hankyu Hanshin Properties | 108 instances (since FY2019) |
| Reason for action plan based on opportunity and risk | | | | | |
| To provide facilities and services that deliver safety and comfort and offer dreams and inspiration, and that are easy to use for a diverse range of customers, including non-Japanese people; and to get out ahead of the growing need for work style reform and diversification, thereby differentiating our Company from others and strengthening our competitiveness | | | | | |
|  Life designs for tomorrow | <ul style="list-style-type: none"> Work to improve customer satisfaction by responding to customers' diverse values, providing comfort and inspiration, and proposing lifestyles and carrying out urban development projects that will lead to community revitalization | Geo condominium or home purchase desirability and tenant/owner satisfaction rates | <ul style="list-style-type: none"> Purchase desirability survey of prospective buyers*3 Kansai-region condominiums: Maintained No. 1 brand position in Kansai Tokyo-region condominiums: Among the top 7 brands in Tokyo (FY2031) Tenant/owner satisfaction rates Condominium tenants in Kansai region: continued to be 90% or higher Condominium tenants in Tokyo region: 90% or higher (FY2031) Detached-home owners in Kansai region: 90% or higher (FY2031) | Hankyu Corporation Hanshin Electric Railway Hankyu Hanshin Properties | <ul style="list-style-type: none"> Purchase desirability No. 1 among 18 brands for prospective condominium buyers in Kansai region No. 10 among 17 brands for prospective condominium buyers in Tokyo region Satisfaction rates Among condominium tenants in Kansai region: 93% Among condominium tenants in Tokyo region: 94% Among detached-home owners in Kansai region: 93%*4 |
| | | Number of apartment units sold in ASEAN countries (total) | Aim is for a steady increase | Hankyu Hanshin Properties | Approx. 54,980 units (Vietnam: 14,000; Thailand: 30,000; Philippines: 6,000; Indonesia: 4,000; Malaysia: 1,000) |
| Reason for action plan based on opportunity and risk | | | | | |
| <ul style="list-style-type: none"> To increase customer satisfaction and boost loyalty to the company brands, propose lifestyles that match diversifying customer values and needs, and carry out urban development for local revitalization and the benefit of the next generation To leverage our expertise from Japan to contribute to local urban development in ASEAN countries in order to boost the Group's brand value overseas and develop future clientele | | | | | |

*1 BCP readiness: Emergency power installed at the 3rd floor or higher; emergency power to last 72 hours

*2 Large buildings: Buildings with a total floor area of 30,000 m² or more that were completed in fiscal 2022 or later

*3 Based on purchase desirability survey of prospective buyers (conducted by Hankyu Hanshin Marketing Solutions on the Web)

*4 Pertains to Geo Garden houses with handover between April 2022 and March 2023

| Priority issues | Action plan | Non-financial KPIs | Target values | Scope | FY2024 actual record |
|--|---|---|--|---|--|
|  Environmental protection | <ul style="list-style-type: none"> Reduce CO₂ emissions by improving energy efficiencies, etc., and pursue green building and eco-friendly housing to contribute to resolving societal issues and differentiate the company | Percentage of all new condominiums that are ZEH certified and go on sale or start accepting applications for lease in each fiscal year (ZEH-M oriented*1 or better) | Maintain at 100% (from FY2025) Note: Excluding some properties such as those jointly owned with another company | Hankyu Corporation Hanshin Electric Railway Hankyu Hanshin Properties | 30% (based on number of units) |
| | | Acquisition rate of green building and other environmental certifications*2 that apply to office buildings and large buildings*3 for commercial and other uses | 100% | Hankyu Corporation Hanshin Electric Railway Hankyu Hanshin Properties | 100% Note: Target properties: Kobe-Sannomiya Hankyu Building (3-star DBJ rating) Osaka Umeda Twin Towers South (5-star DBJ rating) |
| Reason for action plan based on opportunity and risk | To maintain and improve the asset value of owned real estate, improve customer ratings, and raise brand value by taking active measures to achieve carbon neutrality | | | | |
|  Environmental protection | <ul style="list-style-type: none"> Control food waste (use processed waste materials effectively, and devise ways of serving and arranging food) Establish a system for weighing waste Promote the reduction and recycling of waste Introduce garbage disposals for food waste disposal | Volume of food waste | 50% reduction compared to FY2014 (FY2031) | Hankyu Hanshin Hotels | 75% reduction compared to FY2014 |
| | | Reason for action plan based on opportunity and risk | To contribute to building a sustainable society by working hard to reduce food waste as a company that handles food in light of the growing problem of food waste | | |
|  Environmental protection | <ul style="list-style-type: none"> Study how to eliminate the use of disposable plastic items Select products made of alternative materials | Number of 20 specific plastic items provided per person in guest rooms | 70% reduction compared to FY2021 (FY2031) | Hankyu Hanshin Hotels | 25% reduction |
| | | Reason for action plan based on opportunity and risk | To respond to customer expectations and contribute to building a sustainable society by working hard to reduce the use of plastics in light of growing global concern among the public about microplastics ruining the environment | | |

*1 ZEH-M Oriented (Zero Emissions House-Mansion): A condominium with 20% or more reduced overall primary energy consumption, including common areas (the energy consumed for heating, cooling, ventilation, lighting and hot water heating as defined by 2016 energy conservation standards)
 *2 Environmental certifications: Systems such as DBJ Green Building, CASBEE, BELS, LEED, etc.
 *3 Large buildings: Buildings with a total floor area of 30,000 m² or more that were completed in fiscal 2021 or later (excluding properties jointly owned with another company)

Business Strategy

Entertainment

We will continue to fulfill dreams and offer excitement through our content.



Business environment

Embracing the rising value of authentic experiences

In the entertainment market, the impact of the COVID-19 pandemic has continued to ease and, live entertainment is thriving, for example, with even greater value placed on authentic experiences in which a sense of realism and togetherness can only be enjoyed in person.

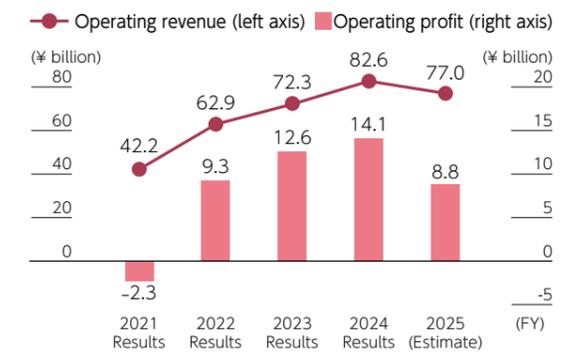
In our Sports Business, the Hanshin Tigers baseball team won their first Central League championship in 18 years and achieved their first victory in the Japan Series in 38 years. The team's performances created a noticeable buzz not just in its home region of Kansai but throughout Japan, enabling us to share the enjoyment with many fans both new and old.

In our Stage Business, we are establishing an environment that will allow everyone involved with the Takarazuka Revue Company, including troupe members and those engaged in its operation, to focus on creating even better performances with peace of mind. We are also putting every effort into reforms that will evolve the Takarazuka Revue Company in a form that befits the new era.

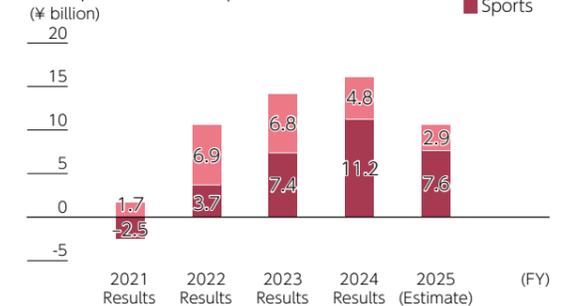
Fiscal 2024 review of operations

Also in our Stage Business, while some performances by the Takarazuka Revue were canceled and its performance schedule was revised, the Hanshin Tigers achieved their first championship win in 18 years and their first victory in the Japan Series in 38 years, and partly thanks to the strength of our Sports Business, operating revenue and profit increased compared with the previous fiscal year.

Revenue and profit

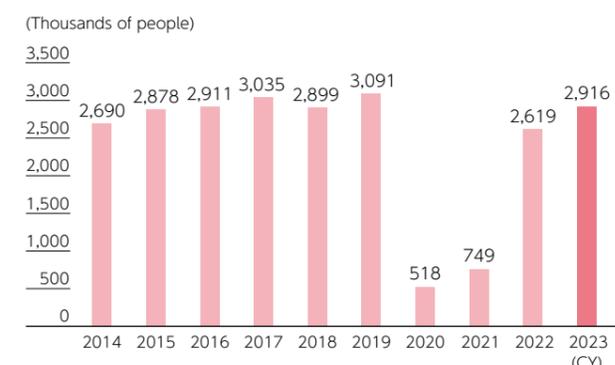


Operating profit by type of business

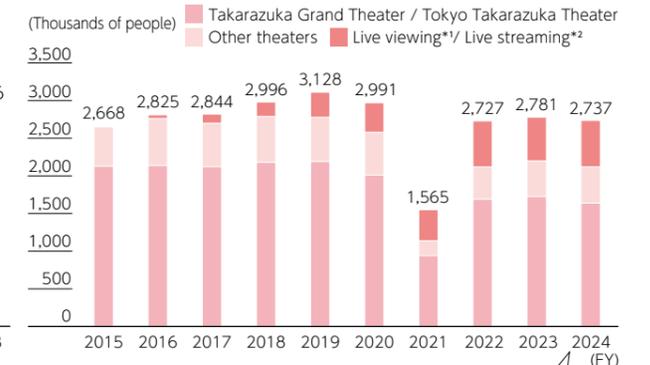


Note: The anticipated full-year results for fiscal 2025 are based on information announced on May 14, 2024.

Total attendance at Hanshin Tigers home games (by season)



Takarazuka Revue total attendance of performances



*1 Live viewing of shows at movie theaters nationwide for paying audiences
 *2 Live streaming of shows via the internet for viewing at home on a TV, smartphone, or other device for paying viewers (starting in fiscal 2021)

Number of shows:
 Takarazuka Grand Theater: 314 (-54 from previous year, 139 cancellations)
 Tokyo Takarazuka Theater: 386 (-4 from previous year, 70 cancellations)

Summary of the Medium-Term Management Plan

Basic policies

1 Maximize value of the Hanshin Tigers and Koshien brands

Forge a team that contends for the championship on a regular basis / Increase the appeal of Hanshin Koshien Stadium and the Koshien area, and expand the stadium business

2 Maximize value of the Takarazuka brand

Establish sustainable business foundations / Implement stable Takarazuka Revue performances / Actively expand the content business using digital technologies

3 Advance growth of other entertainment businesses and the leisure business

Expand the music business and Mt. Rokko businesses

In our Entertainment Segment, we aim to expand our customer base and grow new revenue sources, for example, by refining the value of content itself and utilizing digital technologies.

The Hanshin Tigers baseball team and Hanshin Koshien Stadium are great sports content

Hanshin Koshien Stadium, which celebrated its 100th anniversary in 2024, is familiar and much loved throughout the country. Based on the concepts of passing on that history and tradition and of sustainability, we hope it will be a stadium that not just people in Japan but also from around the world continue to visit for the next 100 years. To make that happen, we are endeavoring to provide an even safer, more pleasant environment for spectators through various means that include enhancing communications infrastructure at the stadium, introducing electronic ticketing, introducing a POS system that accepts various types of digital payment for greater convenience, and planned construction to extend the Ginsan roof—which covers part of the infield seating—over the grandstand to the so-called “Alps” section of the stands.

The Hanshin Tigers also plan to relocate their farm team facility to Odaminami Park Ballpark in Amagasaki in March 2025. This will greatly improve the environment for player development and training, and make the team even stronger in the future.



Hanshin Koshien Stadium 100th Anniversary logo

Maximizing the development and appeal of new content

The Sumo Hall Hirakuza Osaka opened in May 2024 as an event to attract increasing numbers of overseas tourists. As well as the opportunity to see sumo wrestling, which is Japan's national sport, the event provides hands-on, sumo-based entertainment for visitors to experience and enjoy.



With the backing of Kobe City, the art walk Rokko Meets Art attracted a record 33,000 visitors in fiscal 2024. This event will be renamed Kobe Rokko Meets Art from fiscal 2025, and along with further boosting its quality, by collaborating more closely with travel-related businesses, our aim is that it will grow to be one of the Kansai region's preeminent art festivals, attracting visitors from across Japan and overseas.

We are seeking to grow our Entertainment Segment by developing and maximizing the appeal of new initiatives such as these.



Kobe Rokko Meets Art

Entertainment Segment non-financial KPIs

| Priority issues | Action plan | Non-financial KPIs | Target values | Scope | FY2024 actual record |
|--|---|--|--|--|--|
| <p>Safe, reliable infrastructure</p> | <ul style="list-style-type: none"> Train theater attendants to improve their customer service skills Provide multilingual support using communication tools, etc. (English, Chinese, Korean) Improve/renovate facilities and signage Consider the introduction of new services using cutting-edge technologies. | Number of training sessions on universal service | Once a year (Takarazuka Grand Theater, Tokyo Takarazuka Theater, Umeda Arts Theater) | Hankyu Corporation Umeda Arts Theater | Takarazuka Grand Theater: once a year Tokyo Takarazuka Theater: once a year Umeda Arts Theater: once a year |
| Reason for action plan based on opportunity and risk | To expand the customer base for the Takarazuka Revue and other theatrical performances by offering more opportunities to see productions and creating accessible theaters, which means safe, comfortable attendance no matter what a person's needs—whether disabilities or other physical conditions—plus language accessibility for guests from abroad. | | | | |
| <p>Life designs for tomorrow</p> | <ul style="list-style-type: none"> Provide opportunities for children to experience the natural appeal of baseball through the Tigers Academy*1 | Number of baseball school classes hosted by the Tigers Academy | Maintain 60 or more classes into the future | Hanshin Tigers Baseball Club | 58 classes |
| Reason for action plan based on opportunity and risk | To promote baseball by developing women's baseball and by training youth as the next generation of good athletes, thereby expanding the fan base for professional baseball | | | | |
| <p>Life designs for tomorrow</p> | <ul style="list-style-type: none"> Actively provide opportunities to school groups to attend performances of the Takarazuka Revue Hold events for youth such as kids' seminars Hold lectures and seminars led by Takarazuka Revue alumnae in collaboration with the media. Hold series of Takarazuka Kodomo Athene**2 classes at the Takarazuka Music School | Number of students/children who attended a performance and related program | Over 60,000 (annually) | Hankyu Corporation Umeda Arts Theater Takarazuka Live Next Takarazuka Music School | Approx. 55,000 (attendees of performance/related program, Takarazuka Music School candidates, Takarazuka Kodomo Athene students) |
| Reason for action plan based on opportunity and risk | <ul style="list-style-type: none"> To provide opportunities for youth to have contact with the performing arts and contribute to cultural education, including fostering a rich imagination and artistic sensibilities To give dreams to children by promoting the appeal of the Takarazuka Music School and supporting the fulfillment of their dreams through a strong school curriculum, thereby contributing to the cultivation of young talent | | | | |
| <p>Life designs for tomorrow</p> | <ul style="list-style-type: none"> Offer live viewing at movie theaters or other venues and live stream to mobile devices, employing digital technologies and delivery services Use YouTube, etc. to stream content such as videos of performances Stream video using Takarazuka Sky Stage**3 Stream video using YouTube, etc. | Total number of viewers of live viewing and live streaming, Takarazuka Sky Stage subscribers (households), YouTube channel subscribers, etc. | Over 800,000 people (each fiscal year) | Hankyu Corporation Takarazuka Creative Arts Takarazuka Stage Takarazuka Music School | Approx. 930,000 people |
| Reason for action plan based on opportunity and risk | <ul style="list-style-type: none"> To get people to become more familiar with the Takarazuka Revue in many other parts of Japan using advanced digital technologies even if they are unable to get to a theater, thereby creating more opportunities for people to have contact with the performing arts Promote the appeal of the Takarazuka Music School to all parts of Japan, and by fostering the dream among children of performing on stage, help build a society that encourages dreams and ambitions | | | | |
| <p>Environmental protection</p> | <ul style="list-style-type: none"> Convert Hanshin Koshien Stadium lighting to LED lighting for night games and placement around the stadium, utilize solar panels on the roof known as “Ginsan,” and hold “carbon offset” games Switch to the use of biomass packaging material at food stalls and take steps to reduce plastic checkout bags Implement the collection and recycling of plastic cups | Usage rate of non-plastic food packaging | Pro baseball/high school baseball games: 70% each (2030 season) | Hanshin Electric Railway Hanshin Tigers Baseball Club Wellness Hanshin | Pro baseball: 51% High school baseball: 57% (2023 season) |
| Reason for action plan based on opportunity and risk | Carry out environmental measures at Hanshin Koshien Stadium and comprehensively publicize those efforts, thereby contributing toward the achievement of a carbon-neutral, circular society | | | | |
| | | Plastic cup collection rate | 70% (2030 season) | | 42% (2023 season) |

*1 Tigers Academy: A school business established in fiscal 2019 to instruct children on how to play baseball or how to dance

*2 Takarazuka Kodomo Athene: A school run by employees of the Takarazuka Music School that teaches singing, ballet and classical Japanese dance to girls from 4th to 8th grade (40 students/year)

*3 Takarazuka Sky Stage: A service for viewing public performances and original programs featuring Takarazuka Revue stars via CS broadcasts and cable TV

Business Strategy

Information and Communication Technology

We contribute to the development of society through information and communication technology.



Business environment

Markets are expanding in all business areas as technological innovations unfold

In our Information Services Business, we foresee further growth in corporate and local authority investment in areas such as DX, energy saving, and safety. We can therefore expect robust growth in the market. In the transportation sector in particular, a heightened interest in railway safety and security has led to the installation of in-train security cameras becoming compulsory, and is expected to increase the need for safety on station platforms through the utilization of AI and the IoT.

The broadcasting and communications business will see continued steady growth for cable television focused on internet service, which is being driven by the spread of teleworking and other trends. Going forward, needs will grow for technological advances in telecommunications and data centers to meet anticipated demand growth.

The market for the safety and education business is likely to continue growing as parents and guardians take increasing interest in our child safety service that monitors children's journeys to and from school. As programming classes became compulsory in elementary schools, the market for our STEAM education* will also take hold.

*STEAM Education is an approach to learning that provides an integrated education across the subject areas of Science, Technology, Engineering, the Arts and Mathematics aimed at solving real-world societal issues as part of the learning process.

Summary of the Medium-Term Management Plan

Basic policies

1 Information Services

Strengthen profitability power in existing businesses, bring in technologies that are lacking through outside partnerships, integrate with the Company's own products, and resolve societal issues inside and outside the Group to co-create a new future.

2 Broadcasting and Communications

Further expand broadcasting and telecommunications networks and diversify their uses to broaden our presence as a regional infrastructure provider and provide reliable communications services over the long term.

3 Safety and Education

Offer peace of mind to people in many ways through original ideas and cutting-edge technologies (IoT, AI, drones, AR/VR, 5G, etc.), and provide quality education to children (tomorrow's leaders) that is a step ahead of what is needed in society.

Fiscal 2024 review of operations

In our Information Services Business, factors such as an increasing number of orders in internet-related business—for example, e-commerce—led to improved operating revenue and profit.

Revenue and profit



Note: The anticipated full-year results for fiscal 2025 are based on information announced on May 14, 2024.

Incorporating accelerating DX demand will grow profits further

As some of our activities in our information services business, we are actively incorporating demand among railway companies for in-train security cameras (which are increasingly installed) and systems related to platform doors. At the same time, we are also focusing our energies on using digital technologies to develop and roll out solutions that can contribute to improved productivity and efficiency.

We have also launched the Machizukuri ("community development") DX website, which comprehensively showcases the Group's ICT solutions services, and the entire Group is assisting with efforts at local governments across Japan to incorporate DX in their community development. As an example of this kind of assistance, in December 2023, verification tests were undertaken in Unnan, Shimane Prefecture relating to wildlife control solutions that utilize Wi-Fi HaLow™ and camera images. Going forward, we will leverage our strengths in multi-vendor solutions and work in a way that enables us to contribute to the promotion of community development DX by local governments.

In addition, because technologies in the field of DX are constantly being updated, by incorporating technologies that we

lack from our external partners (including through M&A), we are responding to a variety of customer demands relating to DX.

Besides this growth in our Information Services Business, by expanding the scale of our Broadcasting and Communications Business and Safety and Education Business, operating profit in our Information and Communication Technology Segment is forecast to grow through fiscal 2026.

Delivering high-quality education to the children who will be tomorrow's leaders

In our Safety and Education Business, we are implementing quality programming education in the form of ProgLab robot programming classes, which have been highly praised and foster the ability of as many children as possible to fulfill their ambitions. Students participating in ProgLab classes have a track record of representing Japan at international competitions, and along with Mimamorume, which is a service for watching over children, received the Economy, Trade and Industry (METI) Minister's Award at the 6th Japan Open Innovation Prize. Going forward, by further enhancing the curriculum, we will continue to provide even higher quality education to the children who will become tomorrow's leaders.

Information and Communication Technology Segment non-financial KPIs

| Priority issues | Action plan | Non-financial KPIs | Target values | Scope | FY2024 actual record |
|--|---|--|------------------------------|---|---|
| <p>Safe, reliable infrastructure</p> | <ul style="list-style-type: none"> Strengthen efforts aimed at getting local authorities to enter into an agreement on disaster preparedness in the Kyoto-Osaka-Kobe area and Tokyo metropolitan area | Number of local authorities to sign a disaster preparedness agreement | — (Monitoring actual record) | Bay Communications Hanshin Cable Engineering Itec Hankyu Hanshin | Bay Communications: 4 local authorities Hanshin Cable Engineering: 16 local authorities Itec Hankyu Hanshin: 7 local authorities |
| Reason for action plan based on opportunity and risk | <ul style="list-style-type: none"> To respond rapidly and appropriately when a disaster occurs as a local telecommunications infrastructure provider, thereby contributing to the safety and security of local residents To strengthen responses to local government needs (disaster preparedness and mitigation, crime prevention, etc.) in preparation for expanding the BWA business*1 | | | | |
| <p>Thriving communities</p> | <ul style="list-style-type: none"> Use the Mimamorume*2 school route safety tracking system as the core of our security business to expand GPS services as services that differentiate us and enhance our competitiveness Expand the Machinaka Mimamorume*3 service for city residents, an opportunity for using our BWA business | Number of local authorities to which we contract GPS service and Machinaka Mimamorume and other safety systems | — (Monitoring actual record) | Mimamorume | GPS service contracts: 43 local authorities Machinaka Mimamorume: 7 local authorities |
| Reason for action plan based on opportunity and risk | <ul style="list-style-type: none"> To help raise the value of line-side areas by responding to increased interest in safety and security To utilize the Group's wireless and wired communications networks, external lines, and construction expertise for expanding services | | | | |
| <p>Robust governance</p> | <ul style="list-style-type: none"> Acquire external certification for information security (PrivacyMark, ISMS*4) | Status of acquisition of external certification for information security (PrivacyMark, ISMS) | — (Monitoring actual record) | Itec Hankyu Hanshin, YMIRLINK, Rworks, Nihon Protec, Bay Communications, Himeji Cable Television, BAN-BAN Networks, Hanshin Cable Engineering, Mimamorume | Privacy Mark & ISMS: Itec Hankyu Hanshin, YMIRLINK, Rworks, and Nihon Protec; Privacy Mark only: Bay Communications, Himeji Cable Television, BAN-BAN Networks, Hanshin Cable Engineering, and Mimamorume |
| Reason for action plan based on opportunity and risk | To ensure the secure handling of personal information and electronic data as an information and communications technology company to strengthen customer trust in the company | | | | |

*1 BWA business: Broadband Wireless Access system

*2 Mimamorume school route email notification service: A service that links school gate sensors and IC tags in children's school backpacks for tracking when children arrive or leave school, providing notifications by smartphone app or email

*3 Machinaka Mimamorume: A service that allows family members with a beacon tag to receive notifications by smartphone app or email when the tag passes a location such as a school or street intersection where a beacon receiver is set up

*4 ISMS: Information Security Management System

Business Strategy

Travel

Delivering extraordinary enjoyment through travel with high added value



Business environment

Japan's reopening expected to boost travel demand

As the world returns to normal after the COVID-19 pandemic and the economy flourishes, demand in domestic travel is once again becoming stronger. Due to concerns such as the ongoing weakness of the yen and soaring fuel surcharges, we have yet to see a full recovery to pre-pandemic levels for overseas travel, but demand is gradually recovering. Under these circumstances, while seeking to generate demand for overseas travel, by being committed to the development and sale of products with high added value, we are working to strengthen our business base with a focus on domestic travel.

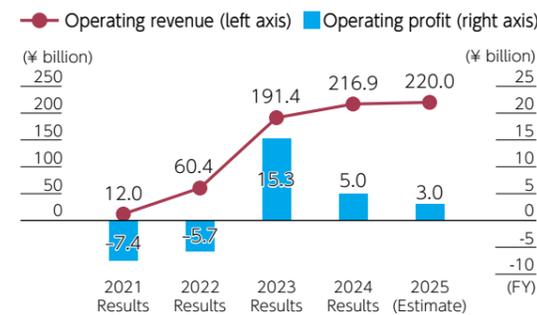
At the same time, against the backdrop of a weak yen, there is increasing demand with inbound tourism, particularly among visitors from Europe and North America. Further increases in demand are anticipated, for example, relating to Expo 2025 in Osaka, and we are seeking to capture demand by strengthening our collaborations with partners and local subsidiaries overseas.

During the COVID-19 pandemic, we also engaged in business other than travel, for example, receiving orders from local governments to provide support. Going forward, we will leverage connections such as these in order to seize business opportunities for providing solutions in response to new issues and needs.

Fiscal 2024 review of operations

Domestic travel continued to be strong, and while international travel is still in the process of recovering, there was an increase in the amount that we handled compared to the previous fiscal year. As a result, there was a rise in operating revenue, although profit declined due to factors such as fewer orders from local governments for the provision of support.

Revenue and profit



Note: Since fiscal 2022, the Accounting Standard for Revenue Recognition has been applied, and the presentation of operating revenue from travel packages has changed from net to gross amounts. The anticipated full-year results for fiscal 2025 are based on information announced on May 14, 2024.

Summary of the Medium-Term Management Plan

Basic policies

1 Strengthen competitiveness of travel packages

Further strengthen international and domestic group tours / Strengthen products other than specialized products (= those promoting price) / Win over new customers / Strengthen collaborations with local areas

2 Strengthen management base

Strengthen our Solutions Business / Enhance travel for visitors from overseas / Improve efficiency of attracting customers / Improve productivity

Strengthening the core domestic and international travel business

Domestic and international travel will continue to be at the heart of our Travel Segment, and particularly for group tours led by tour guides, we are working to establish a predominant presence, while also proactively diversifying our travel models in the medium to long term. With a view to this, in domestic travel, as well as enhancing our products that delve into specific themes, we are working to improve our lineup of hotels and traditional inns and to develop exclusive seasonal products, thereby providing travel with superior added value. For international travel, while improving sales for Asian countries in which the restoration of flights continues to progress, and by actively engaging in sales of cruises arriving in and departing from Japan, which are less likely to be impacted by fuel surcharges and rising prices, we are working to open up new tourism resources and create products for new countries and regions.

For the period of the Medium-Term Management Plan, in line with the recovery in demand for international travel, we anticipate operating profit to exceed pre-pandemic levels in fiscal 2026.

Stronger management base for medium- and long-term growth

In our Travel Segment, with the aim of strengthening our management base, as well as striving to attract new customers

such as those who will soon become senior citizens, we will leverage the connections we have built during the pandemic to expand and strengthen our solutions business—including support services aimed at local governments—and proactively capture the rising demand from overseas visitors to Japan.

By utilizing digital technologies, we are also endeavoring to improve operational efficiency, for example by enhancing online customer bookings, coordinating with the Hankyu Hanshin DX Project to analyze and apply customer data, and working to improve the efficiency of our activities for attracting customers through detailed product planning and effective advertising. With initiatives such as these, our aim is to improve productivity and build a long-term, stable management base, with a view to creating new value.



Travel Segment non-financial KPIs

| Priority issues | Action plan | Non-financial KPIs | Target values | Scope | FY2024 actual record |
|--|--|--|---|-----------------------------|---|
| <p>Safe, reliable infrastructure</p> | <ul style="list-style-type: none"> Preparation of serious-accident response manual and other manuals (as necessary revising BCPs which stipulate response to natural disasters, in light of the intensification of natural disasters due to climate change) Employee and supplier training in safe operations Information dissemination on safe operations Supplier assessments | Number of accident reports of serious culpable incidents | Maintain at zero | Hankyu Travel International | 2 incidents (Occurred in April and June 2023. Both were accidents involving rear-end collisions in tunnels, with one person taken to hospital.) *We will continue to implement comprehensive safety measures and promote the appropriate response when serious incidents occur. |
| Reason for action plan based on opportunity and risk | To respond rapidly and appropriately to an accident when operating tours or upon the occurrence of a natural disaster, thereby helping to build customer trust and bolster our brand value | | | | |
| <p>Life designs for tomorrow</p> | <ul style="list-style-type: none"> Plan tours that promote local areas in coordination with local governments (long-stay domestic travel, infrastructure study tours, community-based tours that start and end in localities, etc.) Hold seminars through Hankyu Tabikotojuku* that promote regional and cultural development Support regional development through General Incorporated Association Chiiki Mirai Kikaku | Number of collaborating local governments | 250 per year (FY2024) | Hankyu Travel International | 281 local governments |
| Reason for action plan based on opportunity and risk | To strengthen mutually beneficial collaboration with local governments and actively promote the appeal of the important elements of travel—localities and culture—thereby contributing to regional revitalization | | | | |
| <p>Robust governance</p> | <ul style="list-style-type: none"> Conduct questionnaires of tour participants Expand customer hot-line/customer center system Improve quality through tour monitoring by employees and checks during the first run of a trip Hold meeting on safe international travel locally Improve response through a call center and web-based inquiry service | Satisfaction rate based on questionnaires | <ul style="list-style-type: none"> Customer satisfaction rate (FY2031) International/with guide: 90% International/without guide: 90% Domestic/overnight: 85% Domestic/day trip: 85% | Hankyu Travel International | <ul style="list-style-type: none"> Customer satisfaction rate International/with guide: 91% International/without guide: 82% Domestic/overnight: 84% Domestic/day trip: 82% |
| Reason for action plan based on opportunity and risk | To improve satisfaction rates by directly hearing customers' voices and meeting diversifying needs with regard to the undefinable product of travel, thereby further boosting product value | | | | |

*Hankyu Tabikotojuku: Lectures and workshops held by Hankyu Travel International in Tokyo, Osaka, and other parts of Japan to share helpful tips on travel and information that makes travel more enjoyable

Business Strategy

International Transportation

We offer high-quality services on a global basis, designing optimal logistics solutions for customers.



Business environment

The role of global forwarders will take on even greater importance

The global logistics market remains unstable due to a variety of factors, including the outbreak of infectious diseases at a global level, geopolitical risks, and particularly in developed countries, ongoing rises in interest rates. Each day continues to bring new changes, for example, with the relocation of production bases in the manufacturing industry, the response to carbon neutrality, and market trends such as changes in consumer attitudes and values.

To meet diversifying needs and resolve issues in global logistics, we leverage the global network of Hankyu Hanshin Express to provide comprehensive transportation services that include high-quality, high-value-added air freight, sea freight, and logistics. As such, the solutions we propose are optimized for our customers' entire supply chain, and we will continue to capture market changes and growth in overseas markets to enable the growth of our Company.

Fiscal 2024 review of operations

In both air and sea freight, along with an easing of the pressure on supply and demand, we experienced a fall in both operating revenue and profit. This was due to factors such as the sluggish demand for logistics, particularly in East Asia, where among other things, customer companies are adjusting inventory.

Revenue and profit



Note: The anticipated full-year results for fiscal 2025 are based on information announced on May 14, 2024.

Summary of the Medium-Term Management Plan

Basic policies

| | |
|--|---|
| <p>1 Reform to establish a balanced business portfolio</p> <ul style="list-style-type: none"> Expand global business scale with logistics as a focal point | <p>3 Fortify systems to ensure robust global governance</p> |
| <p>2 Expand scale of business and strengthen competitiveness</p> <ul style="list-style-type: none"> Strengthen sales capabilities globally Expand synergies with the Seino Holdings Group | <p>4 Pursue initiatives in new growth fields</p> <ul style="list-style-type: none"> Enter the area of cross-border EC logistics Establish logistics for next-generation mobility Expand business in Africa, the Middle East and India |

Expanding the scale of our business and achieving a well-balanced business portfolio

To achieve our Long-Term Vision, while focusing on expanding the scale of our business and enhancing our competitiveness through the increased handling of air and sea freight linked with logistics, we will work on reforms to establish a balanced portfolio by strengthening sea freight and logistics.

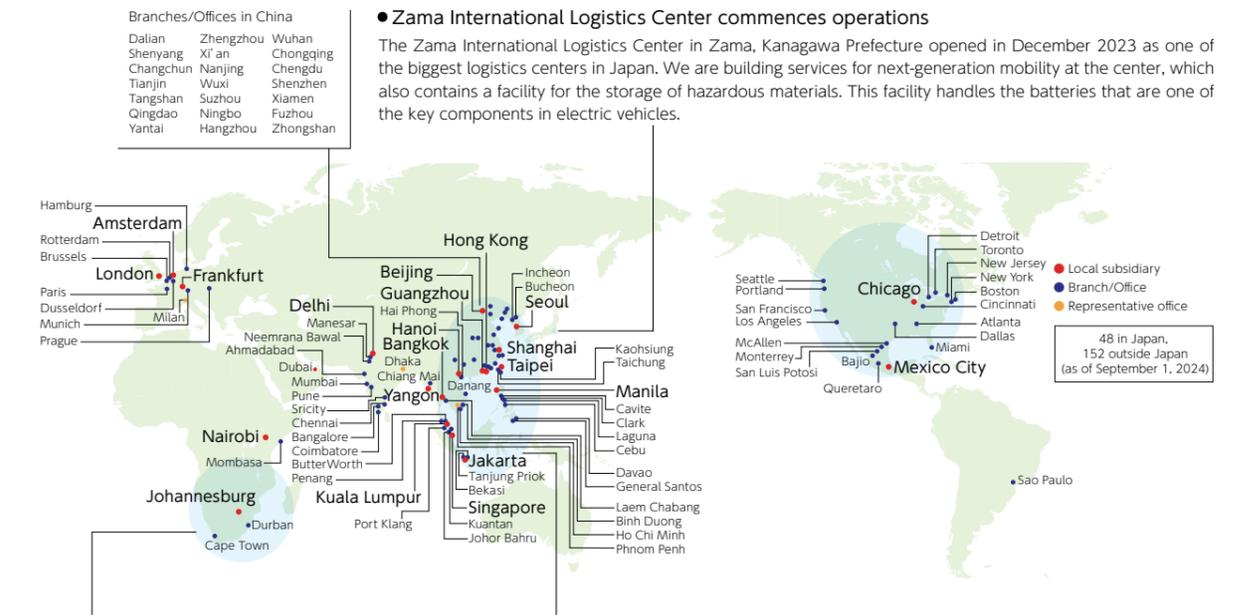
For the period of the Medium-Term Management Plan, as the logistics market returns to normal, we anticipate a return to the circumstances prior to the impact of the COVID-19 pandemic, and through fiscal 2026, we intend to increase operating profit by growing the volume of items handled.

Taking on the challenge of expanding our global network and entering new growth areas

The Hankyu Hanshin Holdings Group has already expanded into major cities around the world, but we will continue to grow our global network and to enhance services. We are adding to our network of bases and recently established a local subsidiary in the United Arab Emirates, and we are also upgrading or building new logistics warehouses in Japan, ASEAN, Africa, and elsewhere.

Furthermore, while aiming for additional expansion of our core businesses, we are also taking on the challenge of new areas for growth, for example, by building a distribution network that provides the logistics services necessary in new industry sectors, and expanding our business into India, the Middle East, and Africa, where significant population increases are forecast in the future.

Our global network in the international transportation segment



International Transportation Segment non-financial KPIs

| Priority issues | Action plan | Non-financial KPIs | Target values | Scope | FY2024 actual record |
|--|--|--------------------------|-------------------------------|---|---|
| <p>1 Safe, reliable infrastructure</p> | <ul style="list-style-type: none"> Prepare a BCP | Rate of existence of BCP | 100% | Hankyu Hanshin Express Hankyu Hanshin Logipartners | Preparation completed by both companies |
| Reason for action plan based on opportunity and risk | To build systems that prevent the stoppage of distribution as an essential industry, even if an accident or natural disaster occurs, thereby increasing trust in the business and benefiting society | | | | |
| <p>1 Safe, reliable infrastructure</p> | <ul style="list-style-type: none"> Improve the quality of customs clearance services | Rate of customs errors | Approximately 0.1% maintained | Hankyu Hanshin Express | 0.05% |
| Reason for action plan based on opportunity and risk | To pursue protective measures at ports and airports as a customs broker, thereby helping to maintain safety and security in society | | | | |



03 Creating Real Value: The Foundations

CONTENTS

- 83 **G** Priority Issue 6 Robust Governance
- 91 **TOPICS** Business and Human Rights Initiatives
- 93 Directors and Audit & Supervisory Committee Members
- 95 Interview with Outside Director
- 99 **S** Priority Issue 4 Empowering Individuals
- 101 **E** Priority Issue 5 Environmental Protection
- 106 Participation in Initiatives and External Evaluation

Governance

Robust Governance



Policies

Act honestly and in good faith, as stakeholders expect us to do.

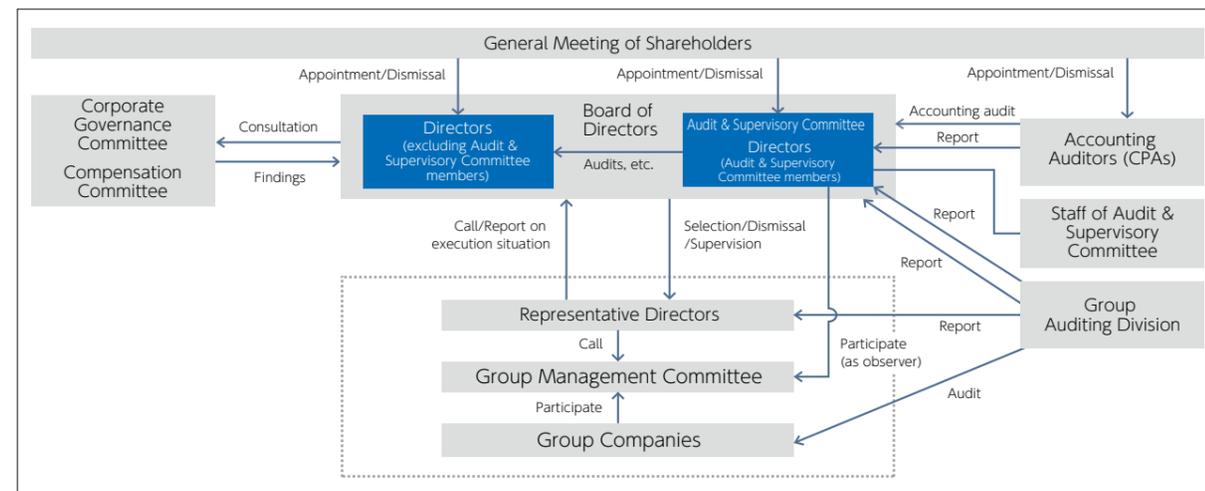
Basic Approach

The Company aims to remain a company that customers and other stakeholders trust. To this end, the Company is strengthening and increasing corporate governance by heightening the transparency and soundness of business management, complying with relevant laws and regulations, and ensuring appropriate, timely disclosure.

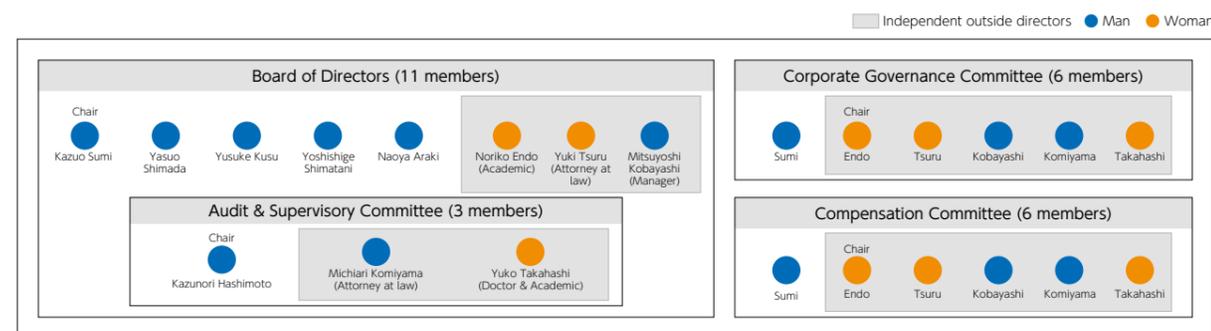
Reflecting this basic approach, the Company has established the policies below with a view to adhering to the principles of our Corporate Governance Code, sustaining growth, and enhancing corporate value over the medium to long term.

- (1) We shall respect shareholders' rights and ensure equality.
- (2) We shall take into consideration the interests of shareholders and other stakeholders and cooperate with them appropriately.
- (3) We shall disclose corporate information appropriately and ensure transparency.
- (4) We shall ensure that the Board of Directors performs its roles and duties appropriately and ensure advanced oversight and decision making.
- (5) We shall have constructive dialogue with shareholders with a view to sustaining our growth and enhancing corporate value over the medium to long term.

Corporate Governance System



*The Hankyu Hanshin Holdings Group takes practical steps to enact all of the principles stipulated in the Corporate Governance Code (including elements for TSE's Prime Market). For examples of specific action and other items relating to corporate governance, please refer to the Corporate Governance Report in the sustainability section of the Group's website. https://www.hankyu-hanshin.co.jp/download/sustainability/materiality/corporate/governance/info_governance.pdf (Japanese only)



(See pages 93-94 for more details about Directors and Audit & Supervisory Committee members.)

Governance Structure

Overview of Hankyu Hanshin Holdings' and the Group's Corporate Governance Structure

Hankyu Hanshin Holdings, Inc. is a pure holding company, and the conduct of operations is basically the responsibility of Group member companies. Hankyu Hanshin Holdings' principal role is supervision and oversight of the entire Group—meaning that these functions are separate from the conduct of Group businesses.

Through this system, the Company realizes supervision and oversight and enhances the overall governance of the Group by: retaining the authority to approve the Company's and the Group's management policies and strategies, and the medium-term or annual management plans of all core businesses; requiring timely submission of progress reports by operating companies; and having Group companies obtain approval from, or report to, Hankyu Hanshin Holdings before taking actions that affect the Group's management significantly (for example, investments above a certain threshold).

With regard to the above matters, the Board of Directors, which includes outside directors, makes approval decisions and receives reports. Moreover, to undertake preliminary reviews the

Company has established a Group Management Committee, which includes representatives of the Group's core businesses.

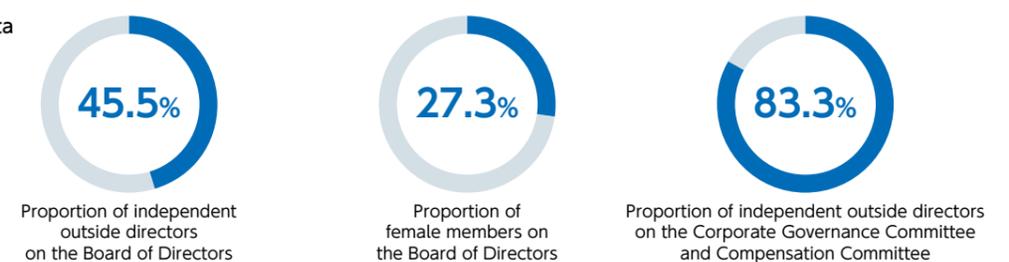
Further, to ensure transparency in the appointment and dismissal of the Company's directors and to facilitate coordination with outside directors, the Group has established the Corporate Governance Committee, which comprises the chairperson of the board (or the president, in the chairperson's absence or unavailability) and outside directors who are independent of the Company, and is chaired by one of the outside directors. Moreover, to ensure that concrete decisions regarding the amount of director compensation (excluding that of members of the Audit and Supervisory Committee) under the responsibility of the Board of Directors, are made based on objective and transparent procedures, the Company has established a Compensation Committee which comprises the chairperson of the board (or the president, in the chairperson's absence or unavailability) and outside directors who are independent of the Company, and is chaired by one of the outside directors.

In addition, as part of efforts to strengthen its overall capabilities, the Company is strengthening the governance of funding. Measures include centralizing funding under the Company, as a rule, and promoting putting in place mechanisms to distribute funds to operating companies within the limits set out in business plans that the Company has approved.

Recent Efforts to Strengthen Corporate Governance

| | |
|--------|--|
| FY2016 | Corporate Governance Committee established • Charged with ensuring transparency of corporate director appointments and dismissals and facilitating coordination with outside officers. (Held twice a year) |
| FY2017 | Evaluation of the Board of Directors' effectiveness • A survey was carried out to assess the management by the Board of Directors, including the sufficiency of its explanations and the appropriateness of its handling of its proceedings. (Starting in fiscal 2021, interviews are preceded by questionnaires for more effective assessment.) |
| FY2018 | Abolition of senior advisors system |
| FY2019 | Abolition of anti-takeover measures and Compensation Committee established • Charged with ensuring that the objectivity and transparency of procedures relating to decisions regarding board members' remuneration, including amounts. (Held once a year) |
| FY2020 | Review of compensation system • Stock-based, performance-linked stock compensation system (paid into trust) introduced for the chairperson and president (representative directors, since fiscal 2023) in order to further motivate them to enhance the Company's corporate value and business performance, as well as to enhance shareholder value. |
| FY2021 | Transition to a Company with an Audit & Supervisory Committee • Became a "Company with an Audit & Supervisory Committee" as part of efforts to bolster the Board of Directors' oversight function and enhance corporate governance. |
| FY2023 | Outside directors made chairs of both the Corporate Governance Committee and Compensation Committee |

FY2025 Data



Robust Governance

More transparent management and effective governance

Management organization for decision making, execution, and oversight of matters related to company management

Board of Directors and Directors

The Board of Directors enhances governance of the entire Group and oversight of respective companies by: retaining the authority to approve decisions regarding the Company and the Group's management policies and strategies, and the medium-term or annual management plans of all core businesses; and requiring timely reporting by operating companies about Group companies' significant investments.

The Board of Directors also receives and oversees periodic reports on the Group's ESG initiatives: its policies and status for responding to ESG issues. In addition, as a preventative measure for conflict-of-interest transactions and related party transactions, transactions with the Company's directors, major shareholders, and other related parties are kept under surveillance of the board through mandatory approval or reporting of such transactions as appropriate, in accordance with applicable laws and regulations as well as the materiality of said transactions.

The Board of Directors is composed of 11 directors, 5 of whom are independent directors. Members include women; those with knowledge, experience and skills in legal affairs and risk management; and those with specialist knowledge, experience, and skills of areas such as social and environmental. With this membership, the aim is to raise diversity, reinforce governance and oversight capabilities, and boost decision-making quality. Moreover, three directors are members of the Audit & Supervisory Committee.

Audit & Supervisory Committee and Its Members

Of the Audit & Supervisory Committee's three members, two are independent directors. By selecting committee members who are independent from the Company and have a high level of specialist expertise, the Company endeavors to further ensure sound decision making. We provide full backup to enable the

Ensuring effectiveness of the Board of Directors and Audit & Supervisory Committee

Attendance at meetings of the Board of Directors and Audit & Supervisory Committee by outside directors (FY2024)

| Name | Position | Attendance (times attended/times held) | | Statements at Board of Directors meetings, etc. |
|----------------------|---|--|-------------------------------|--|
| | | Board of Directors | Audit & Supervisory Committee | |
| Noriko Endo | Director | 11/11 | — | Instructive comments based on a wealth of experience and knowledge gained through research into public and government policy, and the environment and energy field |
| Yuki Tsuru | Director | 11/11 | — | Instructive comments from a compliance perspective |
| Mitsuyoshi Kobayashi | Director | 11/11 | — | Instructive comments based on a wealth of experience, perspectives, and a track record as a manager |
| Michiari Komiyama | Director and Audit & Supervisory Committee member | 11/11 | 12/12 | Instructive comments from a compliance perspective |
| Yuko Takahashi | Director and Audit & Supervisory Committee member | 11/11 | 12/12 | Instructive comments based on a wealth of experience and knowledge gained through research and clinical research into public health and health and productivity management |

*The office of the Board of Directors assists outside directors and the office of the Audit & Supervisory Committee assists outside directors who are Audit & Supervisory Committee members; in particular, the office of the Audit & Supervisory Committee is staffed with dedicated staff. Moreover, the office of the Board of Directors sends out materials relating to motions to be tabled at board meetings, in principle around seven days before the meeting date, as well as its other activities to enhance outside directors' supervision and oversight functions.

Audit & Supervisory Committee members to perform their governance and oversight functions, for example by involving the full-time member in the Group Management Committee and other meetings within the Group.

Corporate Governance Committee (voluntarily established committee that functions as a nominating committee)

To ensure transparency in the appointment and dismissal of directors and coordination with outside directors, the Corporate Governance Committee comprises the chairperson of the board (or the president, in the chairperson's absence or unavailability) and outside directors who are independent of the Company, and is chaired by one of the outside directors. The committee gives advice about the selection of director candidates and the dismissal of directors (excluding Audit & Supervisory Committee members) to the Board of Directors and on request, serves as a forum to provide information in such areas as the Group's finances to outside directors.

In fiscal 2024, the Corporate Governance Committee met twice.

Compensation Committee (voluntarily established)

To ensure that the decision-making process for the amount of compensation paid to directors (excluding Audit & Supervisory Committee members) is objective and transparent, the Compensation Committee comprises the chairperson of the board (or the president, in the chairperson's absence or unavailability) and outside directors who are independent of the Company, and is chaired by one of the outside directors. The committee gives advice to the Board of Directors on the Company's compensation system on request.

In fiscal 2024, the Compensation Committee met once.

Group Management Committee

The members of the Group Management Committee include full-time directors (excluding Audit & Supervisory Committee members) and executive officers of the Company, and representatives of each of the Group's core businesses. The committee meets to deliberate and decide on the approval of resolutions of the Board of Directors; the Group's management strategies and business plans; Group companies' significant investments; and significant Group management matters.

In fiscal 2024, the Group Management Committee met 17 times.

Evaluation of the Board of Directors' effectiveness

The Company conducts evaluations of the board's effectiveness at the board meeting held in April every year.

Major initiatives carried out in fiscal 2024 that take into account past analysis and evaluation results

The Board of Directors took necessary actions in response to recommendations for regular follow-up on the progress and results of the Group's investment projects and for providing more information on indicators of the current status of its core businesses. The board members also visited sites to enhance their understanding of the Group's different businesses.

Analysis and evaluation process for fiscal 2024

A summary of the process and results of an evaluation of the effectiveness of the Board of Directors conducted in fiscal 2024 is as shown below.

1. Evaluation process

In fiscal 2024, all directors evaluated the adequacy of the board's composition and operations as a way of determining its effectiveness.

Timeline

| | |
|---------------|---|
| February 2024 | Individual questionnaires |
| April 2024 | Reports were given to the Board of Directors on the answers to the questionnaires detailed above, and these were discussed. |

Evaluation item

| | |
|--|--|
| Board composition | The number and type of directors |
| Board operations | Schedule, selection of agenda items/report topics, sharing of information in advance, explanations, documents, time for deliberations, progress of discussions (particularly concerning the Medium-Term Management Plan) and proceedings |
| Corporate Governance Committee/ Compensation Committee | Composition and operation of both committees |

2. Evaluation results

As a result of the questionnaire and interviews, the board's composition and operations in fiscal 2024 were deemed to be adequate, and the evaluation concluded that the board was effective and generally administered appropriately.

Recommendations were also made for further discussion on growth strategies and for further enhancing advance information provision regarding matters to be discussed at the Board of Directors meetings.

Taking this into account, a study will be carried out into how to further improve the board's oversight and decision-making.

Compensation system

Compensation of directors

Basic policies

The Company's compensation system for directors (excluding Audit & Supervisory Committee members) further motivates them to enhance the Company's corporate value and business performance, as well as to enhance shareholder value. Compensation comprises

two elements: fixed monetary compensation paid according to position and job responsibilities, and performance-linked stock compensation paid in trust to representative directors.

*The Group's stock-based, performance-linked stock compensation system applies to all three representative directors, including the Group CEO. For all three, the system includes a malus clause, under which rights to receive stock-based compensation may be withheld from any person eligible for this payment who commits an egregious breach of duty prior to finalization of such rights, or if any other grounds for withholding such rights arise.

*The payment of retirement benefits to directors was discontinued in April 2004 to heighten transparency of the compensation system.

Procedure

Based on the foregoing policies, to ensure that concrete decisions regarding the amount of director compensation, which are the responsibility of the Board of Directors, are made based on objective and transparent procedures, the Company has established a Compensation Committee comprising the chairperson of the board (or the president, in the chairperson's absence or unavailability) and independent outside directors, and is chaired by one of the outside directors. The Board of Directors makes compensation decisions after consultation with the Compensation Committee concerning the compensation system and content of compensation. The Compensation Committee carries out multifaceted reviews of the individual compensation paid to directors (excluding Audit & Supervisory Committee members), including into the decision-making policy and whether it complies with this. It has been determined that the Board of Directors acts in accordance with this policy and fundamentally respects the committee's findings.

More information on this policy can be found in the Corporate Governance Report.

Corporate Governance Report

https://www.hankyu-hanshin.co.jp/download/sustainability/materiality/corporate/governance/info_governance.pdf (Japanese only)

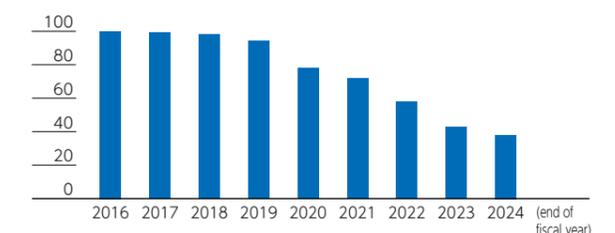
Other efforts to strengthen governance

Position regarding strategic shareholdings

The Company acquires shares held for strategic reasons with a view to building relationships of trust with various stakeholders and enhancing corporate value over the medium to long term by maintaining business relationships or strengthening collaborations with partner companies and maintaining relationships with regional communities.

Individual strategic shareholdings are reviewed for appropriateness each year by the Board of Directors, taking into account economic rationales such as dividend income. Where a given holding is deemed no longer appropriate, it is sold progressively, with comprehensive consideration of factors such as the Company's financial circumstances and the influence of stock sales on market conditions.

Strategic shareholdings held (Taking FY2016 final levels as 100)



Robust Governance

Internal control system

Basic approach to internal control system and the progress of system development

Recognizing the importance of ensuring that the business operations of the Company are conducted in an appropriate manner, we believe it is vital to have an internal control system for the entire Group, and to revise it when deemed necessary.

In particular, the Group has a robust structure for compliance-focused management, including a dedicated compliance office, a compliance manual, and compliance training, all aimed at raising awareness of compliance issues throughout the entire Group.

As part of our whistleblower system, we have a Corporate Ethics Consultation Desk for quickly bringing our attention to any incident that may threaten our compliance-focused management. If a serious incident occurs, we promptly convene the Risk Management Committee to determine how to respond.

We also have a Group Auditing Division, which has its own dedicated staff and operates under the direct control of the president. This division establishes regulations and conducts internal audits of the general operations at Hankyu Hanshin Holdings and its Group companies. Specifically, guided by the Group's management philosophy (code of conduct), based on the Group's audit policy developed each year, each Group company formulates an annual audit plan, including measures for risks specific to respective companies and businesses, in addition to priority themes for the entire Group, and receives audits as appropriate. For example, "accounting treatment and fund management" is regularly (at least once every three years) set as an audit theme subject to auditing whether basic internal controls, which include verification, approval, and a system of checks and balances, for accounting and funds are functioning effectively. The division also audits the status of information security initiatives and the development of working hour management systems and verify whether internal controls are functioning effectively throughout the Group's management activities.

Furthermore, the Group provides auditors at each Group company authority not only in accounting but also in operational audits, and at the same time provides guidance to smaller Group companies on Board of Directors' resolutions for the creation of an internal control system.

With regard to systems for "Evaluation and Auditing of Internal Controls over Financial Reports," a section of the Financial Instruments and Exchange Act, the Company responds appropriately by carrying out management evaluations on a consolidated basis, in line with in-house rules.

Basic approach to eliminating anti-social forces and the progress of its development

We have a clear policy of thorough rejection of any involvement with organized crime groups, companies connected with organized crime groups, *sokaiya* racketeers, or other "antisocial forces" that threaten the order and safety of civic society, and firm refusal of their unreasonable demands.

To ensure full awareness of this policy throughout the entire Group, it is instituted in the Basic Policy on the Establishment of the Internal Control System and clearly set forth in the Hankyu Hanshin Holdings Group Compliance Handbook distributed to all Group directors and employees.

Moreover, in practice, we cooperate closely with lawyers, police,

and other organizations, and all Hankyu Hanshin Holdings Group contracts contain clauses banning involvement with antisocial forces.

We also share relevant information between Group companies, maintain high awareness of issues through employee training, and participate proactively in community meetings and activities pertaining to the elimination of organized crime and other antisocial forces.

If an incident occurs, we take a pan-organization approach in response, bringing in the relevant in-house departments and teaming up with outside experts.

Corruption prevention and compliance

We at the Hankyu Hanshin Holdings Group are constantly striving to live up to the stakeholders' expectations and become a good, trustworthy organization. Our strong focus on compliance is one of the pillars underpinning our efforts in this area.

Organizational initiatives for better compliance

We are thoroughly implementing this focus through the Group Management Philosophy (as clarified in our Mission, Values, and Code of Conduct) and various fundamental policies and regulations that we have put in place.

Of those, the Board of Directors reviews adherence to the Code of Conduct every two years, based on employee questionnaires. As necessary, it also carries out periodic evaluations and investigations into the effectiveness of the Code of Conduct. Rather than rules set in stone, we are always considering customer and other stakeholders' perspectives and updating them.

Furthermore, we have established a dedicated compliance office in the Personnel and General Affairs Division to help bolster compliance groupwide by pursuing three main initiatives as set forth below.

1. Raising awareness via the Compliance Handbook

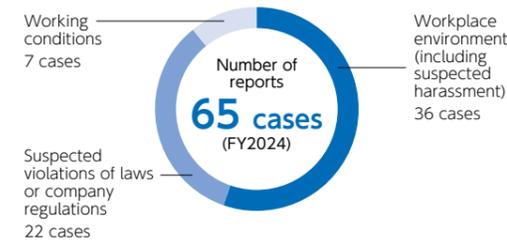
The Compliance Handbook, viewable by all the Group's officers and employees, makes it clear that violations of law or social norms or actions that betray customer trust are prohibited, and provides useful examples of common scenarios. In this way, the manual is part of our effort to raise awareness of the importance of compliance.

2. Corporate Ethics Consultation Desk (internal whistle-blower procedures)

The Corporate Ethics Consultation Desk comprises an in-house section and an external section, which is staffed by outside lawyers. It enables all Hankyu Hanshin Holdings Group officers and employees, as well as the Group's business partners, to report— anonymously—behavior that violates (or may violate) laws or regulations, or is otherwise unethical (including corruption or human rights breaches in compliance procedures). Reports can be made via a dedicated email address (available 24/7, year-round), by letter, or by telephone.

Furthermore, the desk reports each year to the Board of Directors and the Audit & Supervisory Committee on its operations; in fiscal 2024 it received sixty-five reports from throughout the whole Group. Should a risk related to consultation details be considered significant, the Risk Management Committee convenes to discuss and decide on appropriate responses.

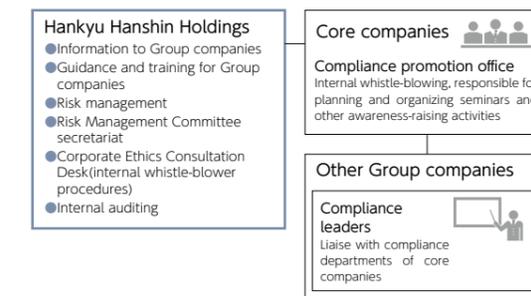
Number of reports made to the Corporate Ethics Consultation Desk



3. Other initiatives

We are setting up compliance promotion offices at core Group companies and appointing "compliance leaders" at other companies to ensure our response is on a group-wide basis.

Overview of Group compliance



Awareness-raising and training for all officers and employees

In order to raise awareness of compliance among the Group's executives and other employees, we conduct various types of training or information disclosure. Compliance training in particular, helps to establish compliance that considers points of notes for each stakeholder (customer, business partner, shareholder, etc.) or scenario (workplace, private life, etc.), and we are working on more practical education activities.

Thorough corruption prevention

We work to prevent corrupt behavior by executive and other employees (such as improper behavior that takes advantage of status or position, or actions that breach legal or ethical rules) based on a variety of regulations. Specifically, we set our Anti-Corruption Policy, and put in place regulations and guidelines aimed at preventing corruption, which include those aimed at stopping insider trading or bribery. Then, in May 2021, we announced our agreement with the United Nations Global Compact; we are pushing forward with corruption prevention activities based on the compact's tenth principle: "Businesses should work against corruption in all its forms, including extortion and bribery."

See the website for more details on our Anti-Corruption Policy:
<https://www.hankyu-hanshin.co.jp/en/corporate/compliance.html>

Risk management structure

The Group has established the Risk Management Regulations, under which risk is defined as "an event that hinders the achievement of the Group's organizational goals," and put in place a risk management structure with reference to ISO 31000 to help maintain the health of the Group's management by preventing risks from becoming reality and minimizing damage when they occur.

Individuals in charge and structure of risk management

The Group has established a Risk Management Committee chaired by a senior executive responsible for risk management, the president and chief risk management officer of the Group, and the committee oversees risk management across the Group. The same committee, which is separate from the Audit & Supervisory Committee, meets twice a year in principle and consists of the company's executive officers and other individuals appointed by the committee chair. In addition, the Risk Management Promotion Office has been set up as an organization under the direct control of the president, and is responsible for the promotion of risk management within the Group, including serving as the Secretariat for the Risk Management Committee.

The Risk Management Committee selects risks that have a large effect on Group management and require a group-wide response (hereinafter, "significant risks common to the whole Group"), determines the risk owners who oversee the management of these risks, and monitors the status of countermeasures and initiatives related to these risks. We have also established a system for timely detection of new risks arising from changes in the external environment, such as socioeconomic conditions, through group-wide discussions on the status of countermeasures and initiatives. The Risk Management Committee discusses risks and reports its analyses to the Board of Directors, including information regarding ESG-related risks, as well as the operational status of risk countermeasures as needed. The Board of Directors thus has oversight of risk management regarding issues that are important to the Group's management, again including ESG-related risks, and reviews the effectiveness of risk management processes as necessary. In addition, environmental and social risks, especially climate change issues, and their impact on our business are deliberated at the Corporate Sustainability Committee. Details regarding the deliberations are reflected in risk management across the Group, for example, in the determination of significant risks common to the whole Group.

Basic risk management initiatives

We conduct an annual risk survey that brings to light, specifically, risks related to natural disasters (including infectious diseases), accidents, information management, compliance, and other organizational management risks, including ESG-related risks,* in both new and existing operations. An appropriate response is then determined for each, after an assessment of its likelihood and impact, as well as a hypothetical scenario analysis. We have selected "natural disaster risk" as one of the significant risks common to the whole Group and are enhancing our ability to respond to risks associated with climate change.

*ESG-related risks:
 Environment: Climate-related risk, waste/pollution risks, impact on biodiversity, etc.
 Social: Risks related to employee working environments and occupational safety, risk of human rights breaches or harassment, etc.
 Governance: Comprehensive corruption risks, connected to unfair business practices, insider trading, bribery, etc.

Robust Governance

Putting in place a crisis response system

Even though we work diligently to evaluate and mitigate risks, if a serious risk situation materializes, in accordance with the Risk Management Regulations, a Crisis Response Team headed by the president is formed to respond quickly and appropriately to contain damage from spreading and minimize any adverse effects resulting.

Cyber-security measures

The Group uses a variety of information systems in its different businesses, including in its railway operations—an important piece of infrastructure. As such ensuring cyber-security is an important element of risk management.

As a cyber-security measure for these kinds of information systems, we have established regulations and systems for each Group company based on Fundamental Policies on Electronic Information Security. Furthermore, we periodically carry out director and employee training, information security evaluations, inspections, and improvements. At the same time, we actively cooperate with local authorities and other relevant organizations to collect data. In these ways, we are continuously working to prevent information security incidents.

However, should an incident occur, we would quickly communicate this and respond, and establish a CSIRT* to appropriately prevent its spread and ensure no reoccurrence.

*Computer Security Incident Response Team

Reflecting stakeholder sentiment in operations

At the Hankyu Hanshin Holdings Group, we believe that the views of our stakeholders—including customers, local communities, shareholders, trading partners, and employees—have an important place in our business operations.

Initiatives to energize shareholder meetings and improve ease of exercising voting rights

We have adopted a variety of initiatives to make shareholder meetings more rigorous and make it easier for shareholders to exercise their voting rights. These include timing meetings to avoid scheduling clashes with other companies, using online voting platforms, posting convocation and resolution notices (including English versions) on our website, and improving the voting experience for institutional investors.

Investor relations

IR activities policy

The Group Planning Division is responsible for dialogue with shareholders, and the executive officer in charge of the division takes overall control of IR activities.

The division has dedicated IR staff, who regularly share information and collaborate with finance, accounting, general affairs, legal affairs, PR and corporate sustainability departments, and promotes IR activities.

For shareholders, we disclose information via our website, while for institutional investors we hold regular briefings, in these and other ways we implement activities to deepen understanding about our business strategies and financial policies. IR staff hold dialogue (via interviews) with shareholders, but where necessary

(taking into consideration factors such as the number of shares the shareholder holds or areas of interest) responsible executive officers also carry out interviews.

IR staff also create reports on the content of Q&A sessions and feedback from shareholders or institutional investors, as needed, and feed this back to the management team.

When engaging in dialogue with shareholders, as well as making major themes out of our sustainable growth and efforts to enhance corporate value, we put in place a silent period before announcing financial results, during which dialogue is restricted. In this and other ways we pay careful attention to how we manage insider information.

Dialogue with shareholders

In accordance with the policy above, the president or the executive officer in charge of the Group Planning Division attended quarterly financial results briefings, and IR staff carried out a total of around 130 individual interviews with institutional investors and analysts from Japan and abroad in fiscal 2024.

As part of dialogue with shareholders, in addition to overviews of financial results and performance forecasts, main themes include medium- and long-term growth strategies and the status of management that focuses on capital efficiency. These contents are fed back to the management team each quarter. Based on these kinds of dialogue, the statuses of studies on long-term management direction are added to financial briefing documents in an effort to help further promote shareholder understanding.

Respecting stakeholders' positions

Realizing our mission to create satisfaction among our customers and contribute to society by delivering safety, comfort, dreams, and excitement involves the ongoing pursuit of sustained growth underpinned by an active commitment to ESG.

In May 2020, we launched the Hankyu Hanshin Holdings Group Sustainability Declaration (see page 49), a clear indication of how we intend to contribute to more sustainable use of resources across society. The declaration sets forth our determination to ramp up ESG initiatives, to further solidify the relationship of trust we enjoy with customers, local communities, shareholders, trading partners, employees, and other stakeholders, and to use the Hankyu Hanshin Holdings Group's businesses as a vehicle for overcoming the challenges we all face as a society.

Our social contribution activities, such as environmental and community action, have benefited from the institution of a clear Group policy and the establishment of a dedicated department within the Group Planning Division and the Personnel and General Affairs Division, and our efforts in this area are guided by the Sustainability Declaration. Moreover, we publish the Sustainability Data Book to present the results of major activities, as well as our future policies and plans, alongside putting details on the Hankyu Hanshin Holdings website for details.

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

Acting on feedback from customers

We value feedback from customers, which we receive in via multiple channels, including our Listening Center and forums for dialogue with residents' groups from communities along our railway routes. This structure is designed so that customer feedback is

routinely shared in-house and reflected in our business.

Hankyu Corporation incorporates its Transit Information Center and Public Relations Dept. Listening Center into its framework for collecting and acting on customer feedback. For its part, Hanshin Electric Railway seeks to act on feedback collected by its public relations office and at its various facilities, as well as through its website and the efforts of its communications staff.

Alongside the pertinent departments, we investigate and respond to opinions, questions, and other feedback as appropriate, and the results are subsequently used to improve our businesses.

Hankyu Hanshin Holdings Group Supply Chain Policy

To realize a sustainable society, the Group believes that it is important to build relationships of mutual trust and solid partnerships with suppliers and promote sustainability initiatives throughout the supply chain. From this standpoint, we formulated the Hankyu Hanshin Holdings Group Supply Chain Policy in April 2024, and are driving forward sustainability initiatives throughout the Group in cooperation with our suppliers. For details regarding the policy, please refer to the Hankyu Hanshin Holdings Group Supply Chain Policy.

https://www.hankyu-hanshin.co.jp/download/sustainability/materiality/corporate/governance/supply-chain_en.pdf

Taxation transparency (tax policy)

The Group has established the following tax policy to improve the transparency and soundness of its business management. We will fulfill our corporate social responsibility by understanding the spirit of applicable tax-related laws, complying with the tax-related laws and regulations in operating countries, and by conducting our tax operations properly. In addition, we will pay taxes in a manner consistent with our business activities and will not engage in arbitrary tax avoidance.

1. Fundamental policy

The Group wishes to remain a corporate group that has the trust of its customers and the rest of society. To this end, we are strengthening and enhancing our corporate governance by further raising the level of transparency and soundness of our business management, complying with laws and regulations, and disclosing information in an appropriate manner and at a suitable time.

This fundamental approach will guide us as we aim to both contribute to society by paying a reasonable amount of tax and achieve sustainable growth and greater corporate value in the medium to long term.

2. Compliance with tax laws and regulations

As well as complying with laws and regulations pertaining to taxation, we will report and pay taxes appropriately and thereby fulfill our corporate social responsibility.

3. Tax planning

The scope of our tax planning is based on our business objectives and actual performance and we are working to improve corporate value through the effective use of tax incentives and other measures. Our tax planning is not conducted with the aim of tax avoidance.

4. Tax governance

Corporate governance of taxation is covered by our group-wide governance system. We have an oversight system in place, under which tax-related risks are reported to the Board of Directors and Audit & Supervisory Committee as appropriate.

5. Tax-related risk management

Should any dealings for which tax interpretations are unclear take place as part of our business activities, we take advice from outside experts and where needed consult with tax authorities in advance so as to minimize tax-related risk.

6. Relationship with tax authorities

We work to maintain a positive relationship with tax authorities and respond in a timely manner to their queries accurately and honestly.

| Amount of tax paid | | | (¥ billion) |
|--------------------|-------|----------|-------------|
| | Japan | Overseas | Total |
| FY2022 | -11.1 | 1.0 | -10.2 |
| FY2023 | 9.6 | 2.3 | 11.9 |
| FY2024 | 7.1 | 0.9 | 8.0 |

(Note 1) The figures above are rounded to the nearest 100 million yen. (Note 2) Tax paid is a combined figure for both national and regional taxes. The figures shown above are based on country-specific reports and are not directly connected to our consolidated financial statements.

Approach to Intellectual Property

The intellectual properties that we have built up through our business activities over many years—including our brands, trademarks, and confidential management assets such as written materials and expertise—are important corporate assets to the Hankyu Hanshin Holdings Group. As such, we will endeavor to create new intellectual properties, both to provide products and services that customers can choose with peace of mind and to appropriately distribute as a management asset to support future business expansion. To those ends, it is imperative that we manage and use these assets appropriately.

Based on that approach, we will manage intellectual properties in the ways outlined below so as to raise their value even further.

We also have the utmost respect for intellectual properties that belong to third parties.

- (1) We will not only work to avoid or prevent the infringement of the intellectual properties we have created, but will acquire rights so as to support the expansion of our business activities and use these intellectual properties actively and strategically in our businesses.
- (2) Where third parties, including business partners, wish to do business that involves the use of our intellectual properties, we will make our permission mandatory and ensure permission is dependent on the contents of that use after an appropriate investigation.
- (3) Where we confirm that a third party has, or may have, infringed upon our intellectual property rights, we will take serious actions.

TOPICS

Business and Human Rights Initiatives

Establishment of a human rights policy

At the Hankyu Hanshin Holdings Group, we have set Respect for People as one of the Values of the Group Management Philosophy. To ensure all employees understand our stance, we have compiled a written Basic Philosophy on Respect for Human Rights and Basic Policy on Respect for Human Rights. In April 2023, we revised our basic philosophy and policy based on the United Nations Guiding Principles on Business and Human Rights and other standards.

See the website for more details on our basic philosophy and policy on respect for human rights: <https://www.hankyu-hanshin.co.jp/sustainability/materiality/human/rights/> (Japanese only)

Human rights due diligence

We have been striving to mitigate risks related to human rights issues such as harassment and discrimination. Now, we are more aware of the "business and human rights" perspective and are working on the initiatives to prevent human rights violations and mitigate negative impacts across the Group (including the supply chain) after identifying and prioritizing human rights risks (identifying significant risks). With importance placed on external perspectives, we are proceeding with initiatives through dialogue with external experts, including university professors and NGO representatives.

Identification of human rights risks and significant risks

A workshop on identifying human rights risks was held by employees involved in the Group's businesses (Urban Transportation, Real Estate, Sports, Stage, Information and Communication Technology, Travel, International Transportation, Hotel, and Retailing). At the workshop, human rights risks in the supply chain of each business were identified for each stakeholder, and then, based on advice from external experts and others as well as relevant international norms and guidelines, human rights risks anticipated for each of our businesses at this point were identified.

The identified human rights risks were evaluated from the perspective of the severity of potential negative impacts on

human rights (scale, scope, and difficulty of remediation) and the likelihood of negative impact, and the following significant risks were identified for the Group.

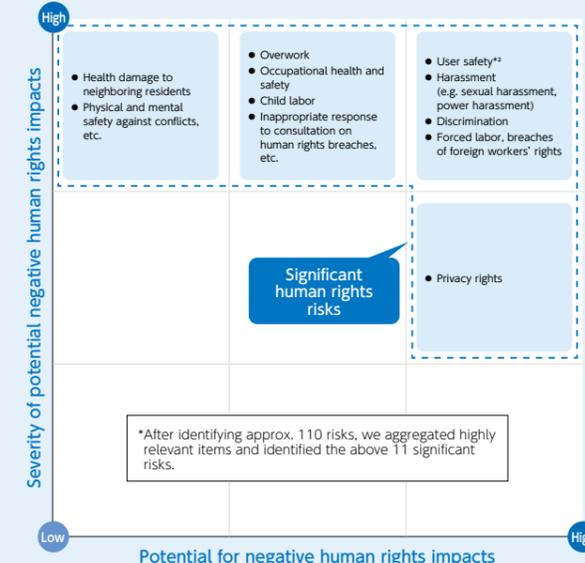
In identifying human rights risks and significant risks, we take into consideration opinions and reports delivered from our customers, local residents, employees, and other stakeholders to our Listening Center and Corporate Ethics Consultation Desk.

We will implement measures to prevent and reduce the identified human rights risks sequentially and will also continue with activities to educate and raise the awareness of our employees.



Employee workshop

Significant human rights risks



| Significant human rights risks | Related stakeholders*1 | | | | | Remarks |
|---|------------------------|---|---|---|---|---|
| | O | S | U | J | L | |
| User safety** | | | ● | | | Accidents due to operational errors, carriage defects, etc.; damage caused by building defects (fire prevention, fireproofing, earthquake-proofing, etc.); health damage caused by products sold or provided, etc.; inappropriate behavior toward users (assault, sexual assault, etc.), and the like |
| Harassment (e.g. sexual harassment, power harassment) | ● | ● | | ● | | Including customer harassment |
| Discrimination | ● | ● | ● | ● | ● | Discrimination based on origin, ethnicity, nationality, religion, creed, sex, sexual orientation, gender identity, age, presence or absence of disabilities, etc. |
| Forced labor, breaches of foreign workers' rights | ● | ● | | | | |
| Overwork | ● | ● | | | | |
| Occupational health and safety | ● | ● | | | | Work-related accidents (industrial accidents and occupational illnesses) and health damage caused by commuting accidents, etc. |
| Child labor | ● | ● | | | | |
| Inappropriate response to consultation on human rights breaches, etc. | ● | ● | ● | ● | ● | |
| Privacy rights | ● | ● | ● | ● | ● | Including leakage of personal information |
| Safety of neighboring residents | | | | ● | | Health damage caused by noise, vibration, dust, hazardous substances (e.g. PCBs, asbestos), accidents due to operational errors, carriage defects, etc. |
| Physical and mental safety against conflicts, etc.** | ● | | | | | |

*1 O: Our employees, S: Supplier employees, U: Users/Consumers, J: Job seekers, L: Local residents
 *2 "User safety" covers eight businesses, excluding the International Transportation Segment. "Mental and physical safety against conflicts, etc." covers those engaged in overseas business, including Urban Transportation, Real Estate, Travel, and International Transportation. Other risks are applicable for the nine aforementioned businesses.

Education and awareness-raising

Provision of human rights education

At the Group, human rights awareness training is provided every year by external experts for top management in the Group companies and all managers in the Company (most recently, in July 2024, training was provided for presidents and other managers of the Group companies on the theme of "How management should confront human rights risks"). We regularly raise awareness of various human rights issues that management should know about. We also provide human rights awareness training for new directors, new auditors, new managers, new employees, and other newly appointed personnel at all levels of the Group companies, as well as for those in charge of human rights at each company, thereby raising their awareness on the penetration of our basic philosophy and basic policies related to respect for human rights and the prevention of harassment on a continual basis.

Education and awareness-raising on harassment prevention

In particular, with regard to harassment, alongside providing training, the president of the Company and top management of each Group company deliver anti-harassment messages to employees, and each Group company formulates annual harassment prevention plans and systematically implements measures in line with said plans.

We also conduct a survey on workplace environment for our Group company employees every other year. (The most recent survey was conducted in June 2024.) Through the survey, we promote better understanding of harassment prevention and thoroughly inform employees of the Harassment Consulting Office. The survey results are used to formulate harassment prevention measures at each Group company.

Access to help

The Company has established a Corporate Ethics Consultation Desk as an internal whistle-blower system, comprising an in-house section and an external section staffed by outside lawyers. It enables all Hankyu Hanshin Holdings Group officers and employees, as well as the Group's business partners, to report behavior that violates (or may violate) laws or regulations, including human rights breaches, or is otherwise unethical. (For details regarding the Corporate Ethics Consultation Desk, see

page 87.) Furthermore, the Company has established a Harassment Consulting Office for employees in the Group to receive consultation on workplace harassment.

Both consultation desks can be used anonymously, and the regulations clearly state not only that the privacy of the consulter is protected, but also that the consulter will not be subject to detrimental treatment because of the consultation.

Message from an external expert



I have an impression that, through employee workshops and other opportunities, opinions of those involved in the business are taken into consideration, and human rights risks are identified in detail across the supply chain. In addition to this, I expect the Group to proceed with human rights due diligence while giving consideration to the voices of rights holders such as customers, local residents, and employees*. Furthermore, access to correction and remedy has a role in complementing human rights due diligence. Going forward, priority will be given to addressing specific human rights risks, but I would like the Group to appropriately address other human rights risks as well by placing weight on dialogue with rights holders and utilizing access to correction and remedy that already exists.

*Based on advice, as aforementioned, opinions and consultations received at the Listening Center and the Corporate Ethics Consultation Desk have also been added to the list of risks to be identified.

Emi Sugawara Professor, Osaka University of Economics and Law; Director, Global Compact Network Japan



As the first step in the human rights due diligence process, risks including human rights risks specific to the Group's business have been carefully identified. As the Group operates a wide range of businesses, I would like you to take care to define terms clearly so anyone can understand what the risks are. Additionally, as time goes on, human rights risks are recognized from new perspectives, so we need to update according to the latest information and increase sensitivity to risks. For example, "microaggressions**" are another probable human rights risk, so we must pay attention to ensure that measures are taken. I expect the Group to conduct its business activities that take human rights into consideration through opportunities for dialogue with various rights-holders, including NGOs that provide on-site support for vulnerable people.

**Comments and acts that express incomprehension of, prejudice toward, or disregard for minorities, regardless of whether or not discrimination or aggression is intended

Atsuko Miwa Co-Chair, SDGs Civil Society Network; Director, Asia-Pacific Human Rights Information Center

Directors and Audit & Supervisory Committee Members

As of June 14, 2024

Directors Outside ... Outside director Independent ... Independent officer



Kazuo Sumi
Chairperson and Representative Director, Group Chief Executive Officer

1973 Joined Hankyu Corporation
2000 Director, Hankyu Corporation
2002 Managing Director, Hankyu Corporation
2003 President, Hankyu Corporation
2005 President, Hankyu Holdings, Inc.
2006 President, Hankyu Hanshin Holdings, Inc.
2014 Chairperson, Hankyu Corporation
2017 Chairperson, Group CEO, Hankyu Hanshin Holdings, Inc. (Current position)
2021 Director, Hankyu Travel International Co., Ltd. (Current position)



Yasuo Shimada
President and Representative Director

1988 Joined Hankyu Corporation
2019 Director, Hankyu Corporation
2021 Managing Director, Hankyu Corporation
2022 President, Hankyu Corporation (Current position)
2022 Director, Hanshin Electric Railway Co., Ltd. (Current position)
2022 Director, Hankyu Travel International Co., Ltd. (Current position)
2022 Executive Vice President, Hankyu Hanshin Holdings, Inc.
2023 President, Hankyu Hanshin Holdings, Inc. (Current position)
2023 Director, Hankyu Hanshin Express Co., Ltd. (Current position)
2023 Director, Hankyu Hanshin Properties Corp. (Current position)



Yusuke Kusu
Executive Vice President and Representative Director

1984 Joined Hanshin Electric Railway Co., Ltd.
2013 Director, Hanshin Electric Railway Co., Ltd.
2017 Managing Director, Hanshin Electric Railway Co., Ltd.
2020 Senior Managing Director, Hanshin Electric Railway Co., Ltd.
2023 President, Hanshin Electric Railway Co., Ltd. (Current position)
2023 Director, Hankyu Corporation (Current position)
2023 Executive Vice President, Hankyu Hanshin Holdings, Inc. (Current position)
2023 Director, Hankyu Hanshin Properties Corp. (Current position)



Noriko Endo Outside Independent
Director (Outside director*)

1994 Joined DIAMOND, Inc.
2013 Visiting Researcher, Policy Alternatives Research Institute, the University of Tokyo
2015 Project Professor, Keio University (Current position)
2019 Director, Hankyu Hanshin Holdings, Inc. (Current position)
2024 Professor, Waseda University Research Council (Current position)



Yuki Tsuru Outside Independent
Director (Outside director*)

2000 Attorney at law (Current position)
2016 Auditor of Hitotsubashi University
2020 Director, Hankyu Hanshin Holdings, Inc. (Current position)



Mitsuyoshi Kobayashi Outside Independent
Director (Outside director*)

1982 Joined Nippon Telegraph and Telephone Public Corporation
2018 President and Representative Director, Nippon Telegraph and Telephone West Corporation
2021 President, Representative Director, and Executive Officer, Nippon Telegraph and Telephone West Corporation
2022 Director, Hankyu Hanshin Holdings, Inc. (Current position)
2022 Advisor, Nippon Telegraph and Telephone West Corporation (Current position)



Yoshishige Shimatani
Director (Part-time)

1975 Joined TOHO CO., LTD.
2011 President, TOHO CO., LTD.
2015 Director, Hankyu Hanshin Holdings, Inc. (Current position)
2021 Representative Director and President, President and Executive Officer, TOHO CO., LTD.
2022 Representative Director and Chairperson, TOHO CO., LTD. (Current position)



Naoya Araki
Director (Part-time)

1981 Joined Hankyu Department Store, Inc.
2012 President, Hankyu Hanshin Department Stores, Inc.
2012 Representative Director, H2O RETAILING CORPORATION
2017 Director, Hankyu Hanshin Holdings, Inc. (Current position)
2020 President and Representative Director, H2O RETAILING CORPORATION (Current position)
2020 Chairperson, Hankyu Hanshin Department Stores, Inc. (Current position)

Directors, Audit & Supervisory Committee Members



Kazunori Hashimoto
Director, Audit & Supervisory Committee Member (Full-time)

1983 Joined Hanshin Electric Railway Co., Ltd.
2011 Director, Hanshin Electric Railway Co., Ltd.
2016 Managing Director, Hanshin Electric Railway Co., Ltd.
2017 Executive Officer, Hankyu Hanshin Holdings, Inc.
2021 Standing auditor, Hanshin Electric Railway Co., Ltd. (Current position)
2024 Director, Audit & Supervisory Committee Member (Full-time), Hankyu Hanshin Holdings, Inc. (Current position)



Michiari Komiyama Outside Independent
Director, Audit & Supervisory Committee Member (Outside director*)

1971 Prosecutor
1999 Prosecutor, Supreme Public Prosecutor's Office
1999 Chief Prosecutor, Saga District Public Prosecutor's Office
2002 Chief Prosecutor, Kobe District Public Prosecutor's Office
2003 Notary, Osaka Legal Affairs Bureau
2013 Attorney at law (Current position)
2017 Auditor, Hankyu Hanshin Holdings, Inc.
2017 Auditor, Hankyu Corporation (Current position)
2020 Director, Audit & Supervisory Committee Member, Hankyu Hanshin Holdings, Inc. (Current position)



Yuko Takahashi Outside Independent
Director, Audit & Supervisory Committee Member (Outside director*)

1978 Joined Kyoto University Hospital
1986 Head of Internal Medicine, Yamato Koriyama Hospital
1994 Head of Internal Medicine, Yamato Takada Municipal Hospital
2001 Head of Smoking Cessation Outpatient Services, Kyoto University Hospital (Current position)
2002 Professor, Health Care Center of Nara Women's University
2003 Professor, Graduate School of Humanities and Sciences, Health Care Center of Nara Women's University
2007 Visiting Head of the Clinical Research Center, National Hospital Organization Kyoto Medical Center (Current position)
2016 Specially Appointed Professor, Graduate School of Medicine, Kyoto University (Current position)
2022 Director, Audit & Supervisory Committee Member, Hankyu Hanshin Holdings, Inc. (Current position)

*Ms. Noriko Endo, Ms. Yuki Tsuru, Mr. Mitsuyoshi Kobayashi, Mr. Michiari Komiyama, and Ms. Yuko Takahashi satisfy the qualifications of outside directors as provided in Article 2, Paragraph 15 of the Companies Act. The Company has submitted the notifications to the stock exchanges on which its shares are listed, naming Ms. Endo, Ms. Tsuru, Mr. Kobayashi, Mr. Komiyama, and Ms. Takahashi as independent officers.

Board of Directors Skills Matrix

| | Corporate management | Finance / Accounting | Legal affairs / Risk management | Specialist knowledge (including social/environment) |
|----------------------|----------------------|----------------------|---------------------------------|---|
| Kazuo Sumi | ● | ● | ● | |
| Yasuo Shimada | ● | ● | ● | |
| Yusuke Kusu | ● | ● | ● | |
| Noriko Endo | | | | ◎ Public policy Environment/Energy [E] |
| Yuki Tsuru | | | ◎ | |
| Mitsuyoshi Kobayashi | ◎ | | | ◎ DX |
| Yoshishige Shimatani | ◎ | | | |
| Naoya Araki | ◎ | | | |
| Kazunori Hashimoto | ● | ● | ● | |
| Michiari Komiyama | | | ◎ | |
| Yuko Takahashi | | | | ◎ Public health Health and productivity management [S] |

● Major knowledge, experience, and capabilities of those who have come up through the Group
◎ Knowledge, experience, and capabilities expected of directors, excluding the above ([S] and [E] represent social and environmental specialisms respectively)
*The matrix above does not represent the total knowledge, experience, and capabilities of each director.

Interview with Outside Director



Mitsuyoshi Kobayashi
Director
(Outside Director)

Governance structure and long-term management direction from the perspective of an outside director

Mr. Mitsuyoshi Kobayashi, who has served as an outside director for the Company since 2022, talks about the current status of and issues in the Company's governance structure, direction of management over the long-term, and the Company's transformation toward that end.

Straightforward and unconventional approaches, for the sake of multistakeholders

What are your thoughts on your expected role as an outside director for the Company?

I understand that our mission as a holding company is to establish a governance structure for the entire Group and to monitor whether each operating company is conducting its business efficiently and appropriately according to this structure.

Independent outside directors are expected to advise and supervise management utilizing their professional

expertise, as well as to appropriately reflect the opinions of multistakeholders such as minority shareholders, employees, customers, society, and business partners from a standpoint that is independent of management.

Since I have been involved in the telecommunications industry at NTT for a long time, one of my roles here is to contribute to the sustainable development of the Company by providing advice and other assistance based on my knowledge of the information and communications sector, including DX. I believe that every company has its own accumulated practices, traditions, and what we call "company logic." Considering its long history, I think the Company has these practices, too, to an extent. Keeping our mission as a holding company

and the role of independent outside director in mind as mentioned earlier but without necessarily being bound by these definitions, I would like to offer suggestions and opinions that encourage constructive discussion with an awareness of a fair perspective to ensure returns for multistakeholders over the long term.

With the goal of outside directors' thoughts taking shape through the Board of Directors

How do you assess the effectiveness of our Board of Directors?

Our Board of Directors comprises experts in many different fields such as the environment, law, and health and productivity management, and we have several female directors. This diverse structure encourages multifaceted discussions.

I can run through the board meeting materials in advance and if necessary, I can review advance lectures; this helps me focus on the discussion on the day of the meeting. Along with the prior provision of sufficient information, the chair organizes the agenda and facilitates discussion at the board meetings in an appropriate manner, creating an environment where it is easy for everyone, including outside directors, to share our views, with lively discussions held at each meeting.

Thus, I believe our Board of Directors is functioning effectively.

How about the Corporate Governance Committee and Compensation Committee?

Both committees are made up of a majority of independent outside directors and chaired by independent outside directors. Of course, many of the drafts for discussion are prepared by the Company, but they are deliberated at the committees independently of the Board of Directors, and I believe that both committees are operated through a fair and transparent process.

What are issues related to operations of the Board of Directors?

Hankyu Hanshin Holdings is a diversified company, and as outside directors, we are not well versed in all of its business. Therefore, it would help us deepen our understanding if we could be regularly and more carefully briefed on the issues and progress in each business, possibly by visiting frontlines at each business when necessary. All of the outside directors have a strong desire to make the Company even better. I think deepening our understanding of the Company will put our motivations into a more concrete shape in terms of constructive opinions and proposals.



Building a governance structure tailored to the characteristics of each business

What is your assessment of our governance structure and what are issues therein?

As I mentioned at the beginning, Hankyu Hanshin Holdings is responsible for overseeing the governance of the entire Group and monitoring each business, and in my assessment, the Group as a whole has appropriately established and operated internal control and risk management systems that form the core of its governance.

On the other hand, with over 100 consolidated subsidiaries, we must renew our awareness that inadequate governance at any one of these could have a considerable impact on the entire Group, making it necessary to establish a governance structure that matches the characteristics of each company and monitor its appropriateness on an ongoing basis. In recent years, the number of overseas subsidiaries has been increasing, but some have more complex structures or different cultures and customs compared to those of domestic subsidiaries. I think it is important to manage these companies by building an appropriate system under properly established rules, ensuring that governance functions adequately.



How do you view the governance function of the Takarazuka Revue Company?

We must deeply reflect on the fact that governance for the Takarazuka Revue Company did not function sufficiently, as we are responsible for monitoring.

Regarding the Takarazuka Revue Company case, progress has been reported and the next steps have been discussed at every meeting of the Company's Board of Directors, with the outside directors providing their knowledge and opinions to the best of their ability. For example, discussions were held on the enhancement of support systems to ensure the psychological safety of the troupe members and improvement of the Company's monitoring system, along with exchange of views on how information should be disseminated.

While a common underlying framework is necessary for the effective functioning of the governance for the entire Group, as a diversified company, based on that framework we need to enact measures according to the needs of each business and company.

For the Takarazuka Revue Company, the board members must continue to monitor efforts toward reform and reinforce governance functions. I also feel an intense need to re-examine whether governance and risk management systems have been appropriately established and operated for not just Takarazuka Revue Company but also for each business and the Group as a whole. What is even more important is the appropriate and continuous operation of said systems in an ever-changing world, and the Board of Directors will carefully follow up on these efforts.

Creating a climate in which employees are inspired by the Company's policies and seek to realize "purpose"

We are currently considering our long-term management direction (See page 44). How do you evaluate this direction?

In this era of VUCA, I think it is very meaningful to once again formulate and disseminate a long-term management direction for sustainable growth.

One of the key management issues for Japanese companies, especially as the Japanese economy is maturing, is the effective use of company resources. My understanding is that the Company, based on the recognition of this, intends to advance efforts to go through transformation with improved ROE.

Because railway operation is a business model that generates cash from a certain amount of assets held, a target ROE of 8% seems very aggressive to me. Achieving this target with our conventional approach will be difficult, and we should be committed to making drastic business reforms. We have many excellent management resources in all aspects of talent, business, and finance. It is an aggressive target, but by no means unattainable. I hope the Company takes on the challenge of transforming itself in unison through the improvement of ROE.

How do you feel about challenges with regard to the Company's transformation?

I believe is the most important for respective employees to consider this themselves, and to align the direction that they want to pursue with that of management.

For example, as the scope of our business is broad and diverse, if we set ROIC-conscious target for each business, employees involved in the business would be aware of improving the ROE of the entire Group.

Additionally, the Group has continuously been taking a variety of measures to improve employee satisfaction and job satisfaction, such as reviewing the personnel system, strengthening the human resource development, and enhancing benefit packages; permeation of these efforts among employees is the first step for them to understand the Company's stance and direction.

In order to deepen the relationship between employees and the Company, I think it is important for employees to have "purpose," a goal that each one of them aspires to achieve. If employees have a clear vision of what they want to be, or "purpose," and if that vision is aligned with what a company wants to be, then the company will be able to put a great deal of effort toward growth.

It seems that the term "work-life balance" is often understood to mean that work and life are two different things, and that we should strike a balance between

them. I would like to take it one step further and see it as "work in life," which means that part of your life is work, and if you work hard, you will get closer to the purpose that you have in mind. In other words, working hard in your job leads to economic and spiritual fulfillment and brings you affluence. In my view, if employees can become aware of this, the direction of the company will coincide with that of employees.

An important element in spreading this attitude within a company is non-financial indicators. If the company sets and discloses non-financial indicators that are highly relevant to employees' "purpose," employees themselves can confirm that their own "purpose" is aligned with the company's direction. Information disclosure serves as an external promise to customers and society, creating a sense of trust and security in the company's stance and intentions. This, in turn, improves the company's reputation in society, and this positive cycle will continue.

For example, clearly defining the mission of each business and disclosing the approach and numerical targets for the allocation of management resources (including human resources) to each business according to the mission will help employees confirm their own position in the company and future direction as well. When the content of disclosure coincides with "purpose," it will motivate employees and make our Group stronger. Citing an example, the Company sees its employees as the source of value creation and places the highest priority on employee satisfaction in terms of non-financial information. I expect your further review and disclosure of non-financial indicators will boost employees' motivation.

Hoping for our Company's growth along with development in the Kansai area

What are your expectations for our company?

I think our Group Management Philosophy (see page 2) embodies the direction we should take. I hope employees in the Group will take these words for themselves and aim to fulfill "purpose" by taking on challenges decisively without fear of failure.

I expect our Group to attain sustainable growth together with our employees and live up to the Group Management Philosophy.

Lastly, what is your message to stakeholders?

Following the initial opening of Grand Green Osaka in the Osaka-Umeda area in September 2024, Expo Osaka, Kansai will be held in 2025. With these major changes in society and the market, the Kansai area is reinventing itself to boost its international competitiveness.

Hankyu Hanshin Holdings is one of the companies that will play a central role in the evolution of the ever-changing Kansai area. Going forward, we will achieve sustainable growth through transformation, and thereby facilitate evolution in the Kansai area, contributing to prosperity in society. I hope our stakeholders will look forward to future developments.

Thank you very much.



Mitsuyoshi Kobayashi

He started his career in 1982 with the Nippon Telegraph and Telephone Public Corporation, and was involved mainly in the tech field, such as design of telecommunications networks and service development, as well as human resource development. After serving as Managing Director of Nippon Telegraph and Telephone Corporation, he was appointed President and Representative Director of Nippon Telegraph and Telephone West Corporation in 2018, and has been an outside director of Hankyu Hanshin Holdings, Inc. (independent officer) since 2022. Currently, he serves as Advisor of Nippon Telegraph and Telephone West Corporation, Outside Director of Seiren Co., Ltd., and Outside Director of Sumitomo Life Insurance Company.

Social



Empowering Individuals



Policies

Provide an inclusive workplace that values diversity and taps into individual talent.
Cultivate tomorrow's leaders for society.

Non-Financial KPIs

| Non-financial KPIs | Target value | Scope | FY2024 result |
|--|--|---|------------------------------|
| Employee satisfaction | Always better than in previous survey (conducted biennially) | Hankyu Hanshin Holdings and the six major companies*1 | 3.50 (on a five-point scale) |
| Percentage of women in management positions | Improved to around 10% in FY2031 | Hankyu Hanshin Holdings and the six major companies | 5.9% |
| Percentage of women among new hires | Always 30% or more | Hankyu Hanshin Holdings and the six major companies | 43.3% |
| Specific health guidance implementation rate | 60% or more in FY2026 | Hankyu Hanshin Holdings and the six major companies | 47.8% |
| Smoking prevalence | 15% or less in FY2026 | Hankyu Hanshin Holdings and the six major companies | 17.4% |
| Paternity leave uptake rate | 100% in FY2026 | Hankyu Hanshin Holdings and the six major companies | 99.1% |
| Employment rate of people with disabilities | Always at or above statutory employment rate | 18 special subsidiaries | 3.01%**2 |
| Rate of participation in human rights training (level-specific training mainly conducted by Hankyu Hanshin Holdings) | Always 100% | Hankyu Hanshin Holdings and six major companies | 97.1% |

*1 Six major companies: Hankyu Corporation, Hanshin Electric Railway, Hankyu Hanshin Properties, Hankyu Travel International, Hankyu Hanshin Express, and Hankyu Hanshin Hotels
*2 FY2024 results are calculated based on 19 special subsidiaries. (One special subsidiary dissolved in July 2024.)

Enhance our human capital

To bring about our Long-Term Vision, are putting in place a personnel strategy that is coordinated with the vision to further enhance our human capital.

Furthermore, we have set non-financial KPIs to help strategically hire and develop the personnel we need for to advance our management strategies, and maximize the performance of every individual.

For more details on our approach to human capital—including our personnel strategy—and non-financial KPIs, see page 51 onward.

Award system

Under the annual company and employee awarding programs, the Group recognizes companies and businesses that have made significant contribution to business performance, as well as companies that are expected to grow, creative initiatives that lead to the realization of our Long-Term Vision, and proactive efforts by employees in line with the Values of the Group Management Philosophy (Customers First, Foresight & Creativity, etc.).

Award-winning companies and employees receive a certificate and prize, and are introduced to all the Group employees via company newsletters, the Group's PR magazine, and other media. Their achievements are praised by the entire Group and are utilized in other initiatives.

[Examples of awarded efforts in FY2024]

- Kita-Osaka Kyuko Line Extension Project
- Efforts to maximize the effect of the Hanshin Tigers' winning first Central League title in 18 years and first Japan Series title in 38 years

- Construction of optical communication infrastructure for rail bed sharing in Inzai City, Chiba Prefecture
- Efforts to expand warehouse space and improve the efficiency of warehouse utilization in Thailand
- Food loss countermeasures at WELLCO* (development of upcycled beer, etc.)
*Floor exclusively for office workers with a cafe, lounge, fitness facilities, and other facilities within the large-scale complex Osaka Umeda Twin Towers South
- Efforts in the management and operation of public facilities along the Hanshin line (Nishinomiya and Amagasaki), and creation of a vibrant atmosphere

Cultivate tomorrow's leaders

As part of the Hankyu Hanshin Dreams and Communities of the Future Project, we provide career education programs for elementary school children. Our Hankyu Hanshin Dreams and Communities Challenge Troop and Hankyu Dreams and Communities Exciting Work Program received the Minister's Award (Grand Prix) at the 8th Career Education Awards held by the Ministry of Economy, Trade, and Industry in fiscal 2018, and the Minister's Award (the highest award) at the "Youth Experience Activity Promotion Company Award" sponsored by the Ministry of Education, Culture, Sports, Science and Technology in fiscal 2021.

Hankyu Hanshin Dreams and Communities Challenge Troop

Through our businesses and facilities, and utilizing our human resources at railway stations, hotels, the Takarazuka Revue, and Hanshin Koshien Stadium and other venues, we offer elementary school students summer vacation learning experiences in a variety of real-world work settings. Up to fiscal 2024, we have hosted over 20,334 children across 508 programs so far.



Work experience at the information desk in a commercial facility

TOPICS

Hankyu Hanshin Holdings Group Social Contribution Activity Hankyu Hanshin Dreams and Communities of the Future Project



As part of the Group's commitment to creating communities that people will truly want to live in, we have operated the Hankyu Hanshin Dreams and Communities of the Future Project since 2009. The project, which focuses chiefly on developing environment-friendly regional environments and tomorrow's leaders, is one of our efforts aimed at helping meet the SDGs as outlined in the Sustainability Declaration we unveiled in May 2020.

Basic Policy

We intend to promote the creation of communities along our line-side areas that people will truly want to live in.

Main activities

We are conducting a variety of activities supported by cooperation between companies, local communities, and employees.

① Promotion of CSR activities at each Group company (collaboration with companies)

② Support for civic groups through financial assistance and cooperation in public relations (collaboration with local communities)

③ Promotion of social contribution initiatives by current and past Group employees (collaboration with employees)

Priority Fields

Sustainable Community Development—
Developing communities sustainably

Tomorrow's Leader Development—
Developing those who responsible for the communities of the future

Case study Support and cooperation with civic groups

We subsidize citizen's groups, which conduct activities in line with our priority fields, "Sustainable Community Development" and "Tomorrow's Leader Development," in our line-side areas through donations raised by our employees and additional matching contributions from the Company via the Hankyu Hanshin Dreams and Communities of the Future Fund. In fiscal 2024, the 15th year since the launch of the fund, 15 NPOs received a total of 9.00 million yen. We have been continuously collaborating in various ways with civic groups who received grants in the past as urban environment-building partners.

In addition, as an initiative for our Group employees, we are providing opportunities to casually participate in social contribution activities at workplaces, such as making donations through "donation-type vending machines" installed in the company cafeteria and rest areas.

Case study Dreams and Communities of the Future SDGs Trains and SDGs Buses

Hankyu Corporation and Hanshin Electric Railway have been running the Dreams and Communities of the Future SDGs Trains, which disseminate awareness-raising messages to help achieve the SDGs in cooperation with government, municipalities, companies, civic groups, and other bodies. The external appearance of the trains features illustrations inspired by the SDGs, while inside the trains, posters are also all related to SDGs. Since September 2020, we have been operating the trains in collaboration with the Tokyu Group, and the energy used to run the trains is sourced entirely (effectively 100%) from renewable sources. These linked efforts were well-received and presented with a Special Award (SDGs Partnership Award) at the 4th Japan SDGs Award organized by the SDGs Promotion Headquarters of the Japanese government.

Furthermore, since April 2024, with the launch of SDGs Buses with designs linked to the SDGs trains on some of the routes of Hankyu Kanko Bus, Hanshin Bus, and Tokyu Bus, we have been increasing efforts in the eastern and western regions of Japan.

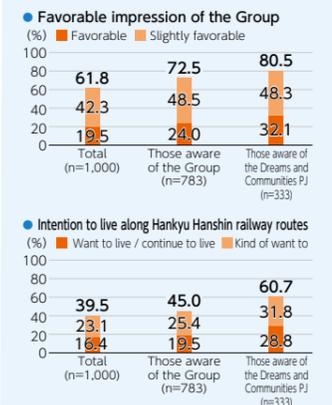
We plan to continue these initiatives until Expo 2025 in Osaka, Kansai.



The Dreams and Communities of the Future SDGs Trains underwent a design renewal in April 2024, and SDGs Buses started operation in the same month.

Achievements through activities

The project regularly conducts customer surveys along the Hankyu and Hanshin Railway routes, and FY2025 survey results found that the people who are aware of this project and the Dreams and Communities of the Future SDGs Trains tend to be more favorable toward the Hankyu Hanshin Group and intend to live in line-side areas.



Survey target: Men and women aged 18-69 living in 23 municipalities along Hankyu Hanshin railway routes
Survey method: Internet survey on participants invited
Number of respondents: 1,000
Survey period: July 20-21, 2024

Hankyu Hanshin Dreams and Communities of the Future Project Website (Japanese only)
<https://www.hankyu-hanshin.co.jp/yume-machi/>



For more details on our approach to ESG issues, targets, initiatives, and other data, see our Sustainability Data Book.

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

- Social themes Respect for human rights, safety and security initiatives, contribution to the local communities and society, employment and labor initiatives, and occupational safety and health

Environment



Environmental Protection



Policies

Conduct eco activities that contribute to a carbon-neutral world and a circular economy.

Basic Environmental Philosophy

Mindful that global environmental preservation is a task facing all mankind, the Hankyu Hanshin Holdings Group works for a sustainable society through environmental activities aimed at handing down a sounder global and human environment to the next generation.

Basic Environmental Policies

1. We will monitor the environmental impact of our business activities and take action to reduce it.
2. We will accurately understand environmental laws and regulations and other social requirements and comply with them.
3. We will strive to raise employees' awareness so that every employee will be able to act in an environmentally sustainable manner.

Major non-financial KPIs

Under our Long-Term Vision announced in May 2022, the Group adopted a new CO₂ emissions reduction target of net zero for fiscal 2051 as a means of achieving the 1.5°C temperature rise scenario set by the Paris Agreement. We also updated our interim target for fiscal 2031 to a 46% reduction in CO₂ emissions from fiscal 2014 levels.

| Non-financial KPIs | Target value | Scope | FY2024 result |
|---|--|--|------------------------------------|
| Rate of CO ₂ emissions* cuts | FY2031: 46% reduction compared to FY2014 FY2051: Net zero CO ₂ emissions | Hankyu Hanshin Holdings and its subsidiaries' Japanese worksites | 32.6% reduction compared to FY2014 |

*Scope 1 and 2 equivalent

Cut greenhouse gas (CO₂) emissions

Changes in CO₂ emissions (See Page 14)

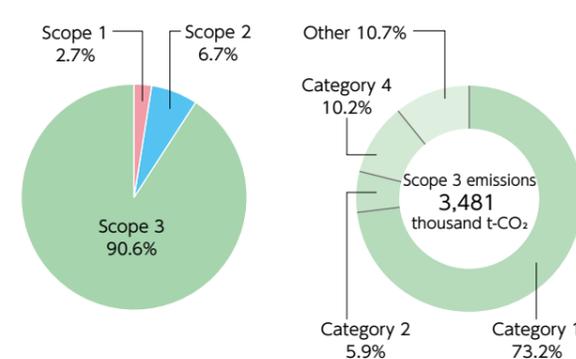
In the Long-Term Vision announced in May 2022, we set out a target of achieving net zero CO₂ emissions by fiscal 2051 as we work to become carbon neutral by that point. We promote energy-efficiency initiatives throughout the Group and endeavor to reduce CO₂ emissions. In our railway operation business, our efforts to reduce energy consumption include the systematic introduction of an increased number of new rolling stock with better energy efficiency, as well as the introduction of LED lighting in railway stations, commercial facilities, hotels, etc., and our CO₂ emissions in fiscal 2024 were 32.6% (416,000 t-CO₂) less than in fiscal 2014.

Emissions from the supply chain

Since fiscal 2022, we added Scope 3 calculations to those for Scope 1 and Scope 2.

- Scope 1: Direct emissions of greenhouse gases, such as through the combustion of fuel
- Scope 2: Indirect emissions from our use of electricity, heat, or steam supplied by other companies
- Scope 3: Indirect emissions related to our activities but produced by companies other than us

CO₂ emissions by scope (FY2023)



Major Scope 3 emissions categories (thousand t-CO₂)

| Category | Relevant activities | Emissions |
|----------|--|-----------|
| 1 | Emissions from the all products and services purchased or acquired | 2,548 |
| 2 | Emissions from the production of capital goods purchased or acquired | 204 |
| 4 | Emissions from third-party transportation and distribution of products, etc. (excluding those reported under Category 1) | 356 |



For more details on our approach to ESG issues, targets, initiatives, and other data, see our Sustainability Data Book. <https://www.hankyu-hanshin.co.jp/en/sustainability/>

- Environmental themes: Environmental management, climate change, pollution and resources, biodiversity, water resources

Working toward carbon neutrality

Fundamental efforts to achieve carbon neutrality

In line with the efforts outlined below, while promoting various initiatives, we are steadily reducing CO₂ emissions by strengthening our collaborations with customers and local communities.

① Steadily promoting energy-saving measures

Firstly, in order to reduce the Group's base energy usage, we will steadily promote greater energy efficiency while also looking at financial soundness and the efficiency of investments.

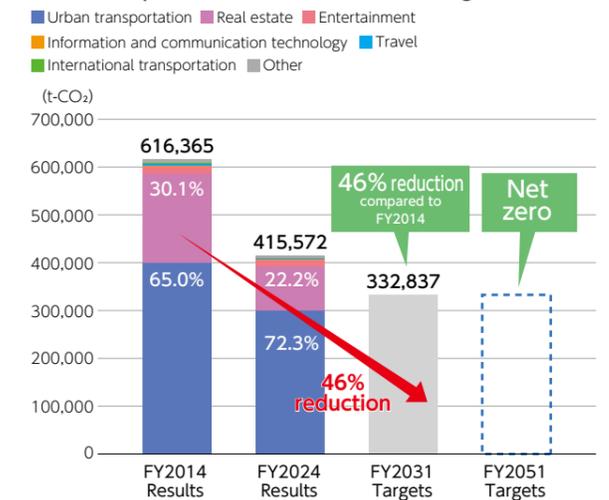
② Considering energy creation

We will push forward with studies into how we can create energy (such as by introducing renewable energy generation facilities, etc.), while also keeping ideas such as technical trends and the profitability of our businesses.

③ Purchasing renewable energy (to add environmental value)

Where the efforts detailed above in ① and ② alone are insufficient to achieve our target, we will cover the difference by buying electricity above to add environmental value.

Our Group's CO₂ emissions reduction targets*



* Scope 1 and 2 equivalent



| Fundamental efforts to achieve carbon neutrality | | Collaboration with customers and local communities | |
|--|---|--|--|
| ① Steadily promoting energy-saving measures | Systematic upgrades to energy-efficient rolling stock Left: Hankyu Corporation 2300 Series Right: Hanshin Railway 5700 Series | Formation of a transportation network with low environmental impact Larger walking and bicycling zone accompanying the extension of the Kita-Osaka Kyuko Line | Aiming to achieve a sustainable society through collaboration with customers and communities |
| | Introduction of electric buses Left: Hankyu Bus Right: Hanshin Bus | | |
| | Utilization of off-site corporate PPAs Takarazuka Grand Theater Takarazuka Hotel | | |
| ② Considering energy creation | Solar power generation equipment Hanshin Koshien Stadium Hanshin Oishi Station Hankyu Nishinomiya-kitaguchi Station Hanshin Kuise Station | Zero-Carbon Baseball Park Decarbonization of the entire area through the Zero-Carbon Ballpark Project | |
| | Introduction and expansion of power derived from renewable energy Introduction and expansion of power effectively derived from renewable energy for office buildings and commercial facilities operated by Hankyu Hanshin Properties | | |
| ③ Purchasing renewable energy (to add environmental value) | Carbon-neutral operation of trains on the Hankyu Kyoto Line offering our PRIVACE seat reservation service | | |
| | Start of carbon-neutral operations on all Hankyu and Hanshin railway lines from April 2025 | | |

Approach 1 Examples of energy efficiency initiatives

Upgrading to energy-efficient rolling stock

Railway operations account for 40% of the Group's energy usage, so we place high priority on reducing CO₂ emissions from those operations. We are also having discussions with rolling stock manufacturers, with a focus on introducing energy-efficient rolling stock and upgrading the efficiency of existing railcars. For example, Hankyu Corporation and Hanshin Electric Railway have adopted a highly efficient variable-voltage variable-frequency (VVVF) inverter control system using a totally enclosed high-efficiency traction motor in their latest and most energy-efficient rolling stock. All lights, including headlights, have been replaced with LED lights, resulting in a reduction in electricity consumption of about 60% compared with conventional rolling stock. For their rolling stock, the two railway companies are also seeking to introduce aluminum bodies and stainless steel bodies, which can run on less electricity due to their body weight being lighter than with conventional steel.

| Upgrading to energy-efficient rolling stock (as of March 31, 2024) | |
|--|--|
| Hankyu Corporation rolling stock: | Hanshin Electric Railway rolling stock: |
| • VVVF: 59% (105/179 train units) | • VVVF: 73% (55/75 train units) |
| • Aluminum bodies: 838 (67%) | • Stainless steel bodies: 178 (50%) |
| • LED lights: 772 (62%) | • LED lights: 236 (67%) |
| Note: Total rolling stock: 1,249 | Note: Total rolling stock: 354 |



2300 Series (Hankyu Corporation) 5700 Series (Hanshin Electric Railway)

Approach 2 Examples of creating energy and utilizing renewable energy (for environmental value)

Switching to electricity effectively derived from 100% renewable energy at the Takarazuka Grand Theater and Takarazuka Hotel

In July 2024, we switched electricity used at the Takarazuka Grand Theater and Takarazuka Hotel to electricity effectively derived from 100% renewable energy with zero CO₂ emissions. As an additional source of electricity, we are also utilizing off-site corporate power purchase agreements (PPAs) that use electricity generated at remote solar power plants, thereby reducing CO₂ emissions by about 4,600 tons annually.



Installation of solar panels

The Group is reducing CO₂ emissions by installing solar power generation equipment at various facilities in addition to putting installations on the roofs of railroad station buildings.

Urban transportation: Hanshin Oishi Station, Hanshin Daimotsu Station, Hanshin Kuise Station, Hankyu Settsu-shi Station, Hankyu Nishinomiya-kitaguchi Station

Real estate: HEP FIVE; Hankyu Nishinomiya Gardens; Osaka Umeda Twin Towers South; and Hankyu Hanshin Logistics Centre (on-site PPAs for our Singapore logistics warehouse)

Entertainment: Hanshin Koshien Stadium

Utilizing electricity derived from renewable energy in our railway operation business

From July 2024, we began the carbon-neutral operation of Hankyu Corporation trains (8-car trains) which have introduced our PRIVACE seat reservation service. Furthermore, from April 2025, all electricity used on Hankyu and Hanshin railway lines will be effectively derived from renewable energy, making for operations with zero CO₂ emissions (see page 60 for details).

Introducing renewable energy-derived electricity at office buildings and commercial facilities

In April 2022, at the Osaka Umeda Twin Towers North/South buildings, we introduced Non-Fossil Certificates With Tracking*¹ to utilize electricity effectively derived from renewable energy*². We will be applying this system to additional properties, and by fiscal 2026 we plan to have office buildings and commercial facilities in the Osaka-Umeda district and along the Hankyu and Hanshin lines*³ switch to renewable energy effectively for the bulk of their power consumption*⁴. In this way, building owners and tenant firms are uniting in a societal effort to achieve carbon neutrality.

*1 Certificates issued for the environmental value of electricity derived from non-fossil power sources (renewable energy, etc.) that include specific attribute information (tracking) about the power-generating facility, such as its location. By adding a certified renewable energy designation to electricity, it becomes electricity effectively derived from renewable energy.

*2 For both the common areas and private office areas of the buildings

*3 Excluding some properties, such as those scheduled for reconstruction or redevelopment, properties with extremely low power consumption, and properties where the Group does not have energy management rights

*4 Excluding private power generation using a gas cogeneration system

Approach 3 Examples of contributing to the achievement of carbon neutrality across society

Formation of a transportation network with low environmental impact

Trains use less energy per person than cars, and Hankyu Corporation and Hanshin Electric Railway, which have railway lines in urban areas, constitute an extremely efficient mode of transportation, using about 90% less energy than cars. Enhancing the convenience of railways, which have a low environmental impact, is considered to be beneficial for limiting excessive car use and an effective means of reducing CO₂ emissions in society as a whole (see page 59 for details).

Zero-Carbon Baseball Park (scheduled to open in March 2025)

As part of its Zero-Carbon Baseball Park Project, Hanshin Electric Railway aims to help make the entire area carbon neutral and is working on thorough measures that include reducing energy usage and adopting renewable energy systems. These measures are being put into place across the region, from Odaminami Park—a location in Amagasaki, Hyogo, that is set to be the new home of the Hanshin Tigers Farm (the base for the Tigers' farm team)—as well as Hanshin Electric Railway's train stations in Amagasaki. The project is a joint proposal by the Amagasaki City authorities and Hanshin Electric Railway and was selected by the Ministry of Environment in April 2022 for inclusion on its List of Decarbonization Leading Areas* (First Round). During selection, the proposal was praised for the way in which, by working with the Hanshin Tigers, its aims of community development, tourism promotion, regional revitalization, and carbon neutrality, were highly achievable and for the effect the announcement of the project had. The proposal was also lauded for the plans to help make the railway stations carbon neutral that provide access to the park and plans to introduce electric buses.

*Decarbonization Leading Areas: Areas that aim to achieve virtually zero CO₂ emissions from households and the business sector (stores, buildings, etc.) to achieve carbon neutrality by 2050 through pioneering projects selected by the Ministry of the Environment

Proposing and carrying out the installation and operation of solar panels

Hanshin Kensetsu and Chuo Densetsu propose and carry out plans to install and operate solar panels and other equipment at facilities inside and outside the Group based on their extensive experience in construction for both government and the private sector. Such business endeavors strengthen the Group's efforts aimed at carbon neutrality and contribute to the expanded use of renewable energy throughout society.

Aim for more eco-friendly buildings (green buildings)

Alongside energy-saving measures, we are promoting activities to introduce renewable energy, acquire environmental certification, and attain ZEB/ZEH-standard environmental performance.

Acquisition of environmental certification

The Group is increasing efforts to acquire certification designed to recognize eco-friendly real estate* for large buildings, including offices to be newly built and commercial buildings.



*Environmental certification systems such as DBJ, CASBEE, and BELS

DBJ Green Building certified buildings

- Osaka Umeda Twin Towers South and Hankyu Nishinomiya Gardens: 5 stars
- HEP FIVE: 4 stars
- Kobe Sannomiya Hankyu Building: 3 stars

Other eco-friendly buildings

We are actively endeavoring to improve the environmental performance of Hankyu Hanshin's Geo condominiums, and from fiscal 2025, all our condominiums*¹ offered for sale or lease will be ZEH-M Oriented*² or better. Furthermore, for our Geo Saito Irodori No Oka Geo Garden detached home developments, our target is to make 50% or more of our detached homes for sale either ZEH or Nearly ZEH standard by fiscal 2026, and in principle, to make all these homes ZEH (ZEH, Nearly ZEH, or ZEH Oriented)*³ by fiscal 2031.



Our first ZEH Geo condominium Geo Saito Irodori No Oka

At our environmentally friendly and energy-saving multi-tenant logistics facilities LOGISTA Osaka Matsubara and LOGISTA Toyonaka, which were completed in 2024, we have adopted LED lighting, motion sensors, and water-saving sanitary equipment to acquire ZEB Ready*⁴ certification. In recent years, along with accelerated reorganization and integration of logistics hubs triggered by the reexamination of corporate supply chains, there has been an increasing demand for highly functional logistics facilities due to the continued growth of the e-commerce market. As such, we are working on the development of logistics facilities that respond to this demand.

*1 Excluding some buildings, such as those developed jointly with other companies
 *2 Condominiums with an overall reduction of 20% or more in primary energy consumption (energy consumed for heating, cooling, ventilation, lighting, and hot water heating) compared with current energy efficiency standards, including for communal areas.
 *3 Detached homes with a reduction of 100% or more in designed primary energy consumption (energy consumed for heating, cooling, ventilation, lighting, and hot water heating) compared with current energy efficiency standards are classified as ZEH. For Nearly ZEH, that figure is 75% or more, and for ZEH Oriented, it is 20% or more.
 *4 ZEB Ready: Compared to buildings of a similar size with standard facility specifications, buildings in which primary energy consumption is significantly reduced by endeavoring to save energy with highly efficient facilities, etc. while maintaining a pleasant interior environment. Four categories are defined depending on reductions in the amount of energy consumed: ZEB, Nearly ZEB, ZEB Ready, and ZEB Oriented. ZEB Ready buildings have reduced primary energy consumption by 50% or more.

Produce less waste and recycle more

We have set ourselves the task of promoting environmental conservation activities that contribute to the development of a circular economy. We are endeavoring to understand and reduce the environmental impact we have through the pollution and waste our business activities produce, and to make effective use of resources, such as by promoting recycling. Data on waste, chemicals, and water resources can be found in the Sustainability Data Book.

Recycling Hanshin Koshien Stadium's plastic cups and bottles

At Hanshin Koshien Stadium, we are promoting recycling in collaboration with other companies and the local authorities, with the goal of reducing resource use and improving recycling rates. Through collaboration with two companies, Teijin Frontier and Shimojima, and the assistance of our customers, we are using recycled plastic cups in which draft beer and other drinks are sold at the stadium



A beer cup recycle bin



toward the materials needed to make novelty merchandise (such as beer cup holders), garbage bags, and cushioning for stadium rubber fencing. This cyclical initiative allows for the same materials to be reused at the stadium. Since 2023, we have also implemented a "bottle to bottle" (horizontal recycling of plastic bottles) initiative in collaboration with Asahi Soft Drinks Co., Ltd. This involves plastic from bottles collected with the help of our customers attending the summer National High School Baseball Championship of Japan at Hanshin Koshien Stadium being reused to produce new, recycled plastic bottles.



Controlling the generation of waste in the Hotel Business

In its guest rooms, Hankyu Hanshin Hotels used to provide disposable slippers whose primary material was plastic, but by permanently switching to reusable room slippers, we are not just reducing the use of plastics specified in laws and regulations but also promoting greater reductions in plastic waste. This initiative has resulted in a reduction in plastic waste in the hotel business of about 61 tons (around 133,000 pairs of slippers), which amounts to 10.6% of the total amount of approximately 577 tons.

Save and effectively use water resources

We are committed to reducing water use as much as possible by saving water and reusing wastewater, in collaboration with customers, real estate business tenants, and other stakeholders.

Effective use of water at group facilities

Some commercial facilities have wastewater reuse equipment that purifies rainwater and kitchen wastewater from restaurants and uses it for watering plants and flushing toilets. At stations and other facilities, we have also installed water-saving toilets. Meanwhile, Hankyu Settsu-shi Station and Hankyu Nishiyama-tennozan Station use rainwater for jobs like flushing toilets, while Hanshin Koshien Stadium uses it for flushing toilets and watering the grass.



Water saving in the Hotel Business

Hankyu Hanshin Hotels encourages guests staying multiple nights to use the same sheets and towels as the first night instead of having them replaced every day, saving water on laundry. Also, some of the money saved on this laundry is donated to environmental action groups and similar in each region.

Conserve biodiversity

The Group has set thriving communities as one of its priority issues, and as an initiative to help build sustainable communities with rich natural and cultural heritage, making great places to visit, work in, and live in, we are promoting activities throughout the Group for conserving the natural environment and biodiversity. In May 2024, we also endorsed the aims of the Keidanren Declaration for Biodiversity and Guideline, which was formulated by the Japan Business Federation (aka Keidanren) and the Keidanren Nature Conservation Council, thereby joining the Keidanren Initiative for Biodiversity Conservation.

Initiatives at Osaka Umeda Twin Towers South

Hanshin Engei has constructed and owns green areas at Osaka Umeda Twin Towers South, and works to plant and maintain these areas, which include wall and rooftop greening. As a result, the areas have been recognized as a high-quality green space in a big city and certified as an "Urban Oasis" under the Social and Environmental Green Evaluation System (SEGES), which is implemented by the Organization for Landscape and Urban Green Infrastructure. For the wall and rooftop greening and for nearby sidewalks, plants that are indigenous to the natural Yodo River and Mt. Rokko areas of the Umeda district have been central in the creation of an integrated, forest-like design. This greening is helping to mitigate the so-called heat island phenomenon, to conserve biodiversity, and to create pleasant scenery. In recognition of these initiatives, Osaka Umeda Twin Towers South has received numerous awards, including the Osaka Governor's Award and the Biodiversity Award at the 16th Osaka Excellent Greening Awards, the Osaka City Mayor's Award at the 2022 Osaka Environmentally Friendly Architecture Awards, and the Minister of Land, Infrastructure, Transport and Tourism Prize at the 22nd Greening Technology Competition (formerly the Rooftop and Wall Greening Technology Competition).



Environmental conservation work in the foothills of Mt. Fuji

As well as its beautiful scenery, Mt. Fuji is known for a natural environment that fosters abundant biodiversity. Hankyu Travel International began environmental conservation work in the foothills of Mt. Fuji in 2015, and in collaboration with the certified NPO Fujisan Club, has chartered a bus from Tokyo each year to conduct cleaning activities. These activities were suspended between 2020 and 2022 due to the COVID-19 pandemic, but resumed in November 2023, when employees and their families collected about 180 kg of garbage, filling thirty 45-liter garbage bags. To date, a total of around 1.3 tons of garbage has been collected as part of this initiative. The initiative received the Encouragement Prize in the Global Environment Category at the 2nd Japan Association of Travel Agents (JATA) SDGs Award, the goal of which is to promote outstanding initiatives in the tourism industry aimed at achieving Sustainable Development Goals (SDGs).



Participation in Initiatives and External Evaluation

The Group has joined the following international initiatives, and as well as accelerating ESG-related initiatives, has undergone evaluations and certification procedures for ESG indices (Socially Responsible Investment Indices; as of July 2024).

| Initiatives | |
|---|---|
|  | Task Force on Climate-related Financial Disclosures (TCFD) In May 2021, we signed a petition expressing our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Since then, we have been actively disclosing information in line with the disclosure framework recommended by the TCFD as we worked to tackle climate change of other societal issues. |
|  | United Nations Global Compact We signed a petition to express our support for the United Nations Global Compact (UNGC) advocated by the United Nations, and in May 2021 we registered as a participating company. Complying with the ten principles advocated by the UNGC will help to bring about a more sustainable society. |
|  | GX League We participated in the Green Transformation (GX) League in March 2024. Based on the GX League Basic Concept, which the Japanese government announced in 2022, the GX League is a framework established with the aim of reducing greenhouse gas emissions and achieving the sustainable growth of society. In line with this Basic Concept, the Group is working to reduce its own emissions and those of society as a whole. |
|  | Keidanren Initiative for Biodiversity Conservation Having endorsed the aims of the Keidanren Declaration for Biodiversity and Guideline, which was formulated by the Japan Business Federation (aka Keidanren) and the Keidanren Nature Conservation Council, we joined the Keidanren Initiative for Biodiversity Conservation in May 2024. In our business and social contribution activities, based on the principle of having consideration for the environment and ecosystems that surround us, we are working to conserve biodiversity while collaborating with people from local communities. |

| Inclusion in the ESG indices | |
|---|---|
|  | FTSE 4Good Index*1 This index is compiled by FTSE Russell from a selection of major global companies that excel in terms of ESG perspectives. The Company has been added to this index since 2023. |
|  | FTSE Blossom Japan Index*1 This index is compiled by FTSE Russell from a selection of Japanese companies with particularly high ESG ratings. The Company has been added to this index since 2023. |
|  | FTSE Blossom Japan Sector Relative Index*1 This ESG index is compiled by FTSE Russell from a selection of Japanese companies with high ESG ratings in their respective industries. The Company has been added to this index since 2022. |
|  | MSCI Japan ESG Select Leaders Index*2 This index is compiled by MSCI based on MSCI's ESG ratings (which sort companies into seven categories, from the highest AAA rating to the lowest CCC). It brings together a selection of Japanese companies with excellent ESG ratings in each industrial sector. The Company has been included in this index since it was first formed in 2023. |
|  | S&P/JPX Carbon Efficient Index This index is compiled from a selection of companies from among the constituents of the TOPIX index, which comprises companies in the S&P Dow Jones Index and the Tokyo Stock Exchange, excluding those with extremely low carbon efficiency and risk indicators above a certain level. The Company has been included in this index since it was first formed in 2018. |

| ESG evaluation and certification | |
|---|--|
|  | MSCI's ESG RATINGS**: Achieved the Highest Ranking of AAA Since September 2021, we have maintained the highest ranking of AAA in MSCI's ESG rating. This serves as the criterion for selecting stocks for the MSCI Japan ESG Select Leaders Index. |

*1 FTSE Russell (a registered trademark of FTSE International Limited and the Frank Russell Company) has verified through a third-party survey that the Company fulfills all the necessary criteria for inclusion in these indices. FTSE Russell, the compiler of these indices, is a global index provider and was set up to measure the performance of companies with excellent responses to ESG (environment, social, and governance) topics. As such, it is widely used in developing and evaluating various financial products, such as sustainable investment funds.
*2 Further information about MSCI: <https://www.hankyu-hanshin.co.jp/sustainability/evaluation/>

For other environmental and social evaluations, please refer to our website (Japanese only).
<https://www.hankyu-hanshin.co.jp/sustainability/evaluation/>



04 Financial Section and Corporate Data

CONTENTS

- 109 Consolidated Eleven-Year Summary
- 111 Business Risks
- 113 Consolidated Balance Sheets
- 115 Consolidated Statements of Income / Consolidated Statements of Comprehensive Income
- 116 Consolidated Statements of Changes in Net Assets
- 118 Consolidated Statements of Cash Flows
- 119 Notes to the Consolidated Financial Statements
- 150 Others
- 151 Major Group Companies
- 152 Company Overview and Investor Information

Consolidated Eleven-Year Summary

| Fiscal Year | 2014 | 2015 | 2016 ^a | 2017 | 2018 ^a | 2019 | 2020 | 2021 | 2022 ¹⁰ | 2023 | 2024 |
|--|-------------------------------|-----------|-------------------|-----------|-------------------|-----------|-----------|------------|--------------------|-----------|-------------|
| Result of Operations (Millions of yen): | | | | | | | | | | | |
| Revenues from operations | ¥ 679,157 | ¥ 685,906 | ¥ 746,792 | ¥ 736,763 | ¥ 760,252 | ¥ 791,427 | ¥ 762,650 | ¥ 568,900 | ¥ 746,217 | ¥ 968,300 | ¥ 997,611 |
| Operating income | 91,828 | 94,026 | 110,293 | 104,058 | 105,211 | 114,937 | 95,170 | 2,066 | 39,212 | 89,350 | 105,689 |
| Business profit ¹ | 91,828 | 94,026 | 110,293 | 104,058 | 105,211 | 114,937 | 95,170 | 2,066 | 39,212 | 89,350 | 108,310 |
| EBITDA ² | 149,200 | 150,100 | 166,500 | 159,300 | 160,800 | 171,400 | 154,100 | 60,300 | 100,700 | 153,700 | 173,200 |
| Ordinary income (loss) | 81,191 | 85,590 | 104,479 | 100,607 | 103,774 | 110,543 | 88,795 | (7,623) | 38,450 | 88,432 | 109,413 |
| Income (loss) before income taxes | 83,542 | 77,620 | 96,087 | 100,805 | 101,410 | 88,562 | 86,746 | (41,013) | 38,592 | 75,012 | 84,246 |
| Net income (loss) attributable to owners of the parent | 46,352 | 54,201 | 69,971 | 71,302 | 66,361 | 65,476 | 54,859 | (36,702) | 21,418 | 46,952 | 67,801 |
| Comprehensive income | 55,941 | 71,034 | 63,842 | 79,288 | 73,991 | 66,565 | 44,292 | (22,803) | 17,251 | 51,991 | 93,121 |
| Capital expenditure | 80,722 | 68,115 | 66,639 | 86,212 | 86,404 | 114,368 | 81,090 | 108,472 | 120,302 | 63,039 | 101,753 |
| Depreciation and amortization | 54,474 | 53,143 | 53,701 | 52,800 | 53,276 | 54,172 | 56,542 | 55,733 | 59,107 | 62,037 | 62,582 |
| Cash Flows (Millions of yen): | | | | | | | | | | | |
| Cash flows from operating activities | ¥ 146,991 | ¥ 131,881 | ¥ 124,838 | ¥ 115,633 | ¥ 135,821 | ¥ 126,035 | ¥ 123,086 | ¥ (32,501) | ¥ 81,844 | ¥ 132,091 | ¥ 123,513 |
| Cash flows from investing activities | (45,517) | (52,529) | (78,843) | (84,845) | (88,351) | (116,160) | (128,498) | (102,151) | (96,442) | (113,216) | (141,320) |
| Cash flows from financing activities | (105,079) | (81,746) | (47,278) | (30,595) | (43,242) | (11,171) | 964 | 134,631 | 15,141 | (8,981) | 28,461 |
| Increase (decrease) in cash and cash equivalents | (1,840) | (1,125) | (1,978) | (480) | 4,588 | (1,848) | (4,454) | (375) | 1,983 | 11,797 | 11,896 |
| Cash and cash equivalents at end of year | 24,497 | 23,497 | 22,363 | 22,530 | 27,501 | 27,589 | 23,526 | 25,222 | 29,422 | 41,375 | 53,808 |
| Financial Position (Millions of yen): | | | | | | | | | | | |
| Total net assets | ¥ 617,598 | ¥ 679,482 | ¥ 724,237 | ¥ 804,659 | ¥ 866,512 | ¥ 915,381 | ¥ 937,672 | ¥ 909,985 | ¥ 915,363 | ¥ 980,940 | ¥ 1,069,871 |
| Total assets | 2,286,928 | 2,279,638 | 2,282,180 | 2,349,831 | 2,404,926 | 2,466,223 | 2,489,081 | 2,621,028 | 2,722,841 | 2,865,410 | 3,052,930 |
| Interest-bearing debt | 1,032,307 | 955,828 | 916,570 | 899,523 | 866,758 | 877,055 | 903,480 | 1,063,048 | 1,095,965 | 1,106,351 | 1,174,160 |
| Per Share Data (Yen)³: | | | | | | | | | | | |
| Net income attributable to owners of the parent | Basic ¥ 36.76 | ¥ 42.98 | ¥ 277.88 | ¥ 285.11 | ¥ 267.91 | ¥ 266.86 | ¥ 225.69 | ¥ (151.72) | ¥ 88.89 | ¥ 194.88 | ¥ 281.84 |
| | Diluted ⁴ 36.75 | 42.95 | 277.67 | 284.86 | 267.81 | 266.86 | — | — | 88.83 | 194.78 | 281.67 |
| Net assets | 477.69 | 525.56 | 2,815.96 | 3,150.67 | 3,391.35 | 3,615.52 | 3,738.56 | 3,598.83 | 3,612.17 | 3,764.17 | 4,072.57 |
| Dividend | 6.00 | 6.00 | 35.00 | 35.00 | 40.00 | 40.00 | 50.00 | 50.00 | 50.00 | 50.00 | 55.00 |
| Ratios: | | | | | | | | | | | |
| Business profit ratio (%) | 13.5 | 13.7 | 14.8 | 14.1 | 13.8 | 14.5 | 12.5 | 0.4 | 5.3 | 9.2 | 10.9 |
| ROA (%) ⁵ | 3.6 | 3.7 | 4.6 | 4.3 | 4.4 | 4.5 | 3.6 | (0.3) | 1.4 | 3.2 | 3.7 |
| ROE (%) ⁶ | 8.0 | 8.6 | 10.3 | 9.4 | 8.2 | 7.6 | 6.1 | (4.1) | 2.5 | 5.3 | 7.2 |
| Interest-bearing debt/EBITDA (Times) | 6.9 | 6.4 | 5.5 | 5.6 | 5.4 | 5.1 | 5.9 | 17.6 | 10.9 | 7.2 | 6.8 |
| Equity ratio (%) | 26.3 | 29.1 | 31.0 | 33.5 | 34.8 | 35.9 | 36.4 | 33.1 | 32.0 | 31.6 | 32.0 |
| Debt/equity (D/E) ratio (Times) ⁷ | 1.7 | 1.4 | 1.3 | 1.1 | 1.0 | 1.0 | 1.0 | 1.2 | 1.3 | 1.2 | 1.2 |
| Others: | | | | | | | | | | | |
| Number of outstanding shares (Thousands) | 1,271,406 | 1,271,406 | 254,281 | 254,281 | 254,281 | 254,281 | 254,281 | 254,281 | 254,281 | 254,281 | 254,281 |
| Number of employees | 20,913 | 21,037 | 21,607 | 21,860 | 22,152 | 22,654 | 22,800 | 23,192 | 22,869 | 22,527 | 22,811 |

- Business profit = operating profit + equity-method gains/losses related to overseas business investments (From fiscal 2014 to fiscal 2023, the Company had no equity-method affiliates in its overseas business. Thus, for that period, "business profit = operating profit")
- EBITDA = business profit + depreciation expenses + amortization of goodwill
EBITDA figures are rounded to the nearest ¥100 million.
- The Company (since fiscal 2020) and our subsidiary Hankyu Hanshin Properties Corp. (since fiscal 2019), as well as Hankyu Corporation and Hanshin Electric Railway Co., Ltd. (both since fiscal 2018), have operated the Board Incentive Plan Trust, and the shares of the Company held by such trust are recorded as treasury shares in the consolidated financial statements.
Therefore, when net assets per share, and net income per share and diluted net income per share attributable to owners of the parent are calculated, the number of such shares is included in the treasury shares to be deducted.
- As there are no residual shares with a dilutive effect, diluted net income per share attributable to owners of the parent for fiscal 2020 has been omitted. For fiscal 2021, diluted net income per share attributable to owners of the parent is omitted because a net loss per share was recorded despite the existence of dilutive shares.
- ROA = ordinary income / total assets (average of period-start and period-end totals)
- ROE = net income attributable to owners of the parent / equity (average of period-start and period-end totals)

- D/E ratio = interest-bearing debt / equity
- Regarding transactions related to such items as the export of mixed cargo of the International Transportation Segment, the Company has changed the recognition of revenues from operations from net presentation to gross presentation as of fiscal 2017. As a result of this change, the amount of revenues from operations for fiscal 2016 is the amount after retrospective application (gross presentation).
Furthermore, the Company consolidated shares at the ratio of 5 shares to 1 share with an effective date of August 1, 2016. Net income per share, diluted net income per share attributable to owners of the parent, net assets per share, dividend per share, and number of outstanding shares have been calculated based on the assumption that the said reverse stock split was executed on April 1, 2015.
- The partially amended "Tax Effect Accounting" standards (ASBJ Guidance No. 28, February 16, 2018) have been applied since the start of fiscal 2019, and the consolidated financial indicators and similar of fiscal 2018 are those after retrospective application of the relevant accounting standards.
- The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied from the beginning of fiscal 2022, and the key management indicators, etc., for fiscal 2022 onward indicate values after applying the above-mentioned accounting standard, etc.

Business Risks

The various categories of risk to which the business performance, stock price, financial position and other aspects of the operations of the Hankyu Hanshin Holdings Group are subject are detailed below. Information about future events that appears in this integrated report was determined by the Group and was current as of March 31, 2024. These risks do not include all of the risks that the Group could face.

1 Natural Disasters and Accidents

1.1 Natural Disasters

Operating across an extremely wide range of businesses in its Urban Transportation, Real Estate, Entertainment, Information and Communication Technology, Travel, and International Transportation, the Group maintains a correspondingly large assortment of facilities necessary for conducting business. In the event of earthquakes, typhoons or other natural disasters, large-scale accidents or acts of terrorism, the business performance and financial position of the Group could be adversely affected by damage to these facilities, its customers and/or limitations placed on its business operations. Especially in recent years, it has been pointed out that climate change in the form of rising air and sea temperatures may increase the frequency of torrential rains and strong typhoons, and there is an increasing risk of the above-mentioned adverse effects being brought about by these natural disasters.

The Group is striving to minimize both the tangible and intangible impacts of natural disasters and accidents. Efforts include investing in maintenance and renovation of existing facilities, conducting seismic reinforcement work, analyzing and responding to the impact of intensifying natural disasters, and developing systems with a priority on safety, especially at group companies engaged in the railway business and other forms of public transportation.

1.2 Risk from Epidemics

If an infectious disease becomes widespread and restrictions are imposed on the movement and lives of people in various ways, it may materially affect the Company's businesses. Specifically, impacts may be seen in the Urban Transportation Segment through effects such as a declining number of passengers on railways and other means of transportation; in the Real Estate Segment through temporary closings and a decreasing number of visitors to leased facilities with fewer hotel guests from overseas and weaker domestic demand; in the Entertainment Segment through the cancellation of and attendance restrictions on professional baseball games and performances of the Takarazuka Revue; and in the Travel Segment through the cancellation of overseas and domestic tours.

Even under such circumstances, the Group, as a corporate group that operates railroads and other social infrastructures, will strive to continue its businesses while implementing measures to prevent and control the spread of infection according to the infection situation. We will also seek to improve our earning power and secure a stable financial structure to sustainably increase our corporate value even under the impact of these events.

2 Information Management

The Group uses information systems in each of its business segments. If the functions of these systems are materially impacted by accidents, disasters, fraud or mistakes within the Group or involving its business partners, or cyber-attacks, system failures or malfunctions, information leaks or other events may occur and disrupt the Group's business operations, thereby affecting its business performance and financial position. Regarding personal information, the Group manages databases containing customer data and other personal information in each of its businesses. If information is leaked due to an unexpected incident, claims for damages and loss of public credibility may substantially affect the Group's performance.

In accordance with internal regulations such as the Fundamental

Polices on Electronic Information Security, the Group takes measures required to prevent leaks, falsification, or unauthorized use of information and to operate its information systems securely. In light of being a railway operator, an important role, and with ensuring cyber security positioned as an important element in risk management, the Group makes continuous efforts such as proactive information gathering in cooperation with administrative agencies and other related organizations. Additionally, the Group CSIRT has been established for damage localization by promptly communicating and dealing with a problem when it occurs. A system to take appropriate recurrence prevention measures is also in place. Regarding personal information, in addition to the above, the Group has established regulations, such as fundamental policies on the management of personal information, to ensure compliance with laws and regulations related to the protection of personal information at home and abroad, and developed a system to help ensure the appropriate use and protection of personal information. Relevant training programs for officers and employees are also provided.

3 Compliance

The Group aims to meet the expectations of all its stakeholders and operate as a corporate group that is trusted and applauded by them. One of the preconditions for achieving this goal is a compliance-focused business attitude. In the event of noncompliance, claims for damages and loss of public credibility may affect the Group's business performance and financial position.

The Group promotes compliance management in each of its business segments not only by strictly observing the Companies Act, Financial Instruments and Exchange Act, labor laws, tax laws, economic laws, various industrial laws, and other relevant laws, but also by developing a variety of basic policies including respect for human rights, prevention of corruption (bribery, etc.), and tax affairs, as well as internal regulations, such as a code of corporate ethics, thoroughly implementing business operations in line with these policies. Ongoing monitoring conducted by the Company also strengthens the governance function throughout the entire Group.

In particular, the Group believes that respect for human rights is a foundation in continuing to fulfill its mission. Based primarily on the United Nations Guiding Principles on Business and Human Rights, the Group has developed (and revised in April 2023) a basic philosophy on respect for human rights and a basic policy on respect for human rights. The Group is also further advancing initiatives, including human rights due diligence, in line with the "Business and Human Rights" framework to avoid or reduce any negative occurrences. To further enhance the effectiveness of these efforts, a variety of education and training programs are also implemented for officers, employees, and other stakeholders to raise their compliance awareness and increase their knowledge, thereby preventing noncompliance. The Group has also established a whistleblower system that allows prompt detection of and dealing with events that threaten our compliance stance and record.

4 Finance (Interest-Bearing Debt)

The Group makes continuous capital investments in each of its business segments. Most of the necessary funds are procured by borrowing from financial institutions and issuing corporate bonds, among other means. For this reason, in the case of future increases in interest rates, changes in financial markets, or downgrades in the Group's credit rating due to changes in its financial position, the Group's interest expenses may

increase, and raising additional funds on desirable terms, including funds needed to refinance interest-bearing debt that reaches maturity, may become difficult.

The balance of interest-bearing debt held by the Group as of the end of March 2024 on a consolidated basis was ¥1,174,160 million. Going forward, the Group plans to make capital investments required for maintaining and improving facilities, etc., as well as growth investing toward the future, including investment in large-scale projects. With these investments, consolidated interest-bearing debt is expected to increase to a certain degree.

The Group will continue to diversify its funding and secure its liquidity, take steps to avoid interest rate risks through fixed rate financing, and strive to maintain the soundness of its financial position by controlling interest-bearing debt through cost reduction and reductions in investment in maintenance and replacement.

5 Changes in Political, Economic and Social Environment

5.1 Legal Risk

In accordance with the stipulations of Article 3 of the Railway Business Law, the Group must obtain separate permissions from the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) for each category of railway operations on each route that it intends to operate. Under Article 16 of the Law, a railway operator must obtain MLIT's approval for the passenger fares it intends to set and on each occasion when it wishes to change the fares. Therefore, these regulations may limit the activities of the Group's railway business. Notably, no fixed periods are prescribed for the permissions or approvals of MLIT.

In addition to the railway business, other businesses in which the Group engages are also subject to various laws and regulations. If these are tightened, the cost of regulatory compliance may increase, while failure to comply with regulations may limit the Group's activities and affect the Group's business performance, financial status, etc.

The Group is working to minimize any such effects by investigating and ascertaining in advance information regarding changes in existing regulations and the establishment of new regulations and their respective impacts.

5.2 Decline in the Market Value of Assets Held by Members of the Hankyu Hanshin Holdings Group

In the case of a substantial decline in the market value of inventory assets, property and equipment and intangible assets, investment securities or other assets, the recording of impairment loss or valuation loss would likely have a negative impact on the business performance and financial position of the Hankyu Hanshin Holdings Group.

5.3 Declining Birth Rate

In the Group's mainstay Kyoto-Osaka-Kobe area, demographic changes accompanying the declining birth rate and other factors are expected to decrease demand for railway, bus, taxi and other types of passenger transportation services, as well as decrease demand in other business areas. In addition, securing personnel is likely to become difficult as an imbalance between supply and demand develops in the labor market. Such situations could affect the business performance and financial position of the Group.

In addition to efforts to increase the resident population in areas along railway lines operated by the Group and to increase the influx of visitors to these areas by capturing the demand generated by foreign tourists, etc., the Group will broadly promote efforts to improve productivity by leveraging DX (Digital Transformation) and by other means.

5.4 Social Changes (in Lifestyle and Workstyle)

Triggered by the COVID-19 pandemic, social changes, such as changes in people's behaviors and locations they are based in, and expansion of

awareness of QOL (Quality of life) are seen. Socioeconomic and business environments are changing rapidly, as illustrated by increasing awareness of SDGs and carbon neutrality 2050 (achieving a decarbonized society by 2050). Going forward, if these changes transform people's lives, it may affect the existing business models of the Group, since it operates businesses closely related to the way people live.

In accordance with these circumstances, the Group will promote measures in line with the strategies set forth in the "Long-Term Vision: *Toward 2040*" formulated in May 2022. Also, the Group will not only focus on the growth of existing businesses but also expand into growing markets, thereby increasing profit and securing and maintaining a stable fund-generation ability. Furthermore, with regard to the demands of capital markets, we will continuously examine our business portfolio and the allocation of management resources from the perspective of market potential and capital efficiency, aiming to become a corporate group that can meet the expectations of various stakeholders and achieve sustainable growth even in a changing business environment.

5.5 Addressing Climate Change

To cope with climate change, efforts are being mounted extensively on a global basis to reduce greenhouse gas emissions. Although the Group's railway, its core business, has less of an environmental impact than other means of transportation, the business is expected to require future investment or incur additional expense to respond to a more decarbonized and recycling-based society. Moreover, introduction of a carbon tax system for greenhouse gas emissions and a rise in retail electricity prices (to promote renewable energy, etc.) may be accompanied by further increases in cost. If the Group fails to adjust to these social demands, it may face a decrease in revenue due to the loss of public credibility and/or financing difficulties.

The Group recognizes that greenhouse gas reduction is necessary for realizing a sustainable society. With "environmental protection" set as one of the priority issues in its Sustainability Declaration, the Group is moving forward with environmental protection activities that contribute to achieving a more decarbonized and recycling-based society.

As part of these activities, the Group has agreed to and is taking steps in accordance with the recommendations from the Task Force on Climate-related Financial Disclosure (TCFD). In line with its disclosure framework, the Group has specified its "governance," "risk management," and "indicators and goals." As for "strategies," "risks and opportunities" in the railway business and real estate business that are likely to be significantly affected by climate change in its businesses have been identified by the Group for analysis, including estimation and disclosure of financial impacts. For the purpose of evaluating and managing risks and opportunities related to climate change, CO₂ emission reduction target values (fiscal 2031: 46% reduction compared to fiscal 2014; fiscal 2051: net zero) have been set as group-wide Key Performance Indicators (KPI). Having set individual KPIs for each business and promoting initiatives for each business by calculating and disclosing Scope 3 greenhouse gas emissions, as well as by setting an internal carbon price (ICP), the Group is working to improve the resilience of its business to climate change.

5.6 International Operations

The Group's Real Estate, Travel, International Transportation, and other businesses are also active overseas and are, therefore, subject to various risk factors in each country, ranging from drastic changes in political conditions, economic conditions, laws, and regulations to incidents of conflict, dispute, or terrorism as well as the outbreak of infectious diseases. The Group is working to address these risks based on risk analyses supported by the advice of lawyers, consultants and other experts. However, in the case of an unexpected development, the business performance and financial condition of the Group may be affected.

Consolidated Balance Sheets

As of March 31, 2023 and 2024

| | Millions of yen | |
|--|------------------|------------------|
| | 2023 | 2024 |
| Assets: | | |
| Current assets: | | |
| Cash and deposits | ¥ 42,876 | ¥ 59,610 |
| Trade receivables (Note 7.1) | 120,067 | 103,386 |
| Land and buildings for sale | 193,607 | 269,789 |
| Finished products and merchandise | 2,897 | 3,586 |
| Work in progress | 2,461 | 2,922 |
| Materials and supplies | 5,790 | 6,486 |
| Other | 61,237 | 68,546 |
| Allowance for doubtful receivables | (856) | (960) |
| Total current assets | 428,082 | 513,368 |
| Noncurrent assets: | | |
| Property and equipment: | | |
| Buildings and structures-net (Note 7.4) | 633,990 | 631,352 |
| Machinery, equipment and vehicles-net (Note 7.4) | 57,804 | 60,323 |
| Land (Notes 7.4 and 7.6) | 1,010,609 | 1,030,054 |
| Construction in progress | 252,908 | 260,688 |
| Other-net (Note 7.4) | 25,678 | 26,808 |
| Total property and equipment (Notes 7.2 and 7.3) | 1,980,991 | 2,009,227 |
| Intangible assets (Notes 7.3 and 7.4) | 35,489 | 36,316 |
| Investments and other assets: | | |
| Investment securities (Notes 7.4 and 7.5) | 342,659 | 404,266 |
| Deferred tax assets | 7,272 | 7,510 |
| Net defined benefit asset | 18,590 | 27,184 |
| Other (Note 7.4) | 52,583 | 55,267 |
| Allowance for doubtful receivables | (258) | (211) |
| Total investments and other assets | 420,846 | 494,017 |
| Total noncurrent assets | 2,437,328 | 2,539,561 |
| Total assets | 2,865,410 | 3,052,930 |

| | Millions of yen | |
|---|------------------|------------------|
| | 2023 | 2024 |
| Liabilities: | | |
| Current liabilities: | | |
| Trade payables | ¥ 42,024 | ¥ 43,190 |
| Accrued expenses | 23,182 | 22,935 |
| Short-term borrowings (Note 7.4) | 187,982 | 189,854 |
| Commercial paper | 10,000 | — |
| Current portion of bonds | 30,000 | 15,000 |
| Lease obligations | 4,251 | 4,130 |
| Income taxes payable | 10,029 | 15,290 |
| Provision for bonuses | 4,337 | 5,304 |
| Other (Notes 7.1 and 7.4) | 187,877 | 211,287 |
| Total current liabilities | 499,684 | 506,992 |
| Non-current liabilities: | | |
| Long-term debt (Note 7.4) | 634,613 | 705,773 |
| Bonds | 230,000 | 250,000 |
| Lease obligations | 9,503 | 9,402 |
| Deferred tax liabilities | 181,831 | 181,760 |
| Deferred tax liabilities related to land revaluation (Note 7.6) | 5,182 | 5,141 |
| Net defined benefit liability | 61,916 | 61,682 |
| Long-term deferred contribution for construction | 132,580 | 128,188 |
| Other | 129,156 | 134,117 |
| Total non-current liabilities | 1,384,785 | 1,476,066 |
| Total liabilities | 1,884,470 | 1,983,059 |
| Net assets: | | |
| Shareholders' equity: | | |
| Common stock | 99,474 | 99,474 |
| Capital surplus | 147,343 | 147,301 |
| Retained earnings | 680,040 | 734,869 |
| Less treasury stock, at cost | (48,748) | (51,891) |
| Total shareholders' equity | 878,110 | 929,754 |
| Accumulated other comprehensive income: | | |
| Valuation difference on available-for-sale securities | 20,930 | 29,533 |
| Deferred gains or losses on hedges | (78) | 329 |
| Revaluation reserve for land (Note 7.6) | 5,499 | 5,545 |
| Foreign currency translation adjustments | 908 | 5,805 |
| Cumulative adjustments related to retirement benefit plans | 1,433 | 7,269 |
| Total accumulated other comprehensive income | 28,692 | 48,483 |
| Non-controlling interests (Note 7.6) | 74,137 | 91,634 |
| Total net assets | 980,940 | 1,069,871 |
| Total liabilities and net assets | 2,865,410 | 3,052,930 |

Consolidated Statements of Income

Years ended March 31, 2023 and 2024

| | Millions of yen | |
|---|-----------------|-----------|
| | 2023 | 2024 |
| Revenues from operations (Note 8.1) | ¥ 968,300 | ¥ 997,611 |
| Costs of revenues from operations: | | |
| Operating expenses and cost of sales of transportation | 849,136 | 859,149 |
| Selling, general and administrative expenses (Note 8.2) | 29,813 | 32,772 |
| Total costs of revenues from operations (Note 8.3) | 878,949 | 891,921 |
| Operating income | 89,350 | 105,689 |
| Non-operating income: | | |
| Interest income | 314 | 794 |
| Dividend income | 957 | 999 |
| Equity in income of affiliates | 8,325 | 14,615 |
| Miscellaneous income | 2,547 | 2,992 |
| Total non-operating income | 12,145 | 19,402 |
| Non-operating expenses: | | |
| Interest expenses | 8,768 | 10,382 |
| Miscellaneous expenses | 4,294 | 5,295 |
| Total non-operating expenses | 13,063 | 15,677 |
| Ordinary income | 88,432 | 109,413 |
| Extraordinary income: | | |
| Gain on contributions for construction | 2,530 | 31,344 |
| Other | 5,397 | 1,794 |
| Total extraordinary income | 7,927 | 33,138 |
| Extraordinary loss: | | |
| Loss on reduction of noncurrent assets | 4,986 | 31,277 |
| Impairment losses (Note 8.4) | 12,672 | 24,277 |
| Other | 3,689 | 2,751 |
| Total extraordinary loss | 21,348 | 58,306 |
| Income before income taxes | 75,012 | 84,246 |
| Income taxes – current | 18,249 | 22,955 |
| Income taxes – deferred | 5,173 | (9,784) |
| Total income taxes | 23,422 | 13,171 |
| Net income | 51,589 | 71,074 |
| Net income attributable to non-controlling interests | 4,636 | 3,273 |
| Net income attributable to owners of the parent | 46,952 | 67,801 |

Consolidated Statements of Comprehensive Income

Years ended March 31, 2023 and 2024

| | Millions of yen | |
|---|-----------------|----------|
| | 2023 | 2024 |
| Net income | ¥ 51,589 | ¥ 71,074 |
| Other comprehensive income: | | |
| Valuation difference on available-for-sale securities | 1,860 | 4,802 |
| Deferred gains or losses on hedges | (86) | 357 |
| Revaluation reserve for land | — | 41 |
| Foreign currency translation adjustments | (1,340) | 5,427 |
| Remeasurements of defined benefit plans | (759) | 5,595 |
| Share of other comprehensive income of associates accounted for using equity method | 727 | 5,821 |
| Total other comprehensive income (Note 9) | 402 | 22,046 |
| Comprehensive income | 51,991 | 93,121 |
| Comprehensive income attributable to: | | |
| Owners of the parent | 48,955 | 86,129 |
| Non-controlling interests | 3,036 | 6,991 |

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2023 and 2024

| | Millions of yen | | | | |
|---|----------------------|-----------------|-------------------|------------------------------|----------------------------|
| | Shareholders' equity | | | | |
| | Common stock | Capital surplus | Retained earnings | Less treasury stock, at cost | Total shareholders' equity |
| Balance as of March 31, 2022 | ¥99,474 | ¥147,358 | ¥645,212 | ¥(48,713) | ¥843,332 |
| Changes in items during the period: | | | | | |
| Dividends from surplus | | | (12,125) | | (12,125) |
| Net income attributable to owners of the parent | | | 46,952 | | 46,952 |
| Reversal of revaluation reserve for land | | | 0 | | 0 |
| Purchase of treasury stock | | | | (53) | (53) |
| Disposal of treasury stock | | 0 | | 101 | 101 |
| Change in equity of parent arising from transactions with non-controlling interest shareholders | | 11 | | | 11 |
| Change in equity due to purchase of treasury stock of consolidated subsidiaries | | (26) | | | (26) |
| Change in equity due to disposal of treasury stock of consolidated subsidiaries | | | | | — |
| Change in scope of consolidation | | | | | — |
| Change of scope of equity method | | | | | — |
| Changes in equity in affiliates accounted for by equity-method treasury stock | | | | (82) | (82) |
| Net changes in items other than shareholders' equity | | | | | — |
| Total changes in items during the period | — | (15) | 34,827 | (34) | 34,777 |
| Balance as of March 31, 2023 | ¥99,474 | ¥147,343 | ¥680,040 | ¥(48,748) | ¥878,110 |
| Changes in items during the period: | | | | | |
| Dividends from surplus | | | (12,113) | | (12,113) |
| Net income attributable to owners of the parent | | | 67,801 | | 67,801 |
| Reversal of revaluation reserve for land | | | (4) | | (4) |
| Purchase of treasury stock | | | | (3,476) | (3,476) |
| Disposal of treasury stock | | 0 | | 346 | 346 |
| Change in equity of parent arising from transactions with non-controlling interest shareholders | | 29 | | | 29 |
| Change in equity due to purchase of treasury stock of consolidated subsidiaries | | | | | — |
| Change in equity due to disposal of treasury stock of consolidated subsidiaries | | 6 | | | 6 |
| Change in scope of consolidation | | (78) | (491) | | (569) |
| Change of scope of equity method | | | (361) | | (361) |
| Changes in equity in affiliates accounted for by equity-method treasury stock | | | | (12) | (12) |
| Net changes in items other than shareholders' equity | | | | | — |
| Total changes in items during the period | — | (42) | 54,829 | (3,143) | 51,643 |
| Balance as of March 31, 2024 | 99,474 | 147,301 | 734,869 | (51,891) | 929,754 |

Consolidated Statements of Cash Flows

Years ended March 31, 2023 and 2024

| | Millions of yen | | | | | | | |
|---|---|------------------------------------|------------------------------|--|--|--|---------------------------|------------------|
| | Accumulated other comprehensive income | | | | | | | Total net assets |
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Foreign currency translation adjustments | Cumulative adjustments related to retirement benefit plans | Total accumulated other comprehensive income | Non-controlling interests | |
| Balance as of March 31, 2022 | ¥18,756 | ¥7 | ¥5,499 | ¥435 | ¥2,317 | ¥27,016 | ¥45,014 | ¥915,363 |
| Changes in items during the period: | | | | | | | | |
| Dividends from surplus | | | | | | | | (12,125) |
| Net income attributable to owners of the parent | | | | | | | | 46,952 |
| Reversal of revaluation reserve for land | | | | | | | | 0 |
| Purchase of treasury stock | | | | | | | | (53) |
| Disposal of treasury stock | | | | | | | | 101 |
| Change in equity of parent arising from transactions with non-controlling interest shareholders | | | | | | | | 11 |
| Change in equity due to purchase of treasury stock of consolidated subsidiaries | | | | | | | | (26) |
| Change in equity due to disposal of treasury stock of consolidated subsidiaries | | | | | | | | — |
| Change in scope of consolidation | | | | | | | | — |
| Change of scope of equity method | | | | | | | | — |
| Changes in equity in affiliates accounted for by equity-method treasury stock | | | | | | | | (82) |
| Net changes in items other than shareholders' equity | 2,173 | (86) | (0) | 473 | (884) | 1,676 | 29,122 | 30,798 |
| Total changes in items during the period | 2,173 | (86) | (0) | 473 | (884) | 1,676 | 29,122 | 65,576 |
| Balance as of March 31, 2023 | ¥20,930 | ¥(78) | ¥5,499 | ¥908 | ¥1,433 | ¥28,692 | ¥74,137 | ¥980,940 |
| Changes in items during the period: | | | | | | | | |
| Dividends from surplus | | | | | | | | (12,113) |
| Net income attributable to owners of the parent | | | | | | | | 67,801 |
| Reversal of revaluation reserve for land | | | | | | | | (4) |
| Purchase of treasury stock | | | | | | | | (3,476) |
| Disposal of treasury stock | | | | | | | | 346 |
| Change in equity of parent arising from transactions with non-controlling interest shareholders | | | | | | | | 29 |
| Change in equity due to purchase of treasury stock of consolidated subsidiaries | | | | | | | | — |
| Change in equity due to disposal of treasury stock of consolidated subsidiaries | | | | | | | | 6 |
| Change in scope of consolidation | | | | | | | | (569) |
| Change of scope of equity method | | | | | | | | (361) |
| Changes in equity in affiliates accounted for by equity-method treasury stock | | | | | | | | (12) |
| Net changes in items other than shareholders' equity | 8,602 | 408 | 45 | 4,897 | 5,836 | 19,790 | 17,496 | 37,287 |
| Total changes in items during the period | 8,602 | 408 | 45 | 4,897 | 5,836 | 19,790 | 17,496 | 88,931 |
| Balance as of March 31, 2024 | 29,533 | 329 | 5,545 | 5,805 | 7,269 | 48,483 | 91,634 | 1,069,871 |

| | Millions of yen | |
|---|-----------------|-----------|
| | 2023 | 2024 |
| Cash flows from operating activities: | | |
| Income before income taxes | ¥ 75,012 | ¥ 84,246 |
| Depreciation and amortization (Note 11.2) | 62,223 | 62,582 |
| Impairment losses | 12,672 | 24,277 |
| Amortization of goodwill | 2,326 | 2,292 |
| Equity in (income) losses of affiliates | (8,325) | (14,615) |
| Increase (decrease) in net defined benefit liability | (2,105) | (1,417) |
| Increase (decrease) in allowance for doubtful receivables | 377 | 18 |
| Interest and dividend income | (1,272) | (1,794) |
| Interest expenses | 8,768 | 10,382 |
| Loss on reduction of noncurrent assets | 4,986 | 31,277 |
| Gain on contributions for construction | (2,530) | (31,344) |
| Decrease (increase) in trade receivables | (7,652) | 18,301 |
| Decrease (increase) in inventories | (29,286) | (61,325) |
| Increase (decrease) in trade payables | 1,308 | 521 |
| Other | 38,449 | 24,436 |
| Subtotal | 154,951 | 147,840 |
| Interest and dividends received | 3,795 | 5,755 |
| Interest paid | (8,626) | (10,257) |
| Income taxes (paid) refunded | (18,029) | (19,824) |
| Net cash provided by operating activities | 132,091 | 123,513 |
| Cash flows from investing activities: | | |
| Purchases of noncurrent assets | (92,775) | (138,270) |
| Purchases of investment securities | (21,672) | (33,144) |
| Proceeds from sales of investment securities | 4,733 | 394 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 11.3) | (28,636) | (6,920) |
| Receipt of contributions for construction | 22,680 | 39,813 |
| Other | 2,453 | (3,192) |
| Net cash used in investing activities | (113,216) | (141,320) |
| Cash flows from financing activities: | | |
| Net increase (decrease) in short-term borrowings | 5,180 | 4,557 |
| Net increase (decrease) in commercial paper | (40,000) | (10,000) |
| Proceeds from long-term debt | 60,210 | 142,016 |
| Repayment of long-term debt | (54,337) | (91,384) |
| Proceeds from new bonds issued | 29,841 | 34,811 |
| Redemption of bonds | (7,000) | (30,000) |
| Purchases of treasury stock | (53) | (3,476) |
| Dividends paid | (12,125) | (12,113) |
| Dividends paid to non-controlling shareholders of consolidated subsidiaries | (853) | (1,258) |
| Proceeds from non-controlling shareholders associated with establishment of consolidated subsidiaries | 14,756 | — |
| Other | (4,600) | (4,691) |
| Net cash used in financing activities | (8,981) | 28,461 |
| Effect of exchange rate changes on cash and cash equivalents | 1,904 | 1,242 |
| Increase (decrease) in cash and cash equivalents | 11,797 | 11,896 |
| Cash and cash equivalents at beginning of year | 29,422 | 41,375 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | — | 536 |
| Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries | 155 | — |
| Cash and cash equivalents at end of year (Note 11.1) | 41,375 | 53,808 |

Notes to the Consolidated Financial Statements

1. Framework for Preparing Consolidated Financial Statements

1.1 Method of preparation for consolidated financial statements

The Company's consolidated financial statements were prepared in accordance with the "Regulations Concerning Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Finance Ministry Ordinance No. 28 of 1976).

1.2 Audit verification

The Company's consolidated financial statements for the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024) were audited by KPMG AZSA LLC, as per Article 193-2(1) of Japan's Financial Instruments and Exchange Act.

1.3 Special measures to ensure the appropriateness of consolidated financial statements and other reports

The Company makes special efforts to ensure the appropriateness of its consolidated financial statements and other reports. In addition to subscribing to related publications, the Company has joined the Financial Accounting Standards Foundation and participates in seminars and other events held by the Foundation, audit firms and other relevant organizations to establish a system for understanding the accounting standards in detail and responding suitably to changes made to them. The Company also compiles and provides common manuals for preparing the consolidated financial information on a Group-wide basis and arranges training courses for accounting staff at affiliates.

2. Basis of Preparation of Consolidated Financial Statements

2.1 Scope of consolidation

2.1.1 Number and names of consolidated subsidiaries

The number of consolidated subsidiaries—107.

The names of primary consolidated subsidiaries are listed on page 151.

For the current consolidated fiscal year, PT NSM ASSETS INDONESIA and one other company, OS Co., Ltd., and Hankyu Hanshin Properties JOIN ID-DCP LLC. and five other companies were included in the scope of consolidation, due to the establishment of the company, additional acquisition of its shares, and their increased significance, respectively.

In addition, Hanshin Travel International Co., Ltd. was excluded from the scope of consolidation in the current consolidated fiscal year because it was dissolved in an absorption-type merger on April 1, 2023, with Hankyu Hanshin Business Travel, Co., Ltd. as the surviving company.

2.1.2 Names of major nonconsolidated subsidiaries

Hankyu Mediac Co., Ltd.

Nonconsolidated subsidiaries have been excluded from the scope of consolidation because the total amounts of their entire assets, sales, net income or loss (amount equivalent to equity interests), retained earnings (amount equivalent to equity interests) and other figures are limited, and the effect on the consolidated financial statements as a whole is negligible.

2.2 Items related to application of equity-method accounting

2.2.1 Number and names of affiliates for which the equity method is applied

Number of affiliates for which the equity method is applied—13.

The names of the primary companies are listed on page 151.

PT Duta Cakra Pesona and two other companies were included in the scope of application of the equity method for the current consolidated fiscal year in view of their increased significance.

2.2.2 Names of nonconsolidated subsidiaries and affiliates for which the equity method is not applied

The nonconsolidated subsidiaries including Hankyu Mediac Co., Ltd., and affiliates including Senri-Asahi-Hankyu-Building Administrative Co., Ltd., to which the equity method does not apply are accounted for using the cost method rather than the equity method because the total amounts of their net income or loss (amount equivalent to equity interests), retained earnings (amount equivalent to equity interests) and other figures are limited, and the effect on the consolidated financial statements as a whole is negligible.

2.3 Items related to fiscal year-ends, etc., for consolidated subsidiaries

Of the consolidated subsidiaries, the fiscal year end of PT CPM ASSETS INDONESIA and 33 other companies is December 31, and that of Nihon Protec Co., Ltd. and one other company is January 31. The consolidated

financial statements have been prepared using the financial statements based on the closing date of each company, and major transactions conducted between the individual closing dates and the consolidated closing date have been adjusted for as necessary for the consolidation.

2.4 Accounting policies

2.4.1 Valuation standards and methods for major assets

I. Securities

Available-for-sale securities:

- a. Available-for-sale securities other than equity securities without market prices:
The market value method is applied. (Related valuation differences are directly included under net assets and the cost of securities sold is determined by the moving average method.)
- b. Equity securities without market prices:
The moving average cost method is applied.
For investments in limited liability investment partnerships and similar investments, however, the Company's share of assets held by such partnerships is recorded.

II. Derivatives

The market value method is applied.

III. Inventories

- a. Land and buildings for sale:
The specific cost method is applied. (Balance sheet values are calculated by writing down book values based on decreased profitability.)
- b. Other inventories:
The moving average cost method is applied. (Balance sheet values are calculated by writing down book values based on decreased profitability.)

2.4.2 Depreciation methods for major depreciable assets

I. Property and equipment (excluding leased assets)

The Company and its domestic consolidated subsidiaries

- a. Replacement assets of railway operations:
Replacement method (mainly the declining-balance method) is applied.
- b. Other property and equipment:
While property and equipment (excluding leased assets) are depreciated mainly using the declining balance method, some assets are depreciated by the straight-line method.

However, regarding the above-mentioned "Replacement assets of railway operations" and "Other property and equipment," depreciation of buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings) and depreciation of facilities and structures that are attached to buildings and which were acquired on or after April 1,

2016 are calculated using the straight-line method.

Overseas consolidated subsidiaries

The straight-line method is mainly used.

II. Intangible assets (excluding leased assets)

Intangible assets (excluding leased assets) are amortized using the straight-line method.

Internal-use software is amortized by the straight-line method over its useful life (mainly 5 years).

III. Lease assets

Lease assets are depreciated using the straight-line method with the lease term as the useful life and a residual value of zero (the amount of guaranteed residual value if there is an agreement for a residual value guarantee).

2.4.3 Accounting for significant allowances and provisions

I. Allowance for doubtful receivables

Allowance for doubtful receivables is provided based on the ratio of past loan loss experience for general accounts and individually estimated uncollectible amounts for certain individual accounts.

II. Provision for bonuses

The Company recognizes as provision for bonuses the amount expected to be paid to employees as bonuses for the fiscal year.

2.4.4 Accounting methods for retirement benefits

In calculating the amount of retirement benefit obligations, the benefit formula method is used to attribute the estimated amount of retirement benefits to the period up to March 31, 2024.

Past service cost is recorded in expenses using the straight-line method over a certain number of years (mainly 10 years), which is within the average remaining years of service of the employees at the time when these costs are incurred.

Actuarial differences are recorded in expenses from the following year using the straight-line method over a certain number of years (mainly 10 years), which is within the average remaining years of service of the employees at the time when these costs are incurred.

2.4.5 Standards for recognition of significant revenues and expenses

Details of the main performance obligations in key businesses of the Company and its consolidated subsidiaries related to revenue from contracts with customers and as to when such performance obligations are usually satisfied (point of time revenue is usually recognized) are as follows:

I. Urban transportation

Railway operations

This business mainly provides railway transportation services and generates income from non-commuter passes and commuter passes. Income from non-commuter passes is transportation income generated by the use of tickets and IC cards. Performance obligation is deemed to have been fulfilled at the time each transportation service is provided to the customer, and at that point revenue is recognized. As for income from commuter passes, performance obligation is deemed to have been fulfilled over the period of validity of the commuter pass, and revenue is recognized according to the validity period.

Automobile

This business primarily provides transportation services with fixed-route buses, airport limousine buses, and highway buses, and generates income from non-commuter passes and commuter passes. Income from non-commuter passes is transportation income generated by cash sales of tickets and use of IC cards. Performance obligation is deemed to have been fulfilled at the time each transportation service is provided to the customer, and at that point revenue is recognized. As for income from commuter

passes, performance obligation is deemed to have been fulfilled over the period of validity of a commuter pass, and revenue is recognized according to the validity period.

Retailing

This business is mainly engaged in product sales at shops inside railway stations. Revenue is recognized at the point products are handed over to the customer. When the Group is deemed to be involved in product sales as an agent, revenue is recognized at the net amount after deducting the amount paid to the supplier from the amount received from the customer.

II. Real estate

Leasing

This business mainly owns and leases office buildings and commercial facilities in Kita-ku, Osaka and other areas. In accordance with the accounting standards for lease transactions, revenue from the lease of these properties is recognized as "Revenue from other sources" over the lease agreement period.

Real estate sales and other businesses

This business mainly markets condominium units and detached houses (buildings with land) for which it is involved from land acquisition through construction, as well as residential land lots to customers. Based on the purchase and sales agreement with the customer, it is obliged to deliver the property. Performance obligation is deemed to have been fulfilled at the time each property is delivered to the customer, and at that point revenue is recognized.

Overseas real estate business

The overseas real estate business is primarily engaged in leasing commercial facilities and other properties owned in Indonesia and other regions. Revenue arising from the lease of said properties is recognized as "Revenue from other sources" over the lease contract period in accordance with international accounting standards for lease transactions and other standards.

Hotel

This business mainly provides customers with services related to accommodation, banquets, and restaurants, at directly managed hotels. Performance obligation for these services is deemed to have been fulfilled at the time a service is provided to the customer, and at that point revenue is recognized.

III. Entertainment

Sports

a. Professional baseball

This business sells tickets to customers for the Hanshin Tigers professional baseball team's home games mainly held at Hanshin Koshien Stadium. Performance obligation for this service is deemed to have been fulfilled at the time each home game is completed, and at that point revenue is recognized.

b. Advertising signboards

This business places advertisements on signboards, etc. at Hanshin Koshien Stadium upon request from advertisers or customers. Performance obligation for this service is deemed to have been fulfilled at the time an advertisement is displayed, and revenue is recognized over the period the advertisement is displayed.

c. Sales of food, drink, and goods

This business sells food, drinks, and Tigers-related products principally at Hanshin Koshien Stadium. Revenue from the sale of such products is recognized at the point products are handed over to the customer. When the Group is deemed to be acting as an agent in product sales, revenue is recognized at the net amount after deducting the amount paid to the supplier from the amount received from the customer.

Stage

a. The Takarazuka Revue

This business sells tickets to customers and stages performances of the Takarazuka Revue held mainly at the Takarazuka Grand Theater and the Tokyo Takarazuka Theater. Performance obligation for this service is deemed to have been fulfilled at the time a performance is staged, and at that point revenue is recognized.

b. Sales of food, drink, and goods

This business sells food, drinks, and Takarazuka-related products principally at the Takarazuka Grand Theater. Revenue from the sale of such products is recognized at the point products are handed over to the customer.

IV. Information and communication technology

Information services

a. Entrusted software development

This business plans, designs, and develops software based on contracts with customers, and is obliged to deliver the software to customers. Such contracts entail performance obligations mainly over a certain period of time, and revenue is recognized according to the degree of progress made in fulfilling the performance obligation. Progress is measured based on the percentage of costs incurred by the end of each reporting period to the total expected costs.

b. System operation and maintenance services

This business mainly provides software operations and maintenance services for a certain period of time to customers to whom systems are delivered. Performance obligation for such services is deemed to have been fulfilled over a period of time, and revenue is recognized over the contract period with the customer.

Broadcasting and communications

This business mainly provides internet, cable television, and fixed-line telephone services. Performance obligation for such services is deemed to have been fulfilled over a period of time, and revenue is recognized over the contract period with the customer.

V. Travel

This business mainly offers agent-organized tour packages. Performance obligation for these services is deemed to have been fulfilled at the time a tour ends, and at that point revenue is recognized.

VI. International transportation

As a forwarder, this business mainly carries out transportation in international logistics. For exports, the performance obligation is deemed to have been satisfied at the time cargo is loaded onto an aircraft, and for imports, at the time of delivery, and revenue is recognized at these points.

2.4.6 Basis for converting significant assets and liabilities in foreign currencies into Japanese yen

The assets and liabilities of overseas subsidiaries are converted into yen based on the spot exchange rate on the balance sheet date, and income and expenses of overseas subsidiaries are converted into yen based on the average exchange rate during the relevant period. Differences in conversion are included in foreign currency translation adjustments and non-controlling interests in the net assets section.

2.4.7 Significant hedge accounting methods

I. Method of hedge accounting

Deferred hedge accounting is applied.

Exceptional accounting applies to interest rate swaps that satisfy the requirements for exceptional accounting treatment for interest rate swaps.

Designation accounting applies to foreign currency-denominated

receivables and payables that have forward exchange contracts and which satisfy the requirements for designation accounting.

II. Hedging instruments and hedged items

Main hedging instruments and hedged items are as follows:

a. Hedging instruments: Forward exchange contracts, currency swap contracts and currency option contracts

Hedged items: Foreign currency receivables and payables and future foreign currency transactions

b. Hedging instruments: Interest rate swap contracts and interest rate option contracts

Hedged items: Loans payable and bonds

III. Hedging policy

The Group is exposed to the risk of foreign exchange and interest rate fluctuations and uses derivatives to hedge risks.

IV. Method for evaluating hedge effectiveness

Other than when the effectiveness of hedges is obvious, hedge effectiveness is evaluated semiannually using the comparison and analysis method.

V. Other risk management methods concerning hedge accounting

Internal rules regarding the segregation of duties, maximum transaction amounts, etc., have been established for the use of derivative transactions based on which derivative transactions are used. The implementation and management of derivative transactions are carried out by the accounting department with the approval of the decision makers in each Group company. An internal control system has been developed to ensure that the contract signing and termination comply with the internal rules.

2.4.8 Scope of cash and cash equivalents included in consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments without material risk of change in value and with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

2.4.9 Other significant matters for preparing consolidated financial statements

I. Accounting for contributions for construction in railway operations

The Company receives contributions for construction from local governments and other organizations that cover a portion of construction expenses arising from the construction of continuous grade separations in railway operations. When construction is completed, noncurrent assets acquired as a result of accepting these contributions for construction are recognized at acquisition cost after deducting the amount of the contributions.

In the consolidated statements of income, gain on contributions for construction is recognized in extraordinary income, and the amounts equivalent to the contributions for construction, which was deducted from the acquisition cost of noncurrent assets, is recognized in extraordinary loss as loss on reduction of noncurrent assets.

II. Adoption of the Group tax sharing system

A Group tax sharing system has been adopted.

3. Significant Accounting Estimates

Fiscal year ended March 31, 2023

Accounting estimates are reasonably calculated based on the information available when preparing the consolidated financial statements. Among the amounts recorded in the consolidated financial statements for the fiscal year ended March 31, 2023 based on accounting estimates, the items that may have a significant impact on the consolidated financial statements for the next fiscal year are as follows.

3.1 Recoverability of deferred tax assets

3.1.1 Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2023

Deferred tax assets of 51,049 million yen (amount before offsetting deferred tax liabilities)

3.1.2 Other information that assists users of financial statements in understanding the nature of the estimates

I. Method used to calculate the amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2023

Deferred tax assets were recorded based on future taxable income, etc., estimated in the medium-term management plan pursuant to the "Implementation Guidelines on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26).

II. Major assumptions used to calculate the amounts recorded in the consolidated financial statements for the fiscal year ended March 31, 2023

Estimates of future taxable income were based on the medium-term management plan. Additionally, the following assumptions were made to reflect the effects of COVID-19 on the accounting estimates.

Socioeconomic activities that affect the Group are expected to gradually recover through three roughly classified steps as below.

First step (until September 2022): The movement of people resumes in neighborhoods in Japan and gradually extends beyond. The effects of physical distancing are also gradually mitigated.

Second step (October 2022–September 2023): People come and go not only within Japan but throughout the world, recovering gradually.

Third step (October 2023 and beyond): The impact of COVID-19 diminishes, and domestic and overseas economic activities recover to a considerable extent.

However, the Group considers that its business environment will not fully return to its pre-COVID-19 state even in the third step.

III. Impact on the consolidated financial statements for the next fiscal year

The timing and amount of taxable income may be affected by uncertain future economic conditions and COVID-19 infection status. If the actual timing and amount of taxable income differ from estimates, the amount of deferred tax assets that are considered recoverable may fluctuate and have a significant impact on the consolidated financial statements for the next fiscal year.

3.2 Impairment of noncurrent assets

3.2.1 Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2023

As described in "Notes to the Consolidated Statements of Income," impairment losses of 12,672 million yen were recorded for real estate leasing business assets and other assets. Property and equipment in the real estate segment amounted to 1,058,617 million yen.

3.2.2 Other information that assists users of financial statements in understanding the nature of accounting estimates

I. Method used to calculate amounts recorded in consolidated financial statements for the fiscal year ended March 31, 2023

The Group includes each business or property as group assets for account management purposes.

When an indication of impairment exists, the Group determines whether an impairment loss should be recognized by comparing the total undiscounted future cash flows from the asset group with the carrying amount. Based on the determination, if the total undiscounted future cash flows are less than the carrying amount and recognizing an impairment loss is deemed necessary, the carrying amount is reduced to the recoverable amount (net selling price or value in use, whichever is higher) and the amount of the reduction in carrying amount is recognized as an impairment loss.

II. Key assumptions used in the calculation of amounts reported in consolidated financial statements for the current fiscal year

Estimates of future cash flows are based on the medium-term management plan, and the same assumptions as in "3.1 Recoverability of deferred tax assets" above are made with respect to the impact of COVID-19.

III. Impact on consolidated financial statements for the next fiscal year

Future cash flows may be affected by other uncertain future economic conditions and fluctuations in market values, in addition to the future status of COVID-19 infection, and if actual results differ from the estimates, there may be a significant impact on the consolidated financial statements for the next fiscal year.

Fiscal year ended March 31, 2024

Accounting estimates are reasonably calculated based on the information available when preparing the consolidated financial statements. Among the amounts recorded in the consolidated financial statements for the fiscal year ended March 31, 2024 based on accounting estimates, the items that may have a significant impact on the consolidated financial statements for the next fiscal year are as follows.

3.3 Recoverability of deferred tax assets

3.3.1 Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2024

Deferred tax assets of 43,261 million yen (amount before offsetting deferred tax liabilities)

3.3.2 Other information that assists users of financial statements in understanding the nature of the estimates

I. Method used to calculate the amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2024

Deferred tax assets were recorded based on future taxable income, etc., estimated in the medium-term management plan pursuant to the "Implementation Guidelines on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26).

II. Major assumptions used to calculate the amounts recorded in the consolidated financial statements for the fiscal year ended March 31, 2024

Estimates of future taxable income were based on the medium-term management plan.

III. Impact on the consolidated financial statements for the next fiscal year

The period in which taxable income arises and its amount may be affected by the uncertainty of future changes in economic conditions. If the actual period and amount of taxable income differ from estimates, the amount of deferred tax assets deemed collectible may change and could have a material impact on the consolidated financial statements for the next consolidated fiscal year.

3.4 Impairment of noncurrent assets

3.4.1 Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2024

As described in "Notes to the Consolidated Statements of Income," impairment losses of 24,277 million yen were recorded for real estate leasing business assets and other assets. Property and equipment in the real estate segment amounted to 1,086,151 million yen.

3.4.2 Other information that assists users of financial statements in understanding the nature of accounting estimates

I. Method used to calculate amounts recorded in consolidated financial statements for the fiscal year ended March 31, 2024

The Group includes each business or property as group assets for account management purposes.

When an indication of impairment exists, the Group determines whether an impairment loss should be recognized by comparing the total undiscounted future cash flows from the asset group with the carrying

amount. Based on the determination, if the total undiscounted future cash flows are less than the carrying amount and recognizing an impairment loss is deemed necessary, the carrying amount is reduced to the recoverable amount (net selling price or value in use, whichever is higher) and the amount of the reduction in carrying amount is recognized as an impairment loss.

II. Key assumptions used in the calculation of amounts reported in consolidated financial statements for the current fiscal year
Estimates of future cash flows are based on the medium-term management plan.

III. Impact on consolidated financial statements for the next fiscal year
Future cash flows may be affected by uncertain future economic conditions and fluctuations in market values, and if actual results deviate from estimates, there could be a significant impact on the consolidated financial statements for the next consolidated fiscal year.

4. Standards and Guidance Not Yet Adopted

4.1 Accounting Standard for Fair Value Measurement

- "Accounting Standard for Corporate Taxes, Inhabitants Taxes, and Enterprise Taxes" (ASBJ Statement No. 27, October 28, 2022)
- "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022)
- "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022)

4.1.1 Outline

In February 2018, issuance of ASBJ Statement No. 28 "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc. (hereinafter "ASBJ Statement No. 28, etc.") completed the transfer of the Japanese Institute of Certified Public Accountants' practical guidance on tax effect accounting to the Accounting Standards Board of Japan (ASBJ). In the course of the deliberations, the following two issues, which were to be discussed again

after the issuance of ASBJ Statement No. 28, etc., were deliberated and released.

- Classification of tax expenses (taxation on other comprehensive income)
- Tax effect on the sale of shares of a subsidiary (shares of a subsidiary or an affiliate) when the corporate group tax system is applied.

4.1.2 Effective date

The guidance is to be effective from the beginning of the fiscal year ending March 31, 2025.

4.1.3 Effects of the application of the standards

The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

5. Changes in presentation method

5.1 Consolidated Balance Sheets

"Goodwill" under Noncurrent assets, which was separately presented in the previous consolidated fiscal year, is included in "Intangible assets" in the current consolidated fiscal year due to its decreased significance.

As a result, "Goodwill" of 7,334 million yen and "Other" of 28,155 million yen under Intangible assets were reclassified as "Intangible assets" in the consolidated balance sheets for the previous consolidated fiscal year.

5.2 Consolidated Statements of Income

"Loss on retirement of noncurrent assets," which was separately presented under Non-operating expenses in the previous consolidated fiscal year, is included in "Miscellaneous expenses" under Non-operating expenses in the current consolidated fiscal year due to its decreased significance.

As a result, a "Loss on retirement of noncurrent assets" of 1,784 million yen under Non-operating expenses was reclassified as "Miscellaneous expenses" under Non-operating expenses in the consolidated statement of income for the previous consolidated fiscal year.

6. Additional Information

6.1 Performance-based stock compensation plan for directors, etc., of the Company

6.1.1 Outline of transaction

To further enhance motivation to improve corporate value and business performance, and to provide an incentive to improve shareholder value, the Company has introduced a stock compensation system (hereinafter referred to as the "System") for representative directors at the Company.

Moreover, Hankyu Corporation, Hanshin Electric Railway Co., Ltd., and Hankyu Hanshin Properties Corp. have adopted the System for full-time directors and corporate officers, excluding outside directors and nonresidents of Japan and employees of other companies on loan to Hankyu Hanshin Properties Corp.

The System uses an officer compensation BIP (Board Incentive Plan) trust under which shares in the Company will be provided to, and money equivalent to the exchange value of shares in the Company will be paid to directors and others based on performance and position.

6.1.2 Shares in the Company remaining under the trust

Shares in the Company remaining under the trust were recorded as treasury stock in the net assets section on a book value basis for trust (excluding ancillary expenses). The book value of and the number of shares of the treasury stock at the end of the fiscal year ended March 31, 2023 were 1,475 million yen and 374,149 shares, and at the year ended March 31, 2024 were 2,531 million yen and 613,045 shares, respectively.

7. Consolidated Balance Sheets

7.1 Balances of receivables, contract assets and contract liabilities originating from contracts with customers are as follows:

| | Millions of yen | |
|---|-----------------|----------|
| | 2023 | 2024 |
| Receivables from contracts with customers | ¥ 108,741 | ¥ 93,227 |
| Contract assets | 10,539 | 9,426 |
| Contract liabilities | 63,754 | 86,411 |

7.2 Accumulated depreciation of property and equipment

| | Millions of yen | |
|--|-----------------|-------------|
| | 2023 | 2024 |
| | ¥ 1,255,057 | ¥ 1,299,758 |

7.3 Accumulated contributions for construction directly deducted from the acquisition cost of noncurrent assets

| | Millions of yen | |
|--|-----------------|-----------|
| | 2023 | 2024 |
| | ¥ 476,082 | ¥ 506,253 |

7.4 Pledged assets and secured liabilities

The following table shows the assets pledged as collateral. Amounts in parentheses () indicate those related to a railway foundation.

| | Millions of yen | | | |
|-----------------------------------|-----------------|------------------|----------------|------------------|
| | 2023 | | 2024 | |
| Property and equipment: | | | | |
| Buildings and structures | ¥ 221,142 | ¥ (205,499) | ¥ 239,090 | ¥ (213,114) |
| Machinery, equipment and vehicles | 48,279 | (48,279) | 50,496 | (50,439) |
| Land | 277,721 | (240,864) | 300,383 | (240,860) |
| Other | 2,640 | (2,640) | 2,947 | (2,758) |
| Intangible assets: | | | | |
| Intangible assets | 109 | (109) | 109 | (109) |
| Investments and other assets: | | | | |
| Investment securities | 93 | (—) | 9,593 | (—) |
| Other | 592 | (—) | 652 | (—) |
| Total | 550,579 | (497,393) | 603,273 | (507,282) |

In addition to the above, the Company pledged investment securities (fiscal year ended March 31, 2023: 537 million yen, fiscal year ended March 31, 2024: 537 million yen) as collateral for loans of third parties.

The following table shows the secured liabilities. Amounts in parentheses () indicate those related to a railway foundation.

| | Millions of yen | | | |
|--------------------------|-----------------|------------------|----------------|------------------|
| | 2023 | | 2024 | |
| Current liabilities: | | | | |
| Short-term borrowings | ¥ 11,267 | ¥ (11,049) | ¥ 14,697 | ¥ (11,853) |
| Other | 81 | (—) | 9,628 | (—) |
| Non-current liabilities: | | | | |
| Long-term debt | 147,175 | (131,134) | 159,738 | (134,640) |
| Total | 158,524 | (142,184) | 184,064 | (146,494) |

7.5 The following table shows the securities of nonconsolidated subsidiaries and affiliates.

| | Millions of yen | |
|-----------------------|-----------------|-----------|
| | 2023 | 2024 |
| Investment securities | ¥ 286,144 | ¥ 336,521 |

7.6

Two consolidated subsidiaries and an equity-method affiliate revaluated land for business use based on the Law Concerning Revaluations of Land (Law No. 34, promulgated on March 31, 1998) and the Law to Partially Modify the Law Concerning Revaluations of Land (Law No. 19, promulgated on March 31, 2001). Of the valuation differences identified as a result of this, the consolidated subsidiaries recorded the amount corresponding to the taxes on the valuation difference in the liability section as "Deferred tax liabilities related to land revaluation" and the amount attributable to minority shareholders as "Non-controlling interests." The amount remaining after subtracting these was recorded in the net assets section as "Revaluation reserve for land." The equity-method affiliate recorded the amount corresponding to its equity in the valuation difference (after subtracting taxes) in the net assets section as "Revaluation reserve for land."

- Revaluation method
The revaluation amounts were determined based on the revaluated value of noncurrent assets provided for in Article 2, Paragraph 3 of the Enforcement Ordinance for the Law Concerning Land Revaluation (Ordinance No. 119, promulgated on March 31, 1998).
- Date of revaluation: March 31, 2002

| | Millions of yen | |
|--|-----------------|-----------|
| | 2023 | 2024 |
| Difference between the market value as of March 31 of the lands for which revaluation was made and the book value after reevaluation | ¥ (5,911) | ¥ (5,921) |

7.7 Contingent liabilities

The Company and its subsidiaries have provided liability guarantees for loans of the companies, etc., listed below.

Fiscal year ended March 31, 2023

| | Millions of yen |
|--|-----------------|
| Nishi-Osaka Railway Co., Ltd. | ¥ 14,547 |
| Overseas affiliates | 12,699 |
| Borrowers on loans for purchases of land and buildings | 6,690 |
| Other (three companies) | 995 |
| Total | 34,933 |

Fiscal year ended March 31, 2024

| | Millions of yen |
|--|-----------------|
| Overseas affiliates | ¥ 18,572 |
| Borrowers on loans for purchases of land and buildings | 13,726 |
| Nishi-Osaka Railway Co., Ltd. | 13,542 |
| Other (two companies) | 304 |
| Total | 46,144 |

In addition to the above, a subsidiary of the Company submitted letters of awareness for management guidance (fiscal year ended March 31, 2023: 1,531 million yen, fiscal year ended March 31, 2024: 1,710 million yen) in connection with the fund procurement of overseas affiliates.

8. Consolidated Statements of Income**8.1 Breakdown of revenue from operations is as follows:**

| | Millions of yen | |
|---------------------------------------|-----------------|----------------|
| | 2023 | 2024 |
| Revenue from contracts with customers | ¥ 881,410 | ¥ 902,222 |
| Revenue from other sources | 86,889 | 95,388 |
| Total | 968,300 | 997,611 |

8.2 The main items and amounts for Selling, general and administrative expenses are as follows:

| | Millions of yen | |
|--------------------|-----------------|----------|
| | 2023 | 2024 |
| Personnel expenses | ¥ 14,160 | ¥ 15,135 |
| Expenses | 10,977 | 12,729 |

8.4 Impairment losses

Fiscal year ended March 31, 2023

The Group recorded an impairment loss for the asset groups shown below.

| Use | Type | Region | Millions of yen |
|--|--------------------------------|-------------|-----------------|
| | | | Amount |
| Real estate leasing business assets, etc. (24) | Buildings and structures, etc. | Osaka, etc. | ¥ 12,672 |

8.4.1 Method of asset grouping

Our Group includes each business or property as group assets for account management purposes.

8.4.2 Background to recognizing impairment loss

The book value of noncurrent asset groups for which recovery of the investment amount was deemed difficult due to a decline in profitability adversely affected by COVID-19 was reduced to a recoverable amount, and the resulting decrease in the book value was recorded as an impairment loss (12,672 million yen) under extraordinary loss.

8.4.3 Breakdown of loss on impairment

| | Millions of yen |
|--------------------------|-----------------|
| Buildings and structures | ¥ 11,395 |
| Other | 1,276 |
| Total | 12,672 |

8.4.4 Method used to calculate recoverable amount

The recoverable amount is mainly based on net realizable value.

For net realizable value, the amount based on appraisal value in accordance with the real estate appraisal standards, etc. is used.

Fiscal year ended March 31, 2024

| Use | Type | Region | Millions of yen |
|--|--------------------------------|-------------|-----------------|
| | | | Amount |
| Real estate leasing business assets, etc. (18) | Buildings and structures, etc. | Osaka, etc. | ¥ 24,277 |

8.4.5 Method of asset grouping

Our Group includes each business or property as group assets for account management purposes.

8.4.6 Background to recognizing impairment loss

Regarding the noncurrent asset group for which recovery of the investment amount is expected to be difficult due to declines in profitability, etc., the book value was reduced to the recoverable amount, and the reduced amount was recorded as an impairment loss (24,277 million yen) under Extraordinary loss.

8.3 The retirement benefit expenses and the main expense items and monetary amounts within the amounts of allowance and provision included in the costs of revenues from operations are shown below.

| | Millions of yen | |
|-----------------------------|-----------------|---------|
| | 2023 | 2024 |
| Retirement benefit expenses | ¥ 6,154 | ¥ 6,385 |
| Provision for bonuses | 4,467 | 5,491 |

8.4.7 Breakdown of loss on impairment

| | Millions of yen |
|--------------------------|-----------------|
| Buildings and structures | ¥ 19,311 |
| Other | 4,965 |
| Total | 24,277 |

8.4.8 Method used to calculate recoverable amount

The recoverable amount is mainly based on net realizable value.

For net realizable value, the amount based on appraisal value in accordance with the real estate appraisal standards, etc. is used.

9. Consolidated Statements of Comprehensive Income

Reclassification adjustments and tax effects related to other comprehensive income

| | Millions of yen | |
|--|-----------------|---------|
| | 2023 | 2024 |
| Valuation difference on available-for-sale securities: | | |
| Increase (decrease) during the year | ¥ 5,434 | ¥ 6,447 |
| Reclassification adjustments | (1,908) | (38) |
| Subtotal, before tax | 3,525 | 6,409 |
| Tax (expense) or benefit | (1,665) | (1,606) |
| Valuation difference on available-for-sale securities | 1,860 | 4,802 |
| Deferred gains or losses on hedges: | | |
| Increase (decrease) during the year | (128) | 570 |
| Reclassification adjustments | — | — |
| Subtotal, before tax | (128) | 570 |
| Tax (expense) or benefit | 42 | (212) |
| Deferred gains or losses on hedges | (86) | 357 |
| Revaluation reserve for land: | | |
| Increase (decrease) during the year | — | — |
| Reclassification adjustments | — | — |
| Subtotal, before tax | — | — |
| Tax (expense) or benefit | — | 41 |
| Revaluation reserve for land | — | 41 |
| Foreign currency translation adjustments: | | |
| Increase (decrease) during the year | (1,340) | 5,427 |
| Reclassification adjustments | — | — |
| Subtotal, before tax | (1,340) | 5,427 |
| Tax (expense) or benefit | — | — |
| Foreign currency translation adjustments | (1,340) | 5,427 |
| Remeasurements of defined benefit plans: | | |
| Increase (decrease) during the year | (162) | 8,685 |
| Reclassification adjustments | (873) | (833) |
| Subtotal, before tax | (1,035) | 7,851 |
| Tax (expense) or benefit | 276 | (2,256) |
| Remeasurements of defined benefit plans | (759) | 5,595 |
| Share of other comprehensive income of associates accounted for using equity method: | | |
| Increase (decrease) during the year | 713 | 5,890 |
| Reclassification adjustments | 14 | (68) |
| Share of other comprehensive income of associates accounted for using equity method | 727 | 5,821 |
| Total other comprehensive income | 402 | 22,046 |

10. Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2023

10.1 Types and total number of shares issued, and types and number of shares of treasury stock

(Thousands of shares)

| | Number of shares as of April 1, 2022 | Increase in number of shares | Decrease in number of shares | Number of shares as of March 31, 2023 |
|---------------------------------|--------------------------------------|------------------------------|------------------------------|---------------------------------------|
| Number of shares issued: | | | | |
| Common stock | 254,281 | — | — | 254,281 |
| Total | 254,281 | — | — | 254,281 |
| Treasury stock, at cost: | | | | |
| Common stock (Notes 1, 2 and 3) | 13,332 | 71 | 25 | 13,377 |
| Total | 13,332 | 71 | 25 | 13,377 |

Notes:

- The number of shares of treasury stock at the end of the fiscal year ended March 31, 2023 included 374,149 shares in the Company owned by the officer's compensation BIP trust.

(Overview of reasons for fluctuations)

- The increase of 71 thousand shares of treasury stock of common stock consisted of 57 thousand shares of treasury stock (shares of the Company's own stock) due to a change in the equity ratio against affiliates to which the equity method is applicable, and 13 thousand shares created by the purchase of odd-lot shares.
- The decrease of 25 thousand shares of treasury stock of common stock consisted of 25 thousand shares of treasury stock (shares of the Company's own stock) delivered by the officer's compensation BIP trust, and 0 thousand shares due to the sale of odd-lot shares.

10.2 Items concerning stock acquisition rights

There is no relevant item.

10.3 Items related to dividends

10.3.1 Dividends paid

| (Resolution) | Type of shares | Dividends paid | Dividend per share | Record date | Effective date |
|--|----------------|-------------------|--------------------|--------------------|------------------|
| | | (Millions of yen) | (Yen) | | |
| June 15, 2022 Annual General Meeting of Shareholders | Common stock | ¥ 6,062 | ¥ 25 | March 31, 2022 | June 16, 2022 |
| October 31, 2022 Board of Directors | Common stock | 6,062 | 25 | September 30, 2022 | December 1, 2022 |

Notes:

- The dividends by a resolution at the Annual General Meeting of Shareholders on June 15, 2022 included 9 million yen of dividends for the shares in the Company owned by the officer's compensation BIP trust.
- The dividends by a resolution of the Board of Directors on October 31, 2022 included 9 million yen of dividends for the shares in the Company owned by the officer's compensation BIP trust.

10.3.2 Dividends whose effective date falls in the fiscal year following the fiscal year of the record date

| (Resolution) | Type of shares | Dividends paid | Source of dividends | Dividend per share | Record date | Effective date |
|--|----------------|-------------------|---------------------|--------------------|----------------|----------------|
| | | (Millions of yen) | | (Yen) | | |
| June 16, 2023 Annual General Meeting of Shareholders | Common stock | ¥ 6,062 | Retained earnings | ¥ 25 | March 31, 2023 | June 19, 2023 |

Note: The total amount of dividends includes 9 million yen of dividends for the shares in the Company owned by the officer's compensation BIP trust.

Fiscal year ended March 31, 2024

10.4 Types and total number of shares issued, and types and number of shares of treasury stock

(Thousands of shares)

| | Number of shares as of April 1, 2023 | Increase in number of shares | Decrease in number of shares | Number of shares as of March 31, 2024 |
|---------------------------------|--------------------------------------|------------------------------|------------------------------|---------------------------------------|
| Number of shares issued: | | | | |
| Common stock | 254,281 | — | — | 254,281 |
| Total | 254,281 | — | — | 254,281 |
| Treasury stock, at cost: | | | | |
| Common stock (Notes 1, 2 and 3) | 13,377 | 789 | 87 | 14,080 |
| Total | 13,377 | 789 | 87 | 14,080 |

Notes:

- The number of shares of treasury stock at the end of the fiscal year ended March 31, 2024 included 613,045 shares in the Company owned by the officer's compensation BIP trust.

(Overview of reasons for fluctuations)

- The increase of 789 thousand shares in treasury stock of common stock consists of 437 thousand shares of treasury stock acquired based on a resolution by the Board of Directors, 326 thousand shares of treasury stock (shares of the Company) acquired by the officer's compensation BIP Trust, 16 thousand shares created by the purchase of odd-lot shares, and 9 thousand shares of treasury stock (Company shares) attributable to the Company due to changes in the equity ratio against affiliates to which the equity method is applicable.
- The decrease of 87 thousand shares of treasury stock of common stock consisted of 87 thousand shares of treasury stock (shares of the Company's own stock) delivered by the officer's compensation BIP trust, and 0 thousand shares due to the sale of odd-lot shares.

10.5 Items concerning stock acquisition rights

There is no relevant item.

10.6 Items related to dividends

10.6.1 Dividends paid

| (Resolution) | Type of shares | Dividends paid | Dividend per share | Record date | Effective date |
|--|----------------|-------------------|--------------------|--------------------|------------------|
| | | (Millions of yen) | (Yen) | | |
| June 16, 2023 Annual General Meeting of Shareholders | Common stock | ¥ 6,062 | ¥ 25 | March 31, 2023 | June 19, 2023 |
| October 31, 2023 Board of Directors | Common stock | 6,051 | 25 | September 30, 2023 | December 1, 2023 |

Notes:

- The dividends by a resolution at the Annual General Meeting of Shareholders on June 16, 2023 included 9 million yen of dividends for the shares in the Company owned by the officer's compensation BIP trust.
- The dividends by a resolution of the Board of Directors on October 31, 2023 included 7 million yen of dividends for the shares in the Company owned by the officer's compensation BIP trust.

10.6.2 Dividends whose effective date falls in the fiscal year following the fiscal year of the record date

| (Resolution) | Type of shares | Dividends paid | Source of dividends | Dividend per share | Record date | Effective date |
|--|----------------|-------------------|---------------------|--------------------|----------------|----------------|
| | | (Millions of yen) | | (Yen) | | |
| June 14, 2024 Annual General Meeting of Shareholders | Common stock | ¥ 7,261 | Retained earnings | ¥ 30 | March 31, 2024 | June 17, 2024 |

Note: The total amount of dividends includes 18 million yen of dividends for the shares in the Company owned by the officer's compensation BIP trust.

11. Consolidated Statements of Cash Flows

11.1 Relationship between cash and cash equivalents at fiscal year-end and amounts shown on consolidated balance sheets

| | Millions of yen | |
|---|-----------------|----------|
| | 2023 | 2024 |
| Cash and deposits in the consolidated balance sheets | ¥ 42,876 | ¥ 59,610 |
| Deposits with maturities over 3 months | (1,501) | (5,802) |
| Cash and cash equivalents in the cash flow statements | 41,375 | 53,808 |

11.2

Depreciation and amortization applicable to the previous consolidated fiscal year include depreciation costs recorded as "COVID-19-related losses" (as "Other" under "Extraordinary loss").

11.3 Major asset and liability items in the company newly consolidated through stock acquisition

Fiscal year ended March 31, 2023

A breakdown of assets and liabilities for PT CPM ASSETS INDONESIA upon consolidation through share acquisition and the relationship between share acquisition price and expenditure for the acquisition (net amount) are as follows:

| | Millions of yen |
|---|-----------------|
| Current assets | ¥ 5,535 |
| Noncurrent assets | 59,249 |
| Current liabilities | (579) |
| Noncurrent liabilities | (21,709) |
| Gain on bargain purchase | (624) |
| Foreign currency translation adjustment | 325 |
| Non-controlling interests | (12,430) |
| Acquisition cost of shares | 29,766 |
| Cash and cash equivalents | (1,130) |
| Net: Expenditures for acquisition | 28,636 |

Fiscal year ended March 31, 2024

A breakdown of assets and liabilities at the time when OS Co., Ltd. was newly included in the scope of consolidation due to the additional acquisition of its shares, and the relationship between the acquisition cost of the shares and expenditures related to the acquisition (net amount) are as follows:

| | Millions of yen |
|---|-----------------|
| Current assets | ¥ 5,029 |
| Noncurrent assets | 28,022 |
| Current liabilities | (5,408) |
| Noncurrent liabilities | (13,489) |
| Amounts already held before the acquisition, etc. | (3,648) |
| Acquisition cost of shares | 10,504 |
| Cash and cash equivalents | (3,583) |
| Net: Expenditures for acquisition | 6,920 |

12. Lease Transactions

<As lessee>

Future lease payments for noncancelable leases in connection with operating lease transactions

| | Millions of yen | |
|---------------------|-----------------|---------|
| | 2023 | 2024 |
| Due within one year | ¥ 6,929 | ¥ 7,464 |
| Due after one year | 60,541 | 55,154 |
| Total | 67,470 | 62,619 |

<As lessor>

Future lease receivables for noncancelable leases in connection with operating lease transactions

| | Millions of yen | |
|---------------------|-----------------|---------|
| | 2023 | 2024 |
| Due within one year | ¥ 3,914 | ¥ 4,528 |
| Due after one year | 24,470 | 30,287 |
| Total | 28,385 | 34,816 |

13. Financial Instruments

13.1 Matters regarding financial instruments

13.1.1 Policy on financial instruments

It is the Group's policy to limit the investment of its funds to short-term deposits which are highly secure, and the Group raises funds mainly through loans from financial institutions, bonds and commercial paper. Derivative transactions are used to avoid risk, as discussed later, and it is the Group's policy to refrain from speculative transactions.

13.1.2 Details of the financial instruments used, the risk involved and the risk management system

Trade receivables, namely note receivables and trade account receivables, are exposed to the credit risk of customers. The Group limits its exposure to this credit risk by controlling due dates and balances by customer and by making periodical checks of the credit conditions of major customers pursuant to the internal regulations of each company.

Investment securities consist mainly of stocks and bonds and are exposed to market price fluctuation risk. However, fair values and the financial condition of the issuers are checked periodically, and the risk management system is confirmed.

Almost all trade payables, namely note payables and trade account payables, have a payment date that falls within one year. Some assets and liabilities denominated in foreign currencies are exposed to exchange rate fluctuation risk (market risk), which is limited through forward exchange contracts.

Short-term borrowings and commercial paper are used mainly to raise short-term funds for working capital, and long-term debt and bonds are used mainly to raise long-term funds necessary for capital investment plans. Some floating-rate debt is exposed to interest rate fluctuation risk (market risk), which is limited by fixing interest rates through interest rate swap transactions. In addition, liquidity risk—the risk that payment will not be made by the due date—is limited by the timely preparation of financing plans and proper fund management. Also, surplus funds of

the Group companies are concentrated and used effectively through the centralization of Group funds by using a cash management system. The immediate raising of funds from financial institutions became possible through the establishment of backup financing, such as commitment lines. In addition, the Company maintains a proper balance between direct financing and indirect financing and diversifies the raising of funds by using multiple financial institutions, thus securing liquidity.

Regarding the use of derivative transactions, internal regulations prescribe the division of duties and transaction limits. Forward exchange contracts are used to hedge exchange rate fluctuation risk involved in a portion of the foreign currency-denominated assets and liabilities. The purpose of interest rate swap transactions is to hedge the interest rate fluctuation risk of certain loans. These derivative transactions involve credit risk because if the other party to a transaction defaults under the terms of contract or becomes bankrupt, then the benefit that would have been obtained in the future if the transaction had continued would not be obtained. However, credit risk is limited by carrying out transactions only with financial institutions with high credit ratings.

More information regarding hedging instruments and hedged items, hedging policy and the method used to evaluate the effectiveness of hedges related to hedge accounting for derivative transactions is described in Note 2.4.7, "Significant hedge accounting methods" under Note 2.4, "Accounting policies," outlined in Note 2, "Basis of Preparation of Consolidated Financial Statements."

13.1.3 Supplementary explanation regarding fair value, etc. of financial instruments

As fluctuation factors are incorporated in the calculation of the fair values for financial instruments, these values may fluctuate if different assumptions, etc. are adopted. As for the contract amounts, etc. of derivative transactions stated in "Derivatives," the amount itself does not indicate the market risk involved in derivative transactions.

13.2 Matters regarding fair values of financial instruments

Book values recorded in the consolidated balance sheets, fair values and differences between them are as shown below.

| | Millions of yen | | | | | |
|--|-----------------|------------|------------|------------|------------|------------|
| | 2023 | | | 2024 | | |
| | Book value | Fair value | Difference | Book value | Fair value | Difference |
| Assets | | | | | | |
| (1) Investment securities | ¥ 46,402 | ¥ 46,401 | ¥ (0) | ¥ 52,773 | ¥ 52,772 | ¥ (0) |
| Liabilities | | | | | | |
| (2) Short-term borrowings | 96,650 | 96,650 | — | 101,789 | 101,789 | — |
| (3) Bonds (Current portion is included) | 260,000 | 249,779 | (10,220) | 265,000 | 252,136 | (12,863) |
| (4) Long-term debt (Current portion is included) | 725,944 | 728,526 | 2,581 | 793,838 | 799,971 | 6,132 |
| (5) Derivative transactions | (39) | (39) | — | 563 | 563 | — |

Notes:

- "Cash and deposits," "Trade receivables," and "Trade payables" are omitted mainly because they are settled in a short period of time and their fair value approximates their book value.
- Equity securities, etc., without market prices are not included in (1) Investment securities. Amounts for financial instruments recorded in the consolidated balance sheets for these financial instruments are as follows:

| Classification | Millions of yen | |
|---|-----------------|---------|
| | 2023 | 2024 |
| Non-listed equity securities, etc. | ¥ 4,847 | ¥ 5,150 |
| Investments in limited liability investment partnerships and similar investments* | 5,264 | 9,821 |

* Pursuant to Paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021), fair value is not disclosed.

- Shares of nonconsolidated subsidiaries and affiliates are not included in (1) Investment securities.
- The net receivables/liabilities incurred as a result of derivative transactions are shown in net figures; net liabilities are shown in parenthesis.

5. Redemption and repayment schedule of monetary claims and investment securities with maturities after the consolidated closing date

Fiscal year ended March 31, 2023

| | Millions of yen | | | |
|--|---------------------|---------------------------------------|--|---------------------|
| | Due within one year | Due after one year through five years | Due after five years through ten years | Due after ten years |
| Cash and deposits | ¥ 42,876 | ¥ — | ¥ — | ¥ — |
| Trade receivables | 120,067 | — | — | — |
| Investment securities: | | | | |
| Available-for-sale securities with maturities (government bonds, etc.) | 60 | 33 | — | 300 |
| Total | 163,004 | 33 | — | 300 |

Fiscal year ended March 31, 2024

| | Millions of yen | | | |
|--|---------------------|---------------------------------------|--|---------------------|
| | Due within one year | Due after one year through five years | Due after five years through ten years | Due after ten years |
| Cash and deposits | ¥ 59,610 | ¥ — | ¥ — | ¥ — |
| Trade receivables | 103,386 | — | — | — |
| Investment securities: | | | | |
| Available-for-sale securities with maturities (government bonds, etc.) | 23 | 11 | — | 300 |
| Total | 163,019 | 11 | — | 300 |

6. Amount of planned redemption and repayment of bonds and long-term debt after the consolidated closing date

Fiscal year ended March 31, 2023

| | Millions of yen | | | |
|----------------|---------------------|---------------------------------------|--|---------------------|
| | Due within one year | Due after one year through five years | Due after five years through ten years | Due after ten years |
| Bonds | ¥ 30,000 | ¥ 70,000 | ¥ 85,000 | ¥ 75,000 |
| Long-term debt | 91,331 | 301,494 | 262,651 | 70,466 |
| Total | 121,331 | 371,495 | 347,651 | 145,466 |

Fiscal year ended March 31, 2024

| | Millions of yen | | | |
|----------------|---------------------|---------------------------------------|--|---------------------|
| | Due within one year | Due after one year through five years | Due after five years through ten years | Due after ten years |
| Bonds | ¥ 15,000 | ¥ 80,000 | ¥ 95,000 | ¥ 75,000 |
| Long-term debt | 88,065 | 316,846 | 302,583 | 86,342 |
| Total | 103,065 | 396,846 | 397,583 | 161,342 |

13.3 Matters regarding breakdown by level of fair values of financial instruments

The fair values of financial instruments are classified into the following three levels depending on the observability and significance of input used in the fair value measurement:

Level 1 fair value: fair value measured based on observable inputs used in the fair value measurement that are the quoted prices of identical assets or liabilities in an active market.

Level 2 fair value: fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: fair value measured using unobservable inputs.

When using multiple inputs with a material impact on the measurement of fair value, the Group classifies the fair value into the level with the lowest priority in the fair value measurement among the levels to which each of those inputs belongs.

13.3.1 Financial instruments reported on the consolidated balance sheets at fair value

Fiscal year ended March 31, 2023

| Classification | Millions of yen Fair value | | | Total |
|-------------------------------|-------------------------------|---------|---------|----------|
| | Level 1 | Level 2 | Level 3 | |
| Assets | | | | |
| Investment securities | | | | |
| Available-for-sale securities | | | | |
| Equity securities, other | ¥ 30,629 | ¥ — | ¥ — | ¥ 30,629 |
| Government bonds | 93 | — | — | 93 |
| Derivative transactions | | | | |
| Currency | — | (39) | — | (39) |

Fiscal year ended March 31, 2024

| Classification | Millions of yen Fair value | | | Total |
|-------------------------------|-------------------------------|---------|---------|----------|
| | Level 1 | Level 2 | Level 3 | |
| Assets | | | | |
| Investment securities | | | | |
| Available-for-sale securities | | | | |
| Equity securities, other | ¥ 35,809 | ¥ — | ¥ — | ¥ 35,809 |
| Government bonds | 34 | — | — | 34 |
| Derivative transactions | | | | |
| Currency | — | 563 | — | 563 |

Note: Investment trusts that have real estate as assets in trust to which the treatments stipulated in Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) have been applied are not included in the above table. The amounts recorded on the consolidated balance sheets for these investment trusts were 15,668 million yen for the previous consolidated fiscal year and 16,918 million yen for the current consolidated fiscal year.

13.3.2 Financial instruments other than those reported on the consolidated balance sheets at fair value

Fiscal year ended March 31, 2023

| Classification | Millions of yen Fair value | | | |
|------------------------|-------------------------------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Investment securities | | | | |
| Held-to-maturity bonds | | | | |
| Government bonds | ¥ 9 | ¥ — | ¥ — | ¥ 9 |
| Liabilities | | | | |
| Short-term borrowings | — | 96,650 | — | 96,650 |
| Corporate bonds | — | 249,779 | — | 249,779 |
| Long-term debt | — | 728,526 | — | 728,526 |

Fiscal year ended March 31, 2024

| Classification | Millions of yen Fair value | | | |
|------------------------|-------------------------------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Investment securities | | | | |
| Held-to-maturity bonds | | | | |
| Government bonds | ¥ 9 | ¥ — | ¥ — | ¥ 9 |
| Liabilities | | | | |
| Short-term borrowings | — | 101,789 | — | 101,789 |
| Corporate bonds | — | 252,136 | — | 252,136 |
| Long-term debt | — | 799,971 | — | 799,971 |

Note 1: Explanation of the valuation techniques and inputs used in the fair value measurement

Investment securities

Listed equity securities and government bonds, etc., are valued using the quoted prices. Because they are traded in active markets, their fair values are classified as Level 1 fair value.

Derivative transactions

The fair values of derivative transactions are determined using the discounted cash flow method with observable inputs, such as exchange rates, and are classified as Level 2 fair value.

Short-term borrowings

The fair values of short-term borrowings are determined based on the book value because they are settled in a short period of time and their fair values approximate their book value, thereby being classified as Level 2 fair value.

Corporate bonds

The fair values of the bonds issued by the Company are measured based on the quoted prices and classified as Level 2 fair value.

Long-term debt

For long-term debt, the fair value of debts with fixed interest rates is calculated by discounting the total amount of principal and interest at an interest rate that would be charged for similar new loans, and the fair value is classified as Level 2 fair value. Debts with floating rates reflect market interest rates in a short period of time, and their fair value approximates their book value. Therefore, the fair value is determined based on the relevant book value and classified as Level 2 fair value. The fair value of debt subject to exceptional treatment of interest rate swaps reflects the fair value of the relevant interest rate swaps.

Note 2: Information on investment trusts with net asset values deemed to be market price

A reconciliation of the beginning to the ending balance of investment trusts that have real estate as assets in trust is as follows:

| | Millions of yen | |
|--|-----------------|----------|
| | 2023 | 2024 |
| Beginning balance | ¥ 14,784 | ¥ 15,668 |
| Net income (loss) or Other comprehensive income | | |
| Recorded as Net income (loss) | — | — |
| Recorded as Other comprehensive income* | 884 | 1,250 |
| Net purchases, sales, and redemptions | — | — |
| Amount for investment trusts with net asset values deemed to be market price | — | — |
| Amount for investment trusts with net asset values not deemed to be market price | — | — |
| Ending balance | 15,668 | 16,918 |

* Included in "Valuation difference on available-for-sale securities" under "Other comprehensive income" in the Consolidated Statements of Comprehensive Income, and presented in the amount before tax effect accounting was applied.

14. Securities

Available-for-sale securities

| | | Millions of yen | | | | | |
|---|-----------------------------|-----------------|------------------|------------|------------|------------------|------------|
| | | 2023 | | | 2024 | | |
| | Classification | Book value | Acquisition cost | Difference | Book value | Acquisition cost | Difference |
| Securities with book value exceeding acquisition cost | (1) Equity securities, etc. | ¥ 29,913 | ¥ 17,407 | ¥ 12,505 | ¥ 52,158 | ¥ 34,362 | ¥ 17,795 |
| | (2) Bonds | 93 | 93 | (0) | 34 | 34 | (0) |
| | Subtotal | 30,006 | 17,500 | 12,506 | 52,192 | 34,396 | 17,796 |
| Securities with book value not exceeding acquisition cost | Equity securities, etc. | 16,385 | 17,565 | (1,179) | 570 | 600 | (30) |
| | Subtotal | 16,385 | 17,565 | (1,179) | 570 | 600 | (30) |
| | Total | 46,392 | 35,065 | 11,326 | 52,763 | 34,997 | 17,765 |

Note: Equity securities, etc., without market prices (10,112 million yen for the previous consolidated fiscal year, 14,972 million yen for the current consolidated fiscal year) are not included in the above table.

15. Derivatives

15.1 Derivative transactions for which hedge accounting has not been applied

There is no relevant item.

15.2 Derivative transactions for which hedge accounting has been applied

15.2.1 Currency

Fiscal year ended March 31, 2023

| | | Millions of yen | | | |
|---|----------------------------|--|-----------------|---|------------|
| Classification | Type | Main hedged items | Contract amount | Portion of contract amount exceeding one year | Fair value |
| Primary method | Forward exchange contracts | | | | |
| | Sell contract | Trade receivables | | | |
| | US dollar | | ¥ 318 | ¥ — | ¥ (2) |
| | Japanese yen | | 12 | — | 0 |
| | Buy contract | Trade payables | | | |
| | Japanese yen | | 1,200 | — | 32 |
| Designation of forward exchange contracts, etc. | US dollar | | 22 | — | (0) |
| | Singapore dollar | | 6 | — | 0 |
| | Forward exchange contracts | | | | |
| | Buy contract | Trade payables (forecast transactions) | | | |
| | Euro | | 4,426 | — | 42 |
| | US dollar | | 3,191 | — | (76) |
| | Swiss franc | | 481 | — | (7) |
| | Canadian dollar | | 393 | — | (19) |
| | Australian dollar | | 263 | — | (10) |
| | Pound sterling | | 128 | — | 1 |
| | Singapore dollar | | 66 | — | (0) |
| | New Zealand dollar | | 52 | — | (0) |
| | Chinese yuan | | 22 | — | 0 |
| | Forward exchange contracts | | | | |
| | Sell contract | Trade receivables | | | |
| | US dollar | | 59 | — | |
| | Buy contract | Trade payables | | | |
| | US dollar | | 812 | — | |
| Euro | | 163 | — | | |
| Thai baht | | 102 | — | (Note) | |
| Hong Kong dollar | | 98 | — | | |
| Pound sterling | | 24 | — | | |
| Swiss franc | | 21 | — | | |
| Singapore dollar | | 15 | — | | |
| New Zealand dollar | | 10 | — | | |
| Australian dollar | | 3 | — | | |
| | Total | | 11,897 | — | (39) |

Fiscal year ended March 31, 2024

| | | Millions of yen | | | |
|---|----------------------------|--|-----------------|---|------------|
| Classification | Type | Main hedged items | Contract amount | Portion of contract amount exceeding one year | Fair value |
| Primary method | Forward exchange contracts | | | | |
| | Sell contract | Trade receivables | | | |
| | US dollar | | ¥ 43 | ¥ — | ¥ 0 |
| | Japanese yen | | 16 | — | 0 |
| | Buy contract | Trade payables | | | |
| | Japanese yen | | 783 | — | 13 |
| Designation of forward exchange contracts, etc. | US dollar | | 29 | — | (0) |
| | Singapore dollar | | 2 | — | (0) |
| | Forward exchange contracts | | | | |
| | Buy contract | Trade payables (forecast transactions) | | | |
| | Euro | | 9,009 | — | 211 |
| | US dollar | | 7,435 | — | 261 |
| | Swiss franc | | 993 | — | 4 |
| | Canadian dollar | | 810 | — | 29 |
| | Australian dollar | | 525 | — | 20 |
| | Pound sterling | | 313 | — | 13 |
| | Singapore dollar | | 291 | — | 5 |
| | New Zealand dollar | | 96 | — | 3 |
| | Forward exchange contracts | | | | |
| | Sell contract | Trade receivables | | | |
| | US dollar | | 68 | — | |
| | Buy contract | Trade payables | | | |
| | US dollar | | 658 | — | |
| | Euro | | 598 | — | |
| Hong Kong dollar | | 74 | — | (Note) | |
| Thai baht | | 63 | — | | |
| Pound sterling | | 25 | — | | |
| Singapore dollar | | 20 | — | | |
| New Zealand dollar | | 16 | — | | |
| Australian dollar | | 14 | — | | |
| Swiss franc | | 0 | — | | |
| | Total | | 21,893 | — | 563 |

Note: Items subject to the allocation method for forward exchange contracts (listed as "Designation of forward exchange contracts, etc.") are accounted for synthetically with trade receivables and trade payables that are subject to hedging. The fair value of the relevant trade receivables and trade payables, including those of the above items, approximates their book value because the trade receivables and trade payables are settled in a short period of time. For this reason, the fair value of the above items is omitted.

Notes to the Consolidated Financial Statements

15.2.2 Interest rates

Fiscal year ended March 31, 2023

| Classification | Type | Main hedged items | Millions of yen | | |
|--|---|-------------------|-----------------|---|------------|
| | | | Contract amount | Portion of contract amount exceeding one year | Fair value |
| Exceptional accounting for interest rate swaps | Interest rate swap contracts: Pay fixed rate/ Receive floating rate | Long-term debt | ¥ 108,200 | ¥ 87,200 | ¥ (3,076) |
| | | | Total | 108,200 | 87,200 |

Fiscal year ended March 31, 2024

| Classification | Type | Main hedged items | Millions of yen | | |
|--|---|-------------------|-----------------|---|------------|
| | | | Contract amount | Portion of contract amount exceeding one year | Fair value |
| Exceptional accounting for interest rate swaps | Interest rate swap contracts: Pay fixed rate/ Receive floating rate | Long-term debt | ¥ 88,175 | ¥ 68,107 | ¥ (1,873) |
| | | | Total | 88,175 | 68,107 |

16. Retirement Benefits

16.1 Overview of retirement benefit plans

The Company and some consolidated subsidiaries provide defined benefit plans (defined benefit pension plans and lump-sum payment plans) or defined contribution plans. Hankyu Corporation has set up a retirement benefit trust.

In addition, some consolidated subsidiaries subscribe to employee pension fund plans in multi-employer plans. For them, the Company has used the same accounting treatment as it used for defined contribution plans when the amount of plan assets corresponding to the contributions by the Company cannot be rationally calculated.

16.2 Defined benefit plans

16.2.1 Table of movement in retirement benefit obligations

| | Millions of yen | |
|--------------------------------------|-----------------|-----------|
| | 2023 | 2024 |
| Balance at the beginning of the year | ¥ 130,623 | ¥ 128,517 |
| Service cost | 7,951 | 8,155 |
| Interest cost | 264 | 269 |
| Actuarial loss (gain) | (219) | (934) |
| Retirement benefits paid | (10,119) | (9,575) |
| Other | 17 | 458 |
| Balance at the end of the year | 128,517 | 126,891 |

Note: Amounts in the table above include the retirement benefit obligations of consolidated subsidiaries using simplified methods.

16.2.2 Table of movement in plan assets

| | Millions of yen | |
|--------------------------------------|-----------------|----------|
| | 2023 | 2024 |
| Balance at the beginning of the year | ¥ 86,334 | ¥ 85,192 |
| Expected return on plan assets | 1,225 | 1,364 |
| Actuarial loss (gain) | (381) | 7,750 |
| Contribution paid by the employer | 2,922 | 2,847 |
| Retirement benefits paid | (4,908) | (4,761) |
| Balance at the end of the year | 85,192 | 92,393 |

Note: Amounts in the table above include the plan assets of consolidated subsidiaries using simplified methods.

16.2.3 Table of reconciliation between the balance of retirement benefit obligations and of plan assets, and the liabilities for retirement benefit and assets for retirement benefit recorded in the consolidated balance sheets, as of the end of the fiscal year

| | Millions of yen | |
|---|-----------------|----------|
| | 2023 | 2024 |
| Funded retirement benefit obligations | ¥ 67,020 | ¥ 65,401 |
| Plan assets | (85,192) | (92,393) |
| | (18,171) | (26,991) |
| Unfunded retirement benefit obligations | 61,497 | 61,489 |
| Total net defined benefit liability and asset | 43,325 | 34,498 |
| Net defined benefit liability | 61,916 | 61,682 |
| Net defined benefit asset | (18,590) | (27,184) |
| Total net defined benefit liability and asset | 43,325 | 34,498 |

Note: Amounts in the table above include the retirement benefit obligations and plan assets of consolidated subsidiaries using simplified methods.

16.2.4 Breakdown of retirement benefit expenses

| | Millions of yen | |
|---------------------------------------|-----------------|---------|
| | 2023 | 2024 |
| Service cost | ¥ 7,951 | ¥ 8,155 |
| Interest cost | 264 | 269 |
| Expected return on plan assets | (1,225) | (1,364) |
| Amortization of actuarial differences | (748) | (698) |
| Amortization of past service cost | (138) | (134) |
| Other | 8 | 82 |
| Retirement benefit expenses | 6,111 | 6,309 |

Notes:

- Amounts in the table above include the retirement benefit expenses of consolidated subsidiaries using simplified methods.
- In addition to the retirement benefit expenses shown above, extra retirement payments have been paid: 12 million yen in the fiscal year ended March 31, 2023 were recorded as extraordinary loss.

16.2.5 Remeasurements of defined benefit plans

Breakdown of items related to remeasurements of defined benefit plans (prior to the deduction of the tax effect) is as follows:

| | Millions of yen | |
|-----------------------|-----------------|---------|
| | 2023 | 2024 |
| Past service cost | ¥ (138) | ¥ (134) |
| Actuarial differences | (896) | 7,986 |
| Total | (1,035) | 7,851 |

16.2.6 Cumulative adjustments related to retirement benefit plans

Breakdown of items related to the cumulative adjustments for retirement benefit plans (prior to the deduction of the tax effect) is as follows:

| | Millions of yen | |
|------------------------------------|-----------------|----------|
| | 2023 | 2024 |
| Unrecognized past service cost | ¥ (485) | ¥ (350) |
| Unrecognized actuarial differences | (2,498) | (10,485) |
| Total | (2,983) | (10,835) |

Note: The above relates to consolidated subsidiaries. In addition to the above items, the remeasurements of defined benefit plans include unrecognized items (the amount corresponding to equity) of equity-method affiliates.

Notes to the Consolidated Financial Statements

16.2.7 Items relating to plan assets

I. Breakdown of major plan assets

Ratios of the major types of assets to total plan assets are as follows:

| | 2023 | 2024 |
|------------------------------------|------|------|
| Bonds | 36% | 36% |
| Equity securities | 34 | 37 |
| Cash and deposits | 2 | 2 |
| General accounts of life insurance | 26 | 23 |
| Other | 2 | 2 |
| Total | 100 | 100 |

Note: The retirement benefits trust established for the Company's pension plan constituted 9% of total plan assets in the previous fiscal year and 9% of total plan assets in the current fiscal year.

II. Method of determining the long-term expected rate of return on plan assets

Current and target asset allocations and historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return on plan assets.

16.2.8 Items relating to actuarial assumptions

Major actuarial assumptions

| | 2023 | 2024 |
|--|-------------|-------------|
| Discount rate | Mainly 0.0% | Mainly 0.0% |
| Long-term expected rate of return on plan assets | Mainly 2.0% | Mainly 2.0% |
| Expected rate of salary increase | Mainly 2.1% | Mainly 1.9% |

16.3 Defined contribution plans

The amount of the required contribution for the consolidated subsidiaries' defined contribution plans (including employee pension fund plans in multi-employer plans to which the same accounting methods are applied as those for defined contribution plans) was 73 million yen in the fiscal year ended March 31, 2023 and 76 million yen in the fiscal year ended March 31, 2024.

17. Deferred Tax

17.1 Significant components of the Company's deferred tax assets and liabilities

| | Millions of yen | |
|--|-----------------|-----------|
| | 2023 | 2024 |
| Deferred tax assets: | | |
| Gain on donations by related companies for tax purposes | ¥ 55,122 | ¥ 55,122 |
| Net defined benefit liability | 14,098 | 11,020 |
| Tax loss carryforwards (Note 1) | 21,704 | 10,946 |
| Loss on impairment of fixed assets | 7,626 | 8,970 |
| Loss on revaluation of real estate for sale | 8,870 | 7,884 |
| Unrealized gain or loss on assets | 6,032 | 6,354 |
| Loss on adjustment of gain or loss on transfer | 6,440 | 5,686 |
| Valuation difference on noncurrent assets | — | 2,585 |
| Provision for bonuses | 2,051 | 2,461 |
| Allowance for loss on withdrawal of property and equipment | 2,345 | 2,109 |
| Enterprise taxes and business office taxes | 1,361 | 1,509 |
| Other | 11,844 | 13,749 |
| Subtotal of deferred tax assets | 137,499 | 128,399 |
| Valuation allowance for tax loss carryforwards (Note 1) | (7,835) | (6,915) |
| Valuation allowance for the total of future deductible temporary differences | (78,614) | (78,222) |
| Subtotal of valuation allowance | (86,450) | (85,138) |
| Less amounts offset against deferred tax liabilities | (43,777) | (35,750) |
| Total deferred tax assets | 7,272 | 7,510 |
| Deferred tax liabilities: | | |
| Gain on reversal of difference from land revaluation (Note 2) | (131,388) | (116,294) |
| Revaluation of assets on consolidation | (73,504) | (73,390) |
| Net unrealized holding gains on securities | (12,488) | (14,093) |
| Reserve for reduction of noncurrent assets | (3,295) | (3,895) |
| Other | (4,932) | (9,836) |
| Subtotal of deferred tax liabilities | (225,608) | (217,510) |
| Less amounts offset against deferred tax assets | 43,777 | 35,750 |
| Total deferred tax liabilities | (181,831) | (181,760) |
| Net deferred tax liabilities | (174,559) | (174,249) |

Notes:

1. Tax loss carryforwards, and the related valuation allowance and net deferred tax assets by expiration periods

Fiscal year ended March 31, 2023

| | Millions of yen | | | | | | |
|--------------------------|-----------------|----------------------------|-------------------------------|--------------------------------|-------------------------------|-----------------|----------|
| | Within one year | Over one year to two years | Over two years to three years | Over three years to four years | Over four years to five years | Over five years | Total |
| Tax loss carryforwards*1 | ¥ 123 | ¥ 41 | ¥ 190 | ¥ 16 | ¥ 55 | ¥ 21,277 | ¥ 21,704 |
| Valuation allowance | (114) | (7) | (189) | (10) | (55) | (7,459) | (7,835) |
| Deferred tax assets | 9 | 34 | 0 | 6 | — | 13,818 | 13,869*2 |

*1 Tax loss carryforwards were calculated by multiplying the statutory tax rate.

*2 Of the total tax loss carryforwards of 21,704 million yen (multiplied by the statutory effective tax rate), deferred tax assets of 13,869 million yen were recognized. The deferred tax assets were determined to be recoverable based on the future taxable income expected as set forth in Note 3, "Significant Accounting Estimates."

Fiscal year ended March 31, 2024

| | Millions of yen | | | | | | |
|--------------------------|-----------------|----------------------------|-------------------------------|--------------------------------|-------------------------------|-----------------|----------|
| | Within one year | Over one year to two years | Over two years to three years | Over three years to four years | Over four years to five years | Over five years | Total |
| Tax loss carryforwards*1 | ¥ 5 | ¥ 176 | ¥ 10 | — | ¥ 1 | ¥ 10,751 | ¥ 10,946 |
| Valuation allowance | (3) | (175) | (5) | — | (1) | (6,729) | (6,915) |
| Deferred tax assets | 2 | 0 | 5 | — | 0 | 4,022 | 4,030*2 |

*1 Tax loss carryforwards were calculated by multiplying the statutory tax rate.

*2 Of the total tax loss carryforwards of 10,946 million yen (multiplied by the statutory effective tax rate), deferred tax assets of 4,030 million yen were recognized. The deferred tax assets were determined to be recoverable based on the future taxable income expected as set forth in Note 3, "Significant Accounting Estimates."

2. The Company reversed "Surplus from land revaluation" when, as a result of a (physical) absorption-type corporate split on April 1, 2005, it handed over all of its land to Hankyu Corporation (which changed its name from Hankyu Corporation Spin-Off Preparation Inc. to Hankyu Corporation on the same day). As a result, "Deferred tax liabilities related to land revaluation" has been recorded as "Deferred tax liabilities" starting from the fiscal year ended March 31, 2006.

17.2 Reconciliation of significant differences between the statutory tax rate and the effective tax rate reflected in the accompanying consolidated statements of income

| | 2023 | 2024 |
|---|------|--------|
| Statutory tax rate | —% | 30.6% |
| (Adjustment) | | |
| Elimination of dividends received from consolidated subsidiary companies, etc. | — | 15.2 |
| Valuation allowance | — | 4.4 |
| Tax rate difference from parent company | — | 2.0 |
| Reduction of year-end deferred tax assets (liabilities) due to changes in tax rates | — | (17.5) |
| Nontaxable income | — | (15.3) |
| Profit or loss from investments in equity-method affiliates | — | (5.3) |
| Other | — | 1.5 |
| Effective tax rate | — | 15.6 |

Note: Note is omitted for the previous consolidated fiscal year because the difference between the statutory tax rate and effective tax rate was less than 5/100 of the statutory tax rate.

17.3 Accounting for income taxes and local income taxes or tax effect accounting for these taxes

The Company and some of its domestic consolidated subsidiaries have adopted the Group Tax Sharing System. Accounting treatment and disclosure of income taxes and local income taxes or tax effect accounting related to these taxes are in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021).

17.4 Adjustment of deferred tax assets and deferred tax liabilities due to changes in income tax rates

With the promulgation of the "Act on Partial Revision of the Local Tax Act, etc." (Act No. 4 of 2024) on March 30, 2024, corporations subject to pro forma standard taxation will be reviewed. Consequently, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities of some consolidated subsidiaries will change from 34.6% to 30.6% for temporary differences expected to be eliminated in the consolidated fiscal years beginning on or after April 1, 2026.

Reflecting this tax rate change, deferred tax liabilities (after deducting deferred tax assets) and income taxes-deferred decreased by 15,031 million yen and 14,740 million yen, respectively, but accumulated adjustment for retirement benefits and valuation difference on available-for-sale securities increased by 271 million yen and 20 million yen, respectively, for the current fiscal year.

Also, deferred tax liabilities for land revaluation decreased by 41 million yen, and revaluation reserve for land increased by the same amount.

18. Asset Retirement Obligations

Omitted as the significance was negligible.

19. Rental Property

Some consolidated subsidiaries own rental property, such as office buildings and commercial facilities for lease in Kita Ward, Osaka and other areas, as well as overseas (Indonesia, etc.). Rental profits and losses related to the rental property in the fiscal year ended March 31, 2023 were 30,456 million yen (major rental revenues are recorded in revenues from operations and major rental expenses are recorded in cost of revenues from operations), and the impairment loss was 12,291 million yen (recorded in extraordinary loss). For the fiscal year ended March 31, 2024, rental profits and losses related to the rental property in the fiscal year ended March 31, 2024 amounted to 37,969 million yen (major rental revenues are recorded in revenues from operations and major rental expenses are recorded in cost of revenues from operations) and the impairment loss was 17,610 million yen (recorded in extraordinary loss).

Book value recorded in the consolidated balance sheets, the increase/decrease during the fiscal year and the market value for rental property are as follows:

| | Millions of yen | |
|--|-----------------|-----------|
| | 2023 | 2024 |
| Book value (Note 1): | | |
| Balance at beginning of the year | ¥ 849,119 | ¥ 878,490 |
| Increase/Decrease (Note 2) | 29,371 | 12,617 |
| Balance at the end of the year | 878,490 | 891,108 |
| Fair value at the end of the year (Note 3) | 1,410,856 | 1,462,252 |

Notes:

- Amounts recorded on the consolidated balance sheet represent the acquisition cost less the accumulated depreciation and accumulated impairment losses.
- Regarding the increase/decrease during the fiscal year ended March 31, 2023, the main increase was changes in the scope of consolidation (58,764 million yen), while the main decreases were depreciation and amortization (17,520 million yen) and impairment losses (12,291 million yen). For the fiscal year ended March 31, 2024, the main increases were changes in the scope of consolidation (35,881 million yen) and acquisition of real estate (15,447 million yen), while the main decreases were impairment losses (17,610 million yen) and depreciation and amortization (17,379 million yen).
- Fair value as of the end of the fiscal year is the appraisal value according to outside real estate appraisers based on Japanese Real Estate Appraisal Standards in the case of key properties and the fair value based on indicators such as the assessed value of noncurrent assets and the road tax rating for other properties.
- Properties under development were not included in the above table because it was difficult to determine the market value. Furthermore, properties under development recorded in the consolidated balance sheets for the fiscal year ended March 31, 2023 and 2024 were 47,140 million yen and 61,765 million yen, respectively.

20. Revenue Recognition

20.1 Information on disaggregated revenue from contracts with customers

Revenue from contracts with customers is disaggregated into segments based on the contract with the customer. The Group's segments are made up of business segments and are components of the Group for which separate financial statements are available and which are evaluated regularly by the Board of Directors in determining the allocation of management resources and in assessing business performance.

The relationship between disaggregated revenue and operating revenue by segment is as follows:

| | Millions of yen | |
|--|-----------------|-----------|
| | 2023 | 2024 |
| Urban Transportation | ¥ 185,581 | ¥ 203,260 |
| Railway operations | 134,472 | 147,971 |
| Automobile | 40,159 | 43,653 |
| Retailing | 11,969 | 12,778 |
| Urban Transportation - Other businesses | 8,913 | 10,028 |
| Adjustment | (9,933) | (11,171) |
| Real Estate | 282,049 | 318,254 |
| Leasing | 126,227 | 127,062 |
| Real estate sales and other businesses | 137,443 | 153,842 |
| Overseas real estate business | 3,249 | 8,552 |
| Hotel | 44,175 | 62,663 |
| Adjustment | (29,046) | (33,866) |
| Entertainment | 72,289 | 82,612 |
| Sports | 38,363 | 50,327 |
| Stage | 33,858 | 32,220 |
| Adjustment | 66 | 64 |
| Information and Communication Technology | 60,355 | 64,579 |
| Travel | 191,400 | 216,915 |
| International Transportation | 163,269 | 100,300 |
| Other businesses | 55,649 | 60,125 |
| Adjustment | (42,295) | (48,437) |
| Total | 968,300 | 997,611 |

Notes: 1. In addition to "Revenue from contracts with customers," the above figures include "Revenue from other sources" (86,889 million yen for the fiscal year ended March 31, 2023, and 95,388 million yen for the fiscal year ended March 31, 2024). "Revenue from other sources" mainly consists of rental income in the real estate leasing business.

2. Effective from the current consolidated fiscal year, "Overseas real estate business" is presented as a separate business segment (sub-segment) under the "Real estate" category, and information on disaggregated revenue from contracts with customers in the previous consolidated fiscal year has been reclassified.

20.2 Basic information for understanding revenue from contracts with customers

Basic information for understanding revenue from contracts with customers is as stated in Note 2.4.5, "Standards for recognition of significant revenues and expenses" under Note 2.4, "Accounting policies," outlined in Note 2, "Basis of Preparation of Consolidated Financial Statements."

20.3 Information on the relationship between fulfillment of performance obligation based on contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be generated from contracts with customers existing at the end of the current consolidated fiscal year and to be recognized in the next consolidated fiscal year and beyond

20.3.1 Balances of contract assets and contract liabilities

| | Millions of yen | |
|--|-----------------|-----------|
| | 2023 | 2024 |
| Receivables from contracts with customers (balance at beginning of year) | ¥ 104,967 | ¥ 108,741 |
| Receivables from contracts with customers (balance at end of year) | 108,741 | 93,227 |
| Contract assets (balance at beginning of year) | 6,586 | 10,539 |
| Contract assets (balance at end of year) | 10,539 | 9,426 |
| Contract liabilities (balance at beginning of year) | 41,573 | 63,754 |
| Contract liabilities (balance at end of year) | 63,754 | 86,411 |

Contract assets are mainly unclaimed rights to consideration recognized based in accordance with the degree of progress made in fulfilling performance obligations related to construction contracts in the Construction Industry, and are transferred to receivables from contracts with customers at the time of acceptance inspection by customers.

Contract liabilities are mainly advances received from customers in Urban Transportation, Travel, and other businesses, and are reversed upon recognition of revenue. The balance of contract liabilities as of the beginning of the previous fiscal year and the current fiscal year is generally recognized as revenue for the previous fiscal year and the current fiscal year, respectively, and the amount carried forward to the next fiscal year onward is immaterial.

20.3.2 Transaction price allocated to the remaining performance obligations

Because the Group does not have significant transactions in which the duration period is initially expected to exceed one year, disclosure of remaining performance obligations is omitted.

21. Segment Information

21.1 Segment information

21.1.1 Summary of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available, and which are regularly reviewed by the Board of Directors to determine the allocation of management resources and evaluate business results.

The Group, centering on five core companies of Hankyu Corporation, Hanshin Electric Railway Co., Ltd., Hankyu Hanshin Properties Corp., Hankyu Travel International Co., Ltd., and Hankyu Hanshin Express Co., Ltd., under the leadership of the Company in charge of management of the Group, is conducting business centered around the six business areas of urban transportation, real estate, entertainment, information and communication technology, travel, and international transportation.

The nature of the business in each reportable segment is as follows:

Urban Transportation: Railway operations, automobile and retailing businesses

Real Estate: Rental real estate, real estate sales, overseas real estate, and hotel business

Entertainment: Sports-related businesses and stage events

Information and Communication Technology: Information and communication technology business

Travel: Travel services

International Transportation: International cargo services

21.1.2 Method used to calculate revenues from operations, income (or loss), assets and other items for each reportable segment

The accounting treatment for each reportable business segment is based on the methods described in Note 2, "Basis of Preparation of Consolidated Financial Statements," including internal transactions (lease transactions for lands and buildings, etc.) that are calculated through management accounting at companies with businesses covering multiple segments.

Income (or loss) for each reportable segment refers to a figure based on operating income (or loss).

Intersegment revenues from operations and transfers are mainly based on the price similar to that for regular transactions.

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

21.1.3 Information regarding totals for revenues from operations, income (loss), assets and other items by reportable segment

Fiscal year ended March 31, 2023

| | Reportable segments | | | | | | | Adjustment (Note 2) | Amounts recorded in the consolidated financial statements (Note 3) |
|---|-------------------------|----------------|---------------|--|-----------|---------------------------------|-------------------|------------------------|---|
| | Urban Transportation | Real Estate | Entertainment | Information and Communication Technology | Travel | International Transportation | Other (Note 1) | | |
| Revenues from operations: | | | | | | | | | |
| I. Customers | ¥ 180,663 | ¥ 272,947 | ¥ 70,766 | ¥ 49,092 | ¥ 191,023 | ¥ 163,204 | ¥ 40,066 | ¥ 535 | ¥ 968,300 |
| II. Intersegment | 4,918 | 9,102 | 1,522 | 11,262 | 376 | 65 | 15,583 | (42,831) | — |
| Total | 185,581 | 282,049 | 72,289 | 60,355 | 191,400 | 163,269 | 55,649 | (42,295) | 968,300 |
| Segment income (loss) | 22,435 | 27,851 | 12,622 | 5,917 | 15,257 | 8,381 | 2,752 | (5,866) | 89,350 |
| Segment assets | 861,185 | 1,537,946 | 113,100 | 72,196 | 88,245 | 72,019 | 42,742 | 77,974 | 2,865,410 |
| Other items: | | | | | | | | | |
| Depreciation and amortization | 26,235 | 24,867 | 3,719 | 5,115 | 943 | 1,767 | 427 | (1,038) | 62,037 |
| Increase in property and equipment and intangible assets | 27,396 | 24,549 | 2,400 | 5,629 | 716 | 2,401 | 422 | (477) | 63,039 |

Notes:

- The "Other" segment refers to a business segment not included in reportable segments and includes the construction business, etc.
- The main item in the adjusted amount of the segment income or loss for the fiscal year was the amortization of goodwill of (2,238) million yen (amortization of goodwill having originated mainly from the management integration with Hanshin Electric Railway Co., Ltd. in fiscal 2007).
In addition to the balance of unamortized goodwill of 7,273 million yen (goodwill having originated mainly from the management integration with Hanshin Electric Railway Co., Ltd. in fiscal 2007), the adjusted amount for segment assets includes unallocated assets such as surplus working capital (cash and deposits), long-term investment funds (investment securities), and land at the Company, Hankyu Corporation and Hanshin Electric Railway Co., Ltd., as well as intersegment eliminations.
- Segment profit and loss is reconciled to operating income in the consolidated statements of income.

Fiscal year ended March 31, 2024

| | Reportable segments | | | | | | | Adjustment (Note 2) | Amounts recorded in the consolidated financial statements (Note 3) |
|---|-------------------------|----------------|---------------|--|-----------|---------------------------------|-------------------|------------------------|---|
| | Urban Transportation | Real Estate | Entertainment | Information and Communication Technology | Travel | International Transportation | Other (Note 1) | | |
| Revenues from operations: | | | | | | | | | |
| I. Customers | ¥ 198,299 | ¥ 308,783 | ¥ 80,724 | ¥ 50,694 | ¥ 216,432 | ¥ 100,234 | ¥ 41,969 | ¥ 472 | ¥ 997,611 |
| II. Intersegment | 4,961 | 9,471 | 1,888 | 13,885 | 482 | 65 | 18,155 | (48,910) | — |
| Total | 203,260 | 318,254 | 82,612 | 64,579 | 216,915 | 100,300 | 60,125 | (48,437) | 997,611 |
| Segment income (loss) | 34,257 | 49,826 | 14,119 | 6,135 | 4,968 | 223 | 3,410 | (7,252) | 105,689 |
| Segment assets | 860,697 | 1,706,138 | 119,576 | 80,214 | 97,420 | 70,546 | 46,354 | 71,981 | 3,052,930 |
| Other items: | | | | | | | | | |
| Depreciation and amortization | 26,084 | 25,151 | 3,684 | 5,370 | 926 | 1,954 | 420 | (1,009) | 62,582 |
| Increase in property and equipment and intangible assets | 38,211 | 47,898 | 6,135 | 5,324 | 567 | 3,350 | 665 | (399) | 101,753 |

Notes:

- The "Other" segment refers to a business segment not included in reportable segments and includes the construction business, etc.
- The adjusted amount of segment income (loss) includes the Company's income or losses, amortization of goodwill, and other items that are not allocated to each reportable segment.
The adjusted amount of segment assets includes surplus working capital (cash and deposits), long-term investment funds (investment securities), unallocated land and other assets, and elimination of intersegment transactions at the Company, Hankyu Corporation, and Hanshin Electric Railway Co., Ltd.
- Segment profit and loss is reconciled to operating income in the consolidated statements of income.

21.1.4 Matters regarding changes in reportable segments, etc.

Effective from the current fiscal year, "Overseas real estate business" is presented as a separate business category (sub-segment) under the "Real estate" segment.

21.2 Related information

Fiscal years ended March 31, 2023 and 2024

21.2.1 Information about product and service

Information about product and service categories is the same as that described in Note 21.1.3, "Information regarding totals for revenues from operations, income (loss), assets and other items by reportable segment."

21.2.2 Information about region

I. Revenues from operations

Since over 90% of revenues from operations in the consolidated statements of income are revenues from external customers in Japan, a breakdown by region is omitted.

II. Property and equipment

Since over 90% of the total value of property and equipment in the consolidated balance sheets relates to property and equipment in Japan, a breakdown by region is omitted.

21.2.3 Information about major customers

No single external customer accounts for more than 10% of the revenues from operations reported in the consolidated statements of income.

21.3 Information regarding impairment loss on noncurrent assets for each reportable segment

Fiscal year ended March 31, 2023

| | Reportable segments | | | | | | | Adjustment | Amounts recorded in the consolidated financial statements |
|-------------------|-------------------------|----------------|---------------|--|--------|---------------------------------|-------|------------|--|
| | Urban Transportation | Real Estate | Entertainment | Information and Communication Technology | Travel | International Transportation | Other | | |
| Impairment losses | ¥ 29 | ¥ 12,626 | — | ¥ 9 | ¥ 7 | — | — | — | ¥ 12,672 |

Fiscal year ended March 31, 2024

| | Reportable segments | | | | | | | Adjustment | Amounts recorded in the consolidated financial statements |
|-------------------|-------------------------|----------------|---------------|--|--------|---------------------------------|-------|------------|--|
| | Urban Transportation | Real Estate | Entertainment | Information and Communication Technology | Travel | International Transportation | Other | | |
| Impairment losses | ¥ 268 | ¥ 21,968 | — | — | — | — | — | ¥ 2,040 | ¥ 24,277 |

21.4 Information regarding amortization of goodwill and the balance of unamortized goodwill by reportable segment

Information is omitted as the significance was negligible.

21.5 Information regarding gain on bargain purchase by reportable segment

Information is omitted as the significance was negligible.

22. Related-party Transactions

22.1 Related-party transactions

22.1.1 Transactions between the company submitting the consolidated financial statements and related parties

No items

22.1.2 Transactions between consolidated subsidiaries of the company submitting the consolidated financial statements and related parties

I. Nonconsolidated subsidiaries or affiliates of the company that submitted the financial statements

Fiscal year ended March 31, 2023

| Type | Name of Company, etc. | Address | Amount of capital (Millions of yen) | Business | Voting interest | Relationship with related party | Details of transaction | Transaction amounts (Millions of yen) | Item | Balance as of March 31, 2023 (Millions of yen) |
|-------------------------|--|---------------------|-------------------------------------|---------------------------|-----------------|--|------------------------|---------------------------------------|-------------------|--|
| Subsidiary of Affiliate | Hankyu Hanshin Department Stores, Inc. | Kita-ku, Osaka City | ¥ 200 | Department store business | None | Lease of real estate, Directors holding concurrent posts | Acceptance of deposits | — | Leasehold deposit | ¥30,567 |

Fiscal year ended March 31, 2024

| Type | Name of Company, etc. | Address | Amount of capital (Millions of yen) | Business | Voting interest | Relationship with related party | Details of transaction | Transaction amounts (Millions of yen) | Item | Balance as of March 31, 2024 (Millions of yen) |
|-------------------------|--|---------------------|-------------------------------------|---------------------------|-----------------|--|------------------------|---------------------------------------|-------------------|--|
| Subsidiary of Affiliate | Hankyu Hanshin Department Stores, Inc. | Kita-ku, Osaka City | ¥ 200 | Department store business | None | Lease of real estate, Directors holding concurrent posts | Acceptance of deposits | — | Leasehold deposit | ¥30,567 |

Note: Terms and conditions of transactions and policies for determining terms and conditions of transactions

Terms and conditions for leasehold deposits are determined in the same way as general transactions.

II. Directors and principal shareholders (only individual shareholders) of the company submitting the consolidated financial statements

Fiscal year ended March 31, 2023

| Type | Name of related party | Address | Amount of capital (Millions of yen) | Business | Voting interest | Relationship with related party | Details of transaction | Transaction amounts (Millions of yen) | Item | Balance as of March 31, 2023 (Millions of yen) |
|--|-------------------------------|---------|-------------------------------------|---|-----------------|---------------------------------|------------------------|---------------------------------------|-------------------|--|
| Auditor of Major Subsidiary | Haruo Sakaguchi | — | ¥ — | Auditor of Hankyu Corporation | Directly 0.0% | Lease of real estate | Lease of real estate | ¥ 53 | Leasehold deposit | ¥ 40 |
| Auditor of Major Subsidiary | Junzo Ishii | — | — | Auditor of Hanshin Electric Railway Co., Ltd. | Directly 0.0% | Sales of condominiums | Sales of condominiums | 59 | — | — |
| Close relative of Major Subsidiary's Auditor | Close relative of Junzo Ishii | — | — | Close relative of Auditor of Hanshin Electric Railway Co., Ltd. | None | | | | | |

Fiscal year ended March 31, 2024

| Type | Name of related party | Address | Amount of capital (Millions of yen) | Business | Voting interest | Relationship with related party | Details of transaction | Transaction amounts (Millions of yen) | Item | Balance as of March 31, 2024 (Millions of yen) |
|--|----------------------------------|---------|-------------------------------------|---|-----------------|---------------------------------|------------------------|---------------------------------------|-------------------|--|
| Auditor of Major Subsidiary | Haruo Sakaguchi | — | ¥ — | Auditor of Hankyu Corporation | Directly 0.0% | Lease of real estate | Lease of real estate | ¥ 62 | Leasehold deposit | ¥ 44 |
| Close relative of Major Subsidiary's Auditor | Close relative of Hiroshi Harada | — | — | Close relative of Auditor of Hanshin Electric Railway Co., Ltd. | None | Contracting of renovations | Renovations | 47 | — | — |

Note: Terms and conditions of transactions and policies for determining terms and conditions of transactions

Terms and conditions for leases are determined by referencing to similar transaction cases in the neighboring area.

Sales of and renovation work on condominiums are determined rationally through negotiations, taking prevailing market prices into consideration. In addition,

Mr. Junzo Ishii and one of his close relatives have signed a joint purchase agreement in their names.

22.2 Notes about parent company and major affiliated companies

22.2.1 Parent company information

There is no relevant item.

22.2.2 Condensed consolidated financial information of important affiliates

In the consolidated fiscal year ended March 31, 2024, the important affiliated company is Toho Co., Ltd. and the condensed consolidated financial information is as follows:

| | Millions of yen | |
|------------------------------|--|---|
| | Toho Co., Ltd. | |
| | Consolidated fiscal year ended March 31, 2023 (Note) | Consolidated fiscal year ended March 31, 2024 |
| Total current assets | ¥ 171,104 | ¥ 163,277 |
| Total noncurrent assets | 280,929 | 344,253 |
| Total current liabilities | 111,293 | 114,607 |
| Total noncurrent liabilities | 41,645 | 53,213 |
| Total net assets | 299,095 | 339,711 |
| Revenues from operations | 122,924 | 150,314 |
| Income before income taxes | 38,156 | 47,919 |
| Net income | 28,122 | 34,959 |

23. Per Share Information

Net assets per share, net income per share, diluted net income per share, and their respective calculation bases are as shown below.

| | 2023 | 2024 |
|---|------------|-------------|
| (1) Net assets per share (Yen) | ¥ 3,764.17 | ¥ 4,072.57 |
| (Basis for the calculation) | | |
| Total net assets (Millions of yen) | ¥ 980,940 | ¥ 1,069,871 |
| Amount to be deducted from total net assets (Millions of yen) | ¥ 74,137 | ¥ 91,634 |
| (Of the amount, non-controlling interests) (Millions of yen) | ¥ [74,137] | ¥ [91,634] |
| Net assets at the end of the fiscal year related to common shares (Millions of yen) | ¥ 906,802 | ¥ 978,237 |
| Common shares issued (Thousands of shares) | 254,281 | 254,281 |
| Treasury stock shares (Thousands of shares) | 12,158 | 12,851 |
| Common shares held by consolidated subsidiaries and equity-method affiliates (Thousands of shares) | 1,219 | 1,228 |
| Common shares used to calculate net assets per share (Thousands of shares) | 240,903 | 240,201 |
| (2) Net income per share (Yen) | ¥ 194.88 | ¥ 281.84 |
| (Basis for the calculation) | | |
| Net income attributable to owners of the parent (Millions of yen) | ¥ 46,952 | ¥ 67,801 |
| Amount not belonging to common stockholders (Millions of yen) | ¥ — | ¥ — |
| Net income attributable to owners of the parent related to common share (Millions of yen) | ¥ 46,952 | ¥ 67,801 |
| Average number of common shares during term (Thousands of shares) | 240,927 | 240,564 |
| (3) Diluted net income per share (Yen) | ¥ 194.78 | ¥ 281.67 |
| (Basis for calculation) | | |
| Adjustment of net income attributable to owners of the parent (Millions of yen) | ¥ (24) | ¥ (40) |
| (Of this, equity in income of affiliates) (Millions of yen) | ¥ [(24)] | ¥ [(40)] |
| Increase in number of common shares (Thousands of shares) | — | — |
| Outline of dilutive shares not included in the calculation of diluted net income per share because they do not have dilutive effect | — | — |

Notes:

In calculating net assets per share, the number of shares in the Company owned by the officer's compensation BIP trust is included in that of treasury stock shares to be excluded from the total number of outstanding shares at the end of the fiscal year. Furthermore, in calculating the net income (loss) per share and diluted net income per share for the current fiscal year, the number of the shares in the Company owned by the officer's compensation BIP trust is included in that of treasury stock shares to be excluded in calculating the average number of shares during the current fiscal year. The number of such treasury stock shares deducted in calculating net assets per share as of March 31, 2023 was 374,149, and 613,045 as of March 31, 2024. The average number of treasury stock shares deducted in calculating net income per share and diluted net income per share for the fiscal year ended March 31, 2023 was 385,835, and 353,508 for the fiscal year ended March 31, 2024.

24. Subsequent Events

24.1 Stock repurchase

At the Board of Directors meeting held on May 14, 2024, the Company resolved matters concerning stock repurchase as shown below in accordance with Article 156 of the Companies Act of Japan, as applied pursuant to Paragraph 3 of Article 165 of the same Act.

24.1.1 Purpose of stock repurchase

To enhance shareholder return and to improve capital efficiency

24.1.2 Details of stock repurchase

| | |
|--|--|
| I. Class of share | Common stock of the Company |
| II. Total number of shares of common stock to be repurchased | Up to 2,000,000 shares (0.83% of the total number of shares of common stock outstanding [excluding treasury stock]) |
| III. Total amount of purchase | Up to 7,100,000,000 yen |
| IV. Period of purchase | From May 22, 2024 to September 20, 2024 |
| V. Purchase method | Market buying on Tokyo Stock Exchange |

25. Consolidated Supplementary Statements

25.1 Corporate bond statements

| Company | Name | Issue date | Millions of yen | | Interest rate | Security | Redemption date |
|-------------------------------|-------------------------------------|--------------|-----------------------------|------------------------------|---------------|----------|-----------------|
| | | | Balance as of April 1, 2023 | Balance as of March 31, 2024 | | | |
| Hankyu Hanshin Holdings, Inc. | Series 46 unsecured corporate bonds | Oct 25, 2013 | ¥ 10,000 | ¥ — | 0.819% | None | Oct 25, 2023 |
| Hankyu Hanshin Holdings, Inc. | Series 47 unsecured corporate bonds | Jul 18, 2014 | 10,000 | 10,000 | 1.202 | None | Jul 18, 2029 |
| Hankyu Hanshin Holdings, Inc. | Series 49 unsecured corporate bonds | Dec 15, 2016 | 10,000 | 10,000 | 0.817 | None | Dec 15, 2036 |
| Hankyu Hanshin Holdings, Inc. | Series 50 unsecured corporate bonds | Sep 13, 2018 | 10,000 | 10,000 | 0.345 | None | Sep 13, 2028 |
| Hankyu Hanshin Holdings, Inc. | Series 51 unsecured corporate bonds | Sep 13, 2018 | 10,000 | 10,000 | 0.789 | None | Sep 13, 2038 |
| Hankyu Hanshin Holdings, Inc. | Series 52 unsecured corporate bonds | Nov 21, 2019 | 10,000 | 10,000 | 0.215 | None | Nov 21, 2029 |
| Hankyu Hanshin Holdings, Inc. | Series 53 unsecured corporate bonds | Nov 21, 2019 | 10,000 | 10,000 | 0.878 | None | Nov 19, 2049 |
| Hankyu Hanshin Holdings, Inc. | Series 54 unsecured corporate bonds | Feb 27, 2020 | 10,000 | 10,000 | 0.486 | None | Feb 27, 2040 |
| Hankyu Hanshin Holdings, Inc. | Series 55 unsecured corporate bonds | Jul 17, 2020 | 20,000 | — | 0.001 | None | Jul 14, 2023 |
| Hankyu Hanshin Holdings, Inc. | Series 56 unsecured corporate bonds | Jul 17, 2020 | 10,000 | 10,000 | 0.120 | None | Jul 17, 2025 |
| Hankyu Hanshin Holdings, Inc. | Series 57 unsecured corporate bonds | Jul 17, 2020 | 20,000 | 20,000 | 0.280 | None | Jul 17, 2030 |
| Hankyu Hanshin Holdings, Inc. | Series 58 unsecured corporate bonds | Feb 26, 2021 | 20,000 | 20,000 | 0.090 | None | Feb 26, 2026 |
| Hankyu Hanshin Holdings, Inc. | Series 59 unsecured corporate bonds | Feb 26, 2021 | 10,000 | 10,000 | 0.270 | None | Feb 26, 2031 |
| Hankyu Hanshin Holdings, Inc. | Series 60 unsecured corporate bonds | Feb 26, 2021 | 20,000 | 20,000 | 0.680 | None | Feb 26, 2041 |
| Hankyu Hanshin Holdings, Inc. | Series 61 unsecured corporate bonds | Sep 9, 2021 | 15,000 | 15,000 (15,000) | 0.001 | None | Sep 9, 2024 |
| Hankyu Hanshin Holdings, Inc. | Series 62 unsecured corporate bonds | Sep 9, 2021 | 10,000 | 10,000 | 0.240 | None | Sep 9, 2031 |
| Hankyu Hanshin Holdings, Inc. | Series 63 unsecured corporate bonds | Sep 9, 2021 | 15,000 | 15,000 | 0.580 | None | Sep 9, 2041 |
| Hankyu Hanshin Holdings, Inc. | Series 64 unsecured corporate bonds | Dec 8, 2021 | 10,000 | 10,000 | 0.100 | None | Dec 8, 2026 |
| Hankyu Hanshin Holdings, Inc. | Series 65 unsecured corporate bonds | Dec 15, 2022 | 15,000 | 15,000 | 0.489 | None | Dec 15, 2027 |
| Hankyu Hanshin Holdings, Inc. | Series 66 unsecured corporate bonds | Dec 15, 2022 | 15,000 | 15,000 | 0.729 | None | Dec 15, 2032 |
| Hankyu Hanshin Holdings, Inc. | Series 67 unsecured corporate bonds | Jul 13, 2023 | — | 20,000 | 0.774 | None | Jul 13, 2033 |
| Hankyu Hanshin Holdings, Inc. | Series 68 unsecured corporate bonds | Feb 29, 2024 | — | 15,000 | 0.592 | None | Feb 28, 2029 |
| Total | — | — | 260,000 | 265,000 (15,000) | — | — | — |

Notes:

- The figures in parentheses for the balances as of March 31, 2024 are the amounts payable within one year of the total outstanding and are listed as current liabilities in the consolidated balance sheets.
- The amounts of bonds scheduled to be redeemed within five years subsequent to March 31, 2024 are as follows.

| | Millions of yen |
|--|-----------------|
| Due within one year | ¥ 15,000 |
| Due after one year through two years | 30,000 |
| Due after two years through three years | 10,000 |
| Due after three years through four years | 15,000 |
| Due after four years through five years | 25,000 |

Notes to the Consolidated Financial Statements

25.2 Statements of loans payable

| Item | Millions of yen | | Average interest rate | Repayment deadline |
|---|-----------------------------|------------------------------|-----------------------|--------------------|
| | Balance as of April 1, 2023 | Balance as of March 31, 2024 | | |
| Short-term borrowings | ¥ 96,650 | ¥ 101,789 | 0.531% | — |
| Current portion of long-term debt | 91,331 | 88,065 | 0.834 | — |
| Current portion of lease obligations | 4,251 | 4,130 | — | — |
| Long-term debt (excluding current portion) | 634,613 | 705,773 | 1.030 | 2025-2044 |
| Lease obligations (excluding current portion) | 9,503 | 9,402 | — | 2025-2033 |
| Other interest-bearing debt | 10,000 | — | — | — |
| Commercial paper (to be repaid within one year) | — | — | — | — |
| Total | 846,350 | 909,160 | — | — |

Notes:

- The balances refer to those after the elimination of transactions between companies in the consolidated group.
- "Average interest rate" of loans payable refers to the weighted average interest rate for outstanding loans as of the end of the fiscal year ended March 31, 2024.
- For lease obligations, "average interest rate" is not shown because the Company uses mainly the method that includes the amount of interest in total lease obligations and that spreads the total amount of interest equally over each fiscal year of the lease period.
- The repayment schedule for long-term debt and lease obligations (excluding those scheduled to be repaid within one year) within five years subsequent to March 31, 2024 is as follows.

Long-term debt

| | Millions of yen |
|--|-----------------|
| Due after one year through two years | ¥ 80,864 |
| Due after two years through three years | 69,740 |
| Due after three years through four years | 80,651 |
| Due after four years through five years | 85,591 |

Lease obligations

| | Millions of yen |
|--|-----------------|
| Due after one year through two years | ¥ 2,943 |
| Due after two years through three years | 1,781 |
| Due after three years through four years | 1,646 |
| Due after four years through five years | 1,213 |

25.3 Schedule of asset retirement obligations

The schedule is omitted as the significance was negligible.

Others

Quarterly financial information in the fiscal year ended March 31, 2024

| Cumulative period | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
|--|-------------|-------------|-------------|-------------|
| Revenues from operations (Millions of yen) | ¥ 245,524 | ¥ 485,644 | ¥ 736,387 | ¥ 997,611 |
| Income before income taxes for quarter of the fiscal year (Millions of yen) | 36,839 | 66,636 | 94,333 | 84,246 |
| Net income attributable to owners of the parent for quarter of the fiscal year (Millions of yen) | 25,098 | 44,873 | 62,810 | 67,801 |
| Net income per share for quarter of the fiscal year (Yen) | 104.25 | 186.47 | 261.05 | 281.84 |

| Accounting period | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
|---|-------------|-------------|-------------|-------------|
| Net income per share for quarter of the fiscal year (Yen) | ¥ 104.25 | ¥ 82.23 | ¥ 74.57 | ¥ 20.75 |

Major Group Companies

Consolidated subsidiaries (As of March 31, 2024)

Urban Transportation

| | Name of company |
|---------------------------|---|
| Railway operations | Hankyu Corporation Hanshin Electric Railway Co., Ltd. Nose Electric Railway Co., Ltd. Kita-Osaka Kyuko Railway Co., Ltd. Kobe Rapid Transit Railway Co., Ltd. |
| Automobile | Hankyu Bus Co., Ltd. Hanshin Bus Co., Ltd. Hankyu Taxi Inc. Hanshin Taxi Co., Ltd. |
| Retailing | Hankyu Corporation Eki Retail Service Hankyu Hanshin Co., Ltd. Hankyu Style Labels Co., Ltd. |
| Other | Alna Sharyo Co., Ltd. Hankyu Sekkei Consultant Hanshin Station Net Co., Ltd. |

Real Estate

| | Name of company |
|-------------------------------------|--|
| Real estate leasing | Hankyu Corporation Hanshin Electric Railway Co., Ltd. Hankyu Hanshin Properties Corp. |
| Real estate sales and others | Hankyu Corporation Hanshin Electric Railway Co., Ltd. Hankyu Hanshin Properties Corp. Hankyu Hanshin Building Management Co., Ltd. Hankyu Hanshin High Security Service Co., Ltd. Hankyu Hanshin Clean Service Co., Ltd. Hankyu Hanshin REIT Asset Management, Inc. Hankyu Hanshin Housing Support Ltd. |
| Overseas real estate | Hankyu Hanshin Properties Corp. PT CPM Assets Indonesia |
| Hotel | Hankyu Hanshin Hotels Co., Ltd. Hanshin Hotel Systems Co., Ltd. Arima View Hotel Co., Ltd. |

Equity-method affiliates (As of March 31, 2024)

| Main business | Name of company |
|--------------------------------|--|
| Department store | H2O RETAILING CORPORATION (Securities code: 8242) |
| Railway operations | Nishi-Osaka Railway Co., Ltd. Kobe Electric Railway Co., Ltd. (Securities code: 9046) |
| Motion picture business | TOHO CO., LTD. (Securities code: 9602) |
| Real estate leasing | TOKYO RAKUTENCHI CO., LTD. (Securities code: 8842) PT Duta Cakra Pesona |
| Commercial broadcasting | Kansai Television Co., Ltd. |

Entertainment

| | Name of company |
|---------------|---|
| Sports | Hanshin Electric Railway Co., Ltd. Hanshin Tigers Baseball Club, Ltd. Hanshin Contents Link Corporation |
| Stage | Hankyu Corporation Takarazuka Creative Arts Co., Ltd. Umeda Arts Theater Co., Ltd. |

Information and Communication Technology

| | Name of company |
|---|--|
| Information and communication technology | Itec Hankyu Hanshin Co., Ltd. YMIRLINK, Inc. (Securities code: 4372) Bay Communications Inc. |

Travel

| | Name of company |
|----------------------|---------------------------------------|
| Travel agency | Hankyu Travel International Co., Ltd. |

International Transportation

| | Name of company |
|-------------------------------------|--|
| International transportation | Hankyu Hanshin Express Co., Ltd. Hankyu Hanshin Logipartners Co., Ltd. HHE (USA) Inc. HHE (Deutschland) GmbH HHE (HK) Limited HHE Southeast Asia Pte. Ltd. HHE: Hankyu Hanshin Express |

Other

| | Name of company |
|---|--|
| Construction | Hanshin Kensetsu Co., Ltd. Chuo Densetsu Co., Ltd. Hanshin Engei Co., Ltd. |
| Advertising and media design | hankyu hanshin marketing solutions Inc. |
| Outsourcing services for personnel and accounting services | Hankyu Hanshin Business Associate Co., Ltd. |
| Credit and point card | Hankyu Hanshin Card Co., Ltd. |
| Group finance | Hankyu Hanshin Financial Support Co., Ltd. |

Company Overview and Investor Information

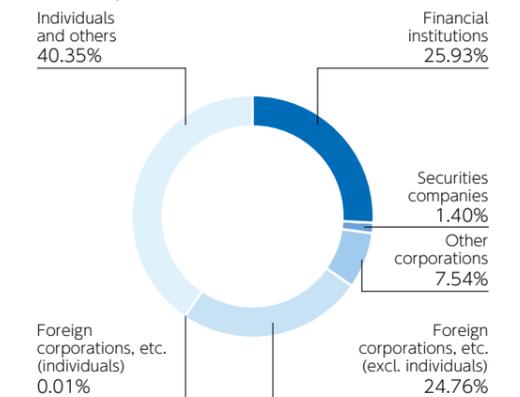
Hankyu Hanshin Holdings, Inc. (As of March 31, 2024)

| | |
|--|--|
| Head Office 1-16-1, Shibata, Kita-ku, Osaka 530-0012, Japan Phone: +81-6-6373-5001 (IR Office, Corporate Communication Dept., Group Planning Div.) Fax: +81-6-6373-5042 | Paid-in Capital ¥99,474 million |
| Tokyo Office (Personnel and General Affairs Div.) 17F Toho Hibiya Bldg. 1-2-2, Yurakucho, Chiyoda-ku, Tokyo 100-0006, Japan Phone: +81-3-3503-1568 Fax: +81-3-3508-0249 | Fiscal Year-End March 31 |
| | Number of Employees 22,811 (consolidated) |
| | Authorized Shares 640,000,000 |
| | Issued Shares 254,281,385 |
| | Number of Shareholders 79,059 |
| | Unit of Trading 100 shares |
| | Stock Exchange Listing Tokyo |
| | Transfer Agent Mitsubishi UFJ Trust and Banking Corporation |

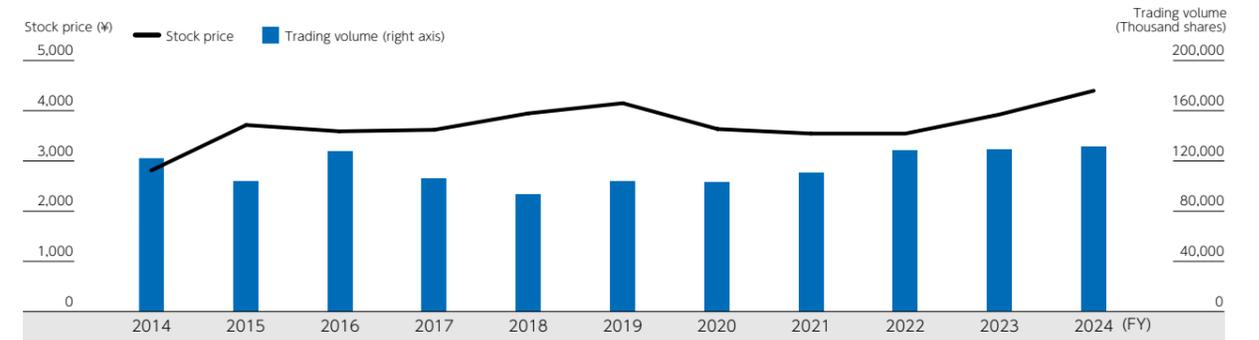
Principal Shareholders

| Name | Number of shares (Thousands) | Percentage (%) |
|---|------------------------------|----------------|
| The Master Trust Bank of Japan, Ltd. (Trust account) | 35,646 | 14.73 |
| Custody Bank of Japan, Ltd. (Trust account) | 11,196 | 4.63 |
| STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing Proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Division) | 5,484 | 2.27 |
| Nippon Life Insurance Company (Standing Proxy: The Master Trust Bank of Japan, Ltd.) | 5,224 | 2.16 |
| H2O RETAILING CORPORATION | 4,207 | 1.74 |
| JP MORGAN CHASE BANK 385781 (Standing Proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Division) | 3,030 | 1.25 |
| GOVERNMENT OF NORWAY (Standing Proxy: Citibank, N.A., Tokyo Branch) | 2,775 | 1.15 |
| Sumitomo Mitsui Banking Corporation | 2,181 | 0.90 |
| SSBTC CLIENT OMNIBUS ACCOUNT (Standing Proxy: HSBC Tokyo) | 2,121 | 0.88 |
| STATE STREET BANK AND TRUST COMPANY 505103 (Standing Proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Division) | 2,008 | 0.83 |

Ownership Breakdown



Stock Price and Annual Trading Volume (Tokyo Stock Exchange)



Notes:

- The stock prices are as of the end of each fiscal year (March 31). The trading volumes are for each fiscal year (April 1 to March 31).
- The data takes into account the reverse stock split and the change of trading unit conducted with an effective date of August 1, 2016.

Hankyu Hanshin Holdings, Inc.

1-16-1, Shibata, Kita-ku, Osaka 530-0012, Japan
Phone: +81-6-6373-5001 Fax: +81-6-6373-5042
<https://www.hankyu-hanshin.co.jp/en/>

Hankyu Hanshin Toho Group