

Hankyu Hanshin Holdings Group

Long-Term Management Plan

Enhancing line-side areas and expanding fields —toward the future, and to the world—

March 27, 2025

阪急阪神ホールディングス株式会社

Hankyu Hanshin Holdings, Inc.

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Long-Term Management Plan —Background on formulation—

Value Creation Trajectory and Future Direction

Since our founding over 100 years ago, the Group has continued to enhance the value of line-side communities mainly through the **Urban Transportation, Real Estate, and Entertainment**, while expanding our business beyond line-side areas, as part of our commitment to taking the lead in proposing ideas for a better way of living, one step ahead of the times, guided by foresight, creativity, and a flexible, forward-thinking mindset.

Real Estate



Leasable area (as of the end of FY2024) Approx. **2.24million** m²
 Geo series cumulative units sold (as of the end of Nov. 2024) Over **28,700** units
 Hankyu Hanshin Hotels (FY2025 year-end forecast) Directly managed hotels **17** hotels / **5,461** rooms

- We have developed housing sales, commercial facilities, and other businesses since our founding and have created towns that people want to live in and visit.
- We own numerous assets and are pursuing large-scale development in the Osaka-Umeda area, home to the largest terminal in Western Japan.

Most Desirable Towns to Live In (Kansai region)

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

*Top three are all on Group railway lines

Source: A survey of prospective condominium purchasers regarding their referred residential area, conducted by seven major real estate developers (Sumitomo Realty & Development Co., Ltd., Daikyo Incorporated, Tokyu Land Corporation, Tokyo Tatemono Co., Ltd., Nomura Real Estate Development Co., Ltd., Mitsui Fudosan Residential Co., Ltd., and Mitsubishi Jisho Residence Co., Ltd.) and included in a press release dated September 30, 2024.

Increase community appeal

Achieve safe, comfortable travel with peace of mind

Enrich people's lives with entertainment

Utilize expertise in line-side communities to enter new fields

Use results in new fields as feedback

Take on challenges in new fields

Further growth as a Group

Real Estate (FY2025 year-end forecast)



Overseas housing sales **7** countries / Approx. **60** projects

Overseas (stock-based and flow-oriented)

5 countries / Approx. **15** properties

Travel (FY2024)



Industry ranking in terms of transaction amount

Overseas travel **3rd**
 Domestic travel **4th**

* Consolidated Group basis, excluding OTA. From "Status of Travel Handled by Main Travel Agencies" by the Japan Tourism Agency

International Transportation (as of the end of Dec. 2024)



Overseas entrance **28** countries and areas / **198** locations

Information and Communication Technology (FY2025 year-end forecast)



Number of schools with Mimamorume service Approx. **2,000**

DX etc. (FY2025 year-end forecast)



HH cross ID Members Approx. **1,150,000**

- Utilize expertise accumulated in line-side communities to expand business in the Tokyo metropolitan area and overseas in the real estate business.
- Also use the many years of experience accumulated in the travel and international transportation segments to launch many different travel products in the travel segment, mainly tours led by a tour conductor, and expand the network in the international transportation segment to various countries around the world.
- Actively develop new services in the information and communication technology segment as well.

Total length of railway lines / Number of railway passengers carried (FY2024)



Hankyu Corporation **143.6**km / Approx. **597,900,000**
 Hanshin Electric Railway **48.9**km / Approx. **235,100,000**

Work with our bus and taxi businesses, and other modes of transportation and build transportation infrastructure to support society based on railway, our original business.



Hanshin Tigers (2023 season)

Total attendance at home games Approx. **2,916,000**



Takarazuka Revue (FY2024)

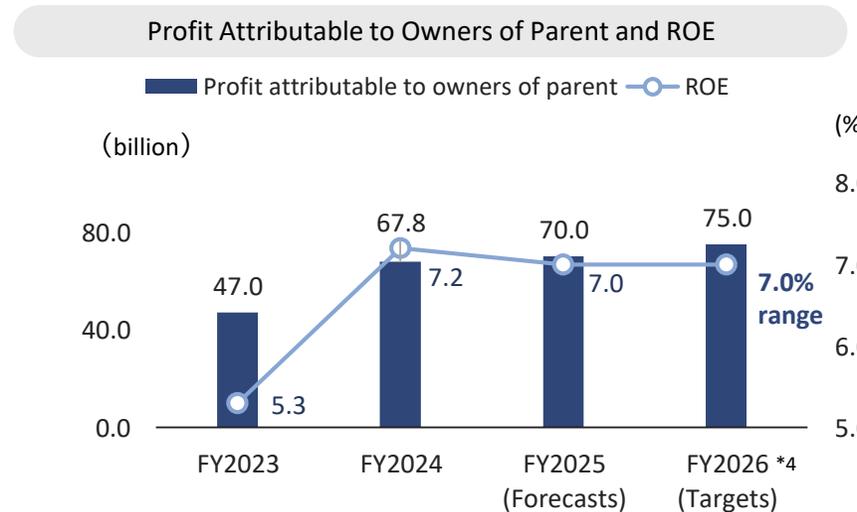
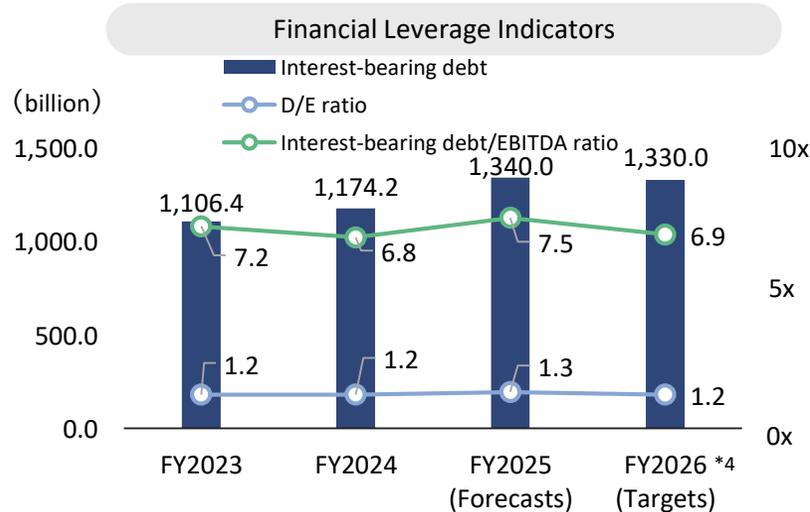
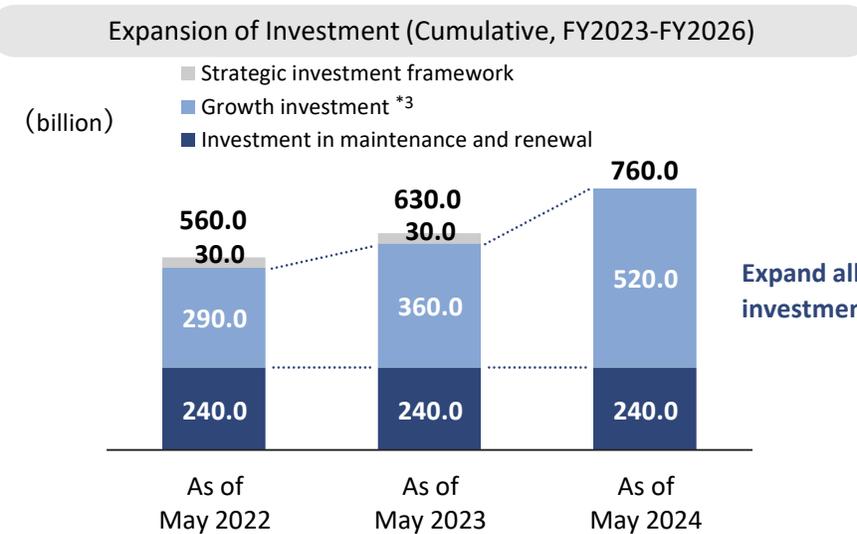
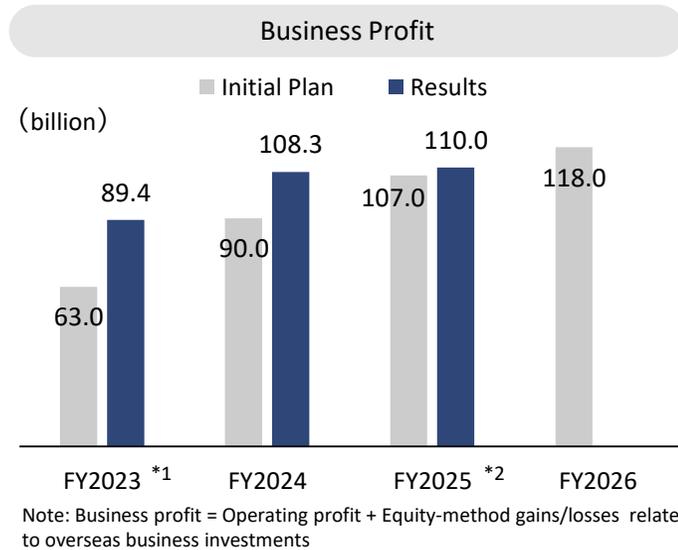
Total attendance of performances Approx. **2,737,000**

Provide highly appealing entertainment such as Hanshin Koshien Baseball Stadium, Hanshin Tigers, and Takarazuka Revue.

A corporate group that proposes sustainable and fulfilling lifestyles by supporting and enriching people's lives

Review of the Medium-Term Management Plan

- Our Group has formulated a Medium-Term Management Plan for FY2023 to FY2026 and is pursuing various initiatives.
- Results are outperforming the initial plan and we are making steady progress toward achieving the profit target for FY2026, the final year of the plan.
- From the current Medium-Term Management Plan period onward, we are expanding investments with an eye toward growth in FY2027 and beyond.



*1 Operating profit = Business profit in FY2023
 *2 FY2025 results are the figures disclosed in Feb. 2025.
 *3 Growth investment includes net increases in for-sale property and equity.
 *4 FY2026 (Targets) are the figures disclosed in May 2025.

Recognizing Changes in the Business Environment

We are making steady progress on each initiative in the Medium-Term Management Plan. However, changes in the environment surrounding our Group are accelerating faster than expected and the expectations and demands of stakeholders are also increasing in various forms. The speed of such changes is expected to increase in the future.

Elements of Environmental Changes that Substantially Affect Our Group

Declining population

(progression of low birthrates and an aging society, and decline in working-age population)

The number of births has decreased to roughly two-thirds of the number 20 years ago (from around 1.11 million to 720,000 births). This and other factors are causing further population decline at present, and the decline in population of line-side areas will also accelerate. The pressure on demand and supply in the labor market is increasing wages.

Change in values with regard to work

There are visible trends toward focusing on enhancing human capital, heightened awareness of work-life balance, lower barriers to changing jobs, and demands for job satisfaction in addition to financial compensation.

Rising costs

Building construction costs and other costs are soaring, and increasing inflation is highly likely in many areas.

Technological advancements

Further advancements in automated driving technology and use of AI and robots is expected.

Increase in natural disasters due to climate change

Carbon neutral initiatives aimed at reducing greenhouse gas emissions to combat global warming could accelerate.

Contributing to a sustainable society

There are greater demands to enhance governance, exercise self-discipline, and contribute to solving social issues through business activities.

Demands from capital markets

As globalization of the economy progresses, investors are demanding capital efficiency of a certain level, at minimum (ROE of at least 8%). We need to improve capital efficiency while achieving sustainable growth in order to increase our competitiveness in line-side communities and continue to provide new satisfaction and value to our customers.

Increase in inbound demand

In 2024, inbound demand hit a record high of around 37 million people. This is expected to continue to increase in the future, toward the government target of 60 million people in 2030. Meanwhile, problems with excessive tourism are emerging.

Growth of emerging countries

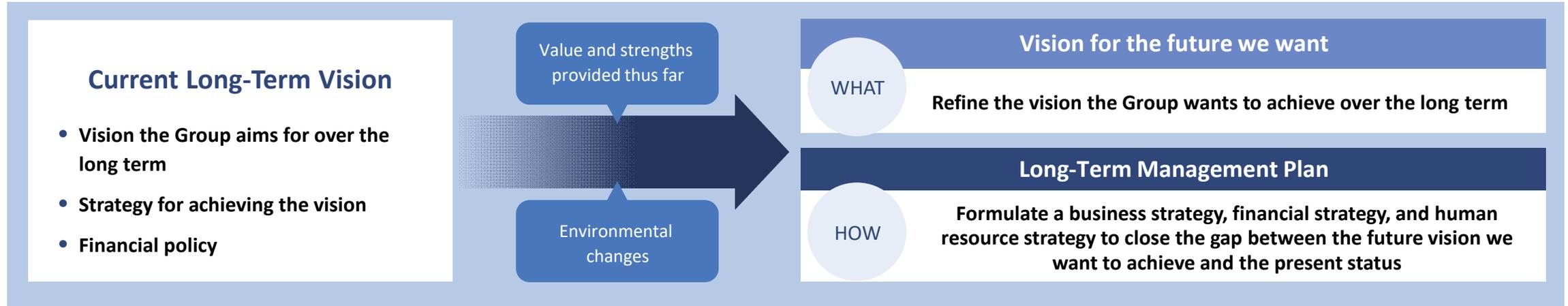
Population growth and high economic growth will continue in the ASEAN region and other emerging countries, in the future.

Internationalization of Kansai area

Progress on establishing infrastructure is being made, including international flight charter service at Kobe Airport and other preparations for holding Expo 2025 Osaka, Kansai, Japan, launching an integrated resort, and further internationalization of the Kansai area is expected.

Formulation of Long-Term Management Plan

Formulate a Long-Term Management Plan to refine the current Long-Term Vision and close the gap between the future vision we want to achieve and the present status, based on the value and strengths our Group has provided thus far and in light of changes in the Group's surrounding environment.



What we want to accomplish through the Long-Term Management Plan

Continue to provide products and services in step with the needs of customers

Solve social problems and contribute to a sustainable society through business activities

Enhance corporate value

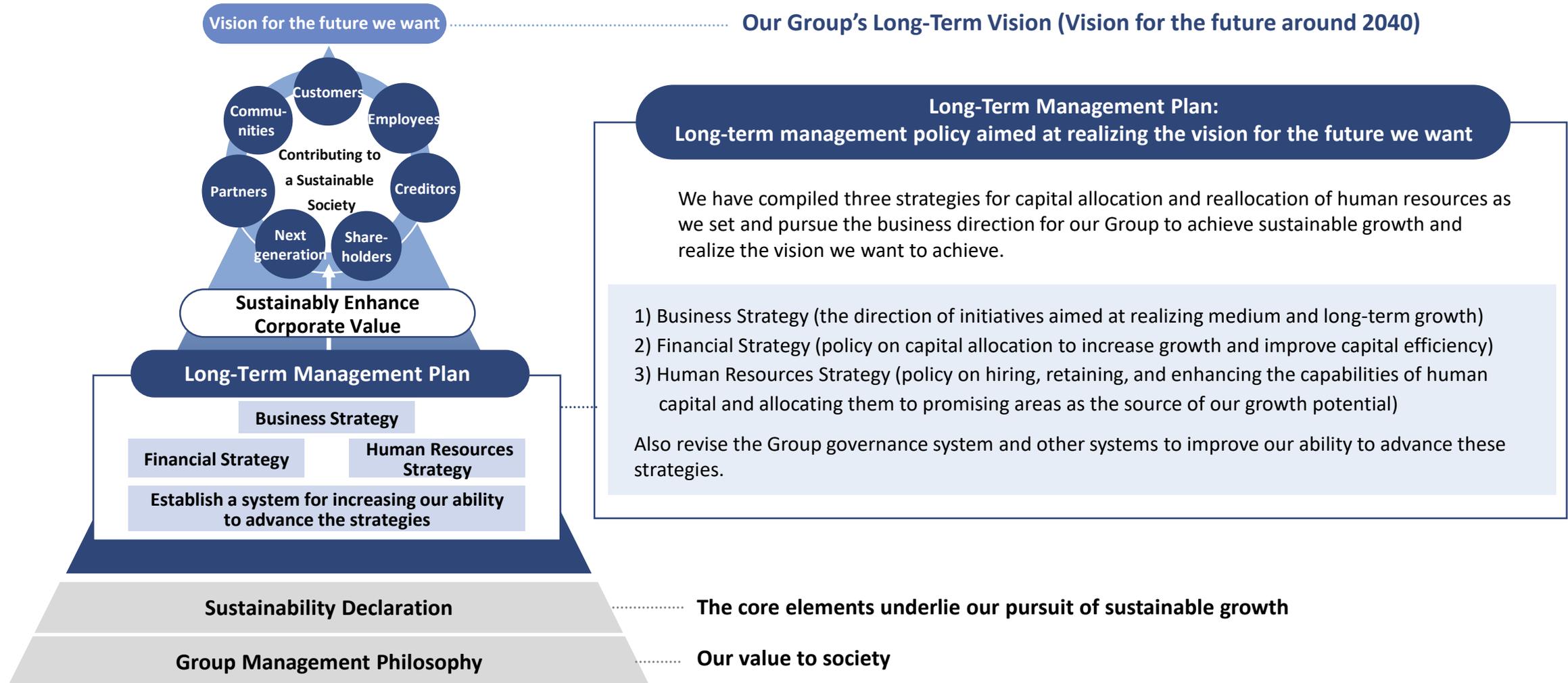
- Sales reveal the results of an evaluation performed by customers; our costs represent our ingenuity; and our growing profits show that our products and services are needed by society and validate the correctness of our sustained daily efforts..
- We contribute to society by providing better services that exceed the expectations of our customers as we experience the joy and satisfaction of being needed by society.

While a tough environment and adversity await us in the future, we look forward to providing new satisfaction and value to our customers while each employee experiences growth in overcoming such impediments.

Long-Term Management Plan—Overall Picture and Strategy—

Positioning of the Long-Term Management Plan and Approach to Strategy Formulation

- Position initiatives aimed at realizing the vision for the future we want to achieve as the Long-Term Management Plan and formulate individual business, financial, and human resource strategies in the plan outline.
- Also work to establish a system for increasing our ability to advance the strategies.



Vision for the Future We Want

- While changes in the environment will continue, we recognize anew we are a corporate group that has long proposed ideas for a better way of living, one step ahead of the times, and will unite as a Group, endeavor to create new value, and thereby continually create new sources of satisfaction for our customers based on accumulated value we have provided thus far.
- We consequently aim to realize a society that facilitates encounters and connections between a great many people and provides well-being rich in happiness and vitality in the many fields we operate in.

Vision for the Future We Want (as realized)

Vision for Employees

- Even in an age of declining birth rates and an aging society, our Group's line-side areas will grow even more vibrant as we increase their appeal, increase the number of permanent residents and visitors,, and our employees take pride in managing beloved brands and cultural assets such as Hankyu Railway, Hanshin Electric Railway, Hanshin Tigers, and Takarazuka Revue. (Employees achieve self-realization through the growth of our Group).
- The connections of diverse employees are the source of the Group's growth potential.
- We connect with other companies as well as within the Group to spur transformation and innovation.
- Every employee is thriving both mentally and physically and actively contributing.

Vision for Our Group

- We place importance on regional characteristics and history, understand diverse values, and combine resources to create new value.
- With diversity as a strength, we develop communities and businesses that better connect people from a global perspective (global and SDGs).
- We provide diverse options to communities and customers choose the services they prefer.
- We provide a platform where anyone can participate and feel a sense of solidarity in co-creating various activities.
- We achieve high productivity through the use of AI and other new technologies.

Vision for Customers and Society

- Customers have a strong sense of assurance and absolute trust in our Group.
- Customers experience extraordinary moments in their everyday lives and feel a sense of enrichment through our Group's services.
- Growth of our Group is the growth of Kansai and, by extension, supports the growth of Japan (Group growth leads to an affluent society).

Our Vision for Future Line-side Communities

- Our Group's line-side communities are comfortable, appealing areas that people can live in happily and want to live in. Some are global communities that people from Japan and overseas want to visit for work and sightseeing, or want to live in and work. They are excellent, sustainable communities, from the perspectives of the environment and well-being. We are also expanding such community building overseas.

● ... Value customers experience

● ... Value we provide



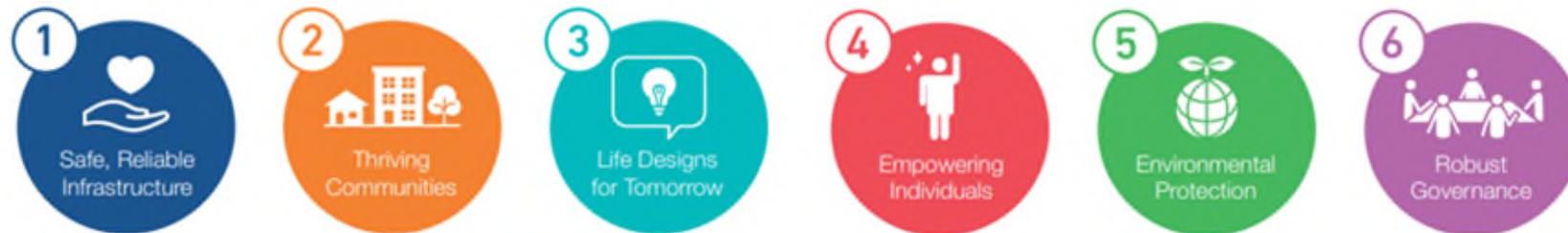
Toward Realization of a Sustainable Society

- Consistently staying close to the needs of diverse stakeholders, providing value to the entire society, and earning trust will ultimately lead to profit generation.
- Providing sustainable, quality products and services while also incorporating new technology and continuing to be the choice of customers will increase the number of stakeholders and partners in co-creation who resonate with the initiatives of our Group. By doing so, our Group will realize a society where people naturally choose sustainable actions.

Approach to initiatives

Expand the circle of resonance with and co-creation by providing sustainable, quality products and services and continuing to be the choice of customers.

Six key themes of sustainable management



Benefitting the customer



Value provided by our Group

Peace of mind

Customers don't have to worry about their options for daily life becoming narrower, even as society and the natural environment change

Able to choose according to personal preference

Customers can choose the options they prefer and best suit them from among a broad range of options

Experience of contributing to the future

Customers can experience a stronger sense of contributing to the future precisely because they work together with people they resonate with

One step ahead

Staying close to the needs of customers and providing innovative, sustainable products and services

Diverse options

Providing diverse options characteristic of our Group that lead to "safety and comfort" and "dreams and excitement"

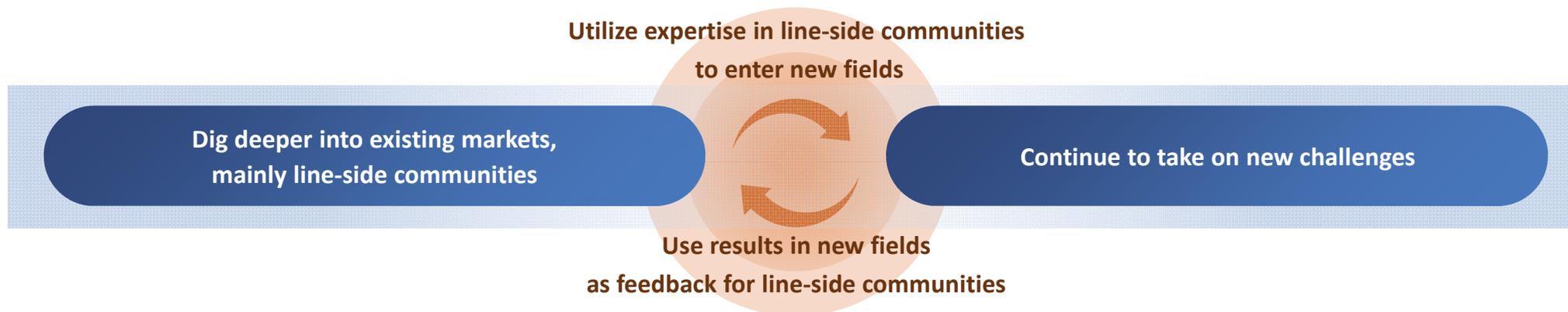
Opportunities to resonate with and co-create

Creating a base where anyone can participate in planning that resonates with them, and a diverse population and the community can co-create

Our Group will realize a **society where people can naturally choose** sustainable actions so anyone can live their life in their own way, now and in the future

Business strategy: Direction of Initiatives for Realizing Medium and Long-Term Growth

- Thus far, our Group has achieved the dual goals of establishing an overwhelming competitive advantage in line-side communities and generating cash through a series of efforts by our predecessors and concentrated investment in line-side communities.
- In the past few years, however, we have been striving to diversify into overseas real estate and other investment targets in light of the decline in our ability to generate cash from line-side communities as the birthrate declines and society ages. We have also endeavored to improve competitiveness through adequate investment in line-side communities .
- Amid expectations that the business environment will become even more severe, we need to engage in initiatives to enhance the value of and further improve our competitive advantage in line-side communities as we simultaneously access growth markets and boost our cash generation ability by channeling investment into them. The allocation of management resources will be important to these and other initiatives.



- Steadily invest in line-side communities from this point onward to further improve competitive advantage and maintain and expand our ability to generate cash.
- Further enhance the value of the global competitiveness of line-side communities , in particular, by investing in large-scale projects.

- Channel cash into growing markets overseas and elsewhere. **Create fields where we can make new contributions.**
- Use the results from new fields to **also provide feedback to existing fields**, mainly line-side communities . Link this to further enhancement of line-side community value and establishment of competitive advantages for our Group.

Four Directions

Making our line-side communities the absolute best

Maximize content appeal and develop new content

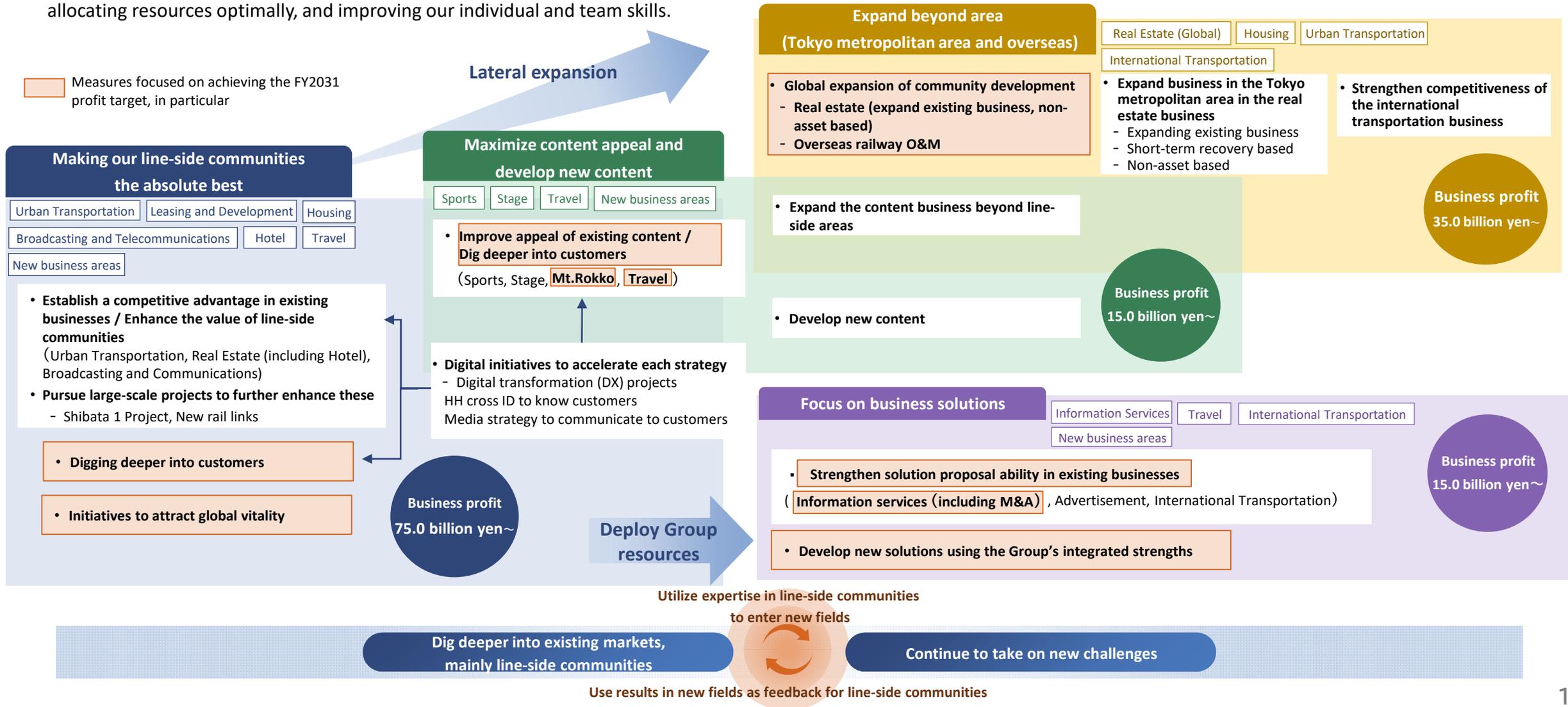
Expand beyond area (Tokyo metropolitan area and overseas)

Focus on business solutions

Business Strategy: Direction of Initiatives for Realizing Medium and Long-Term Growth

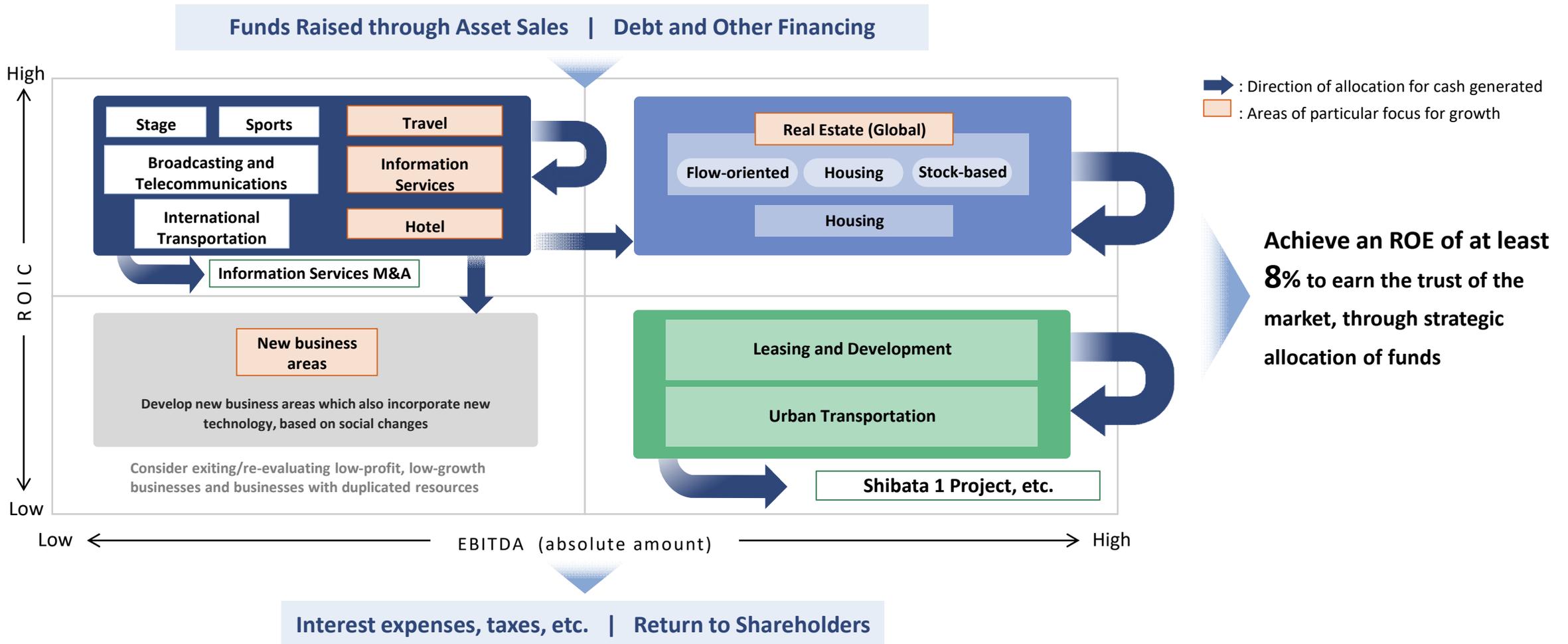
- We are establishing a competitive advantage in line-side communities where we possess strengths and will make these line-side communities the absolute best by digging deeper into existing customers and attracting global vitality to line-side communities.
- We will meet the expectations of customers and the public through decisive entry into growth markets, while utilizing the expertise we have amassed in line-side communities, allocating resources optimally, and improving our individual and team skills.

Measures focused on achieving the FY2031 profit target, in particular



Financial Strategy: Restructuring of Group Portfolio Based on Return and Cash Generation Ability (through FY2031)

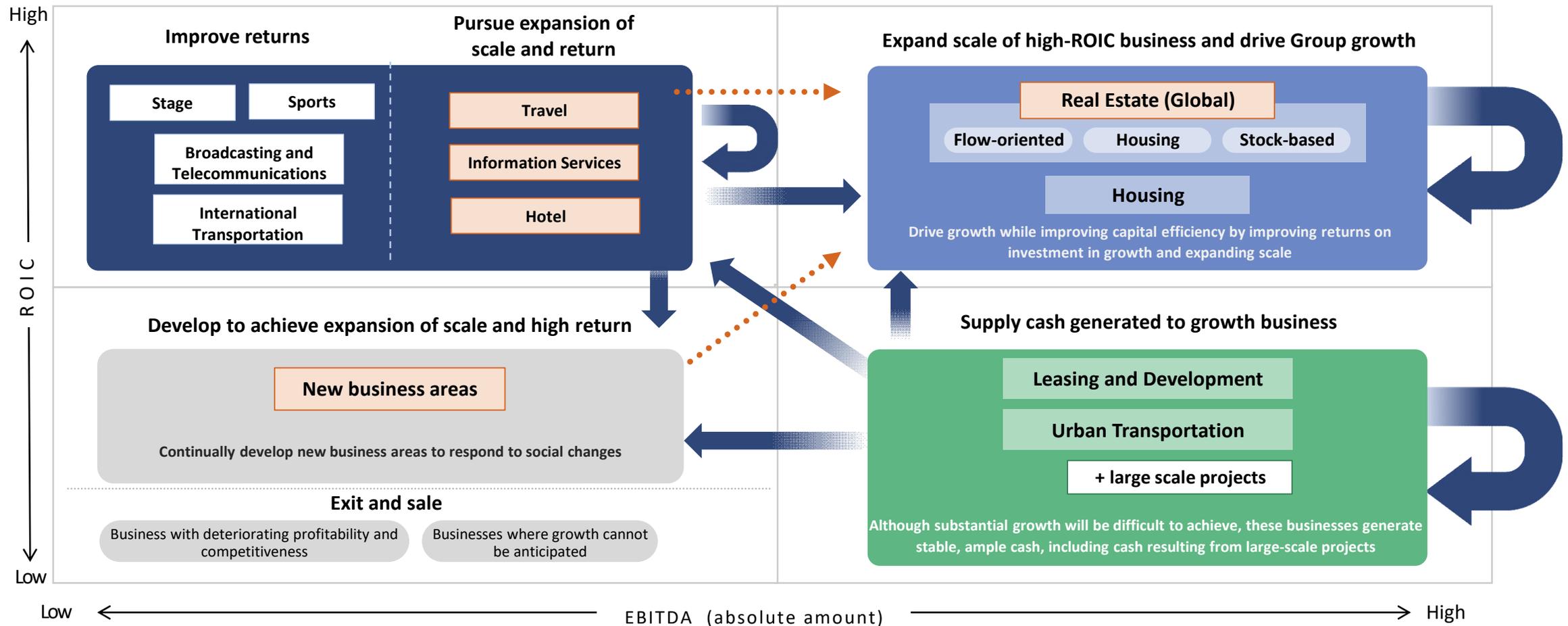
- Although the urban transportation and leasing and development businesses have a low rate of return, they possess the ability to generate substantial cash. Allocate the cash generated to investment to maintain the revenue base and investment in growth (Shibata 1 Project, etc.).
- In the real estate (global) and housing business, pursue further expansion of business scale and higher returns.
- In businesses in areas that have high ROIC and low EBITDA, focus on expansion of scale and endeavor to further improve returns. In the area of information services, consider large-scale M&A.



Financial Strategy: Restructuring of Group Portfolio Based on Return and Cash Generation Ability (Future Vision)

- Although it is difficult to achieve substantial growth in the urban transportation and the leasing and development businesses, they generate stable cash, including cash from the results of large-scale projects, and supply funds to businesses that are expected to provide high ROIC in the future.
- In the real estate (global), housing, travel, information services, and hotel businesses, where growth potential and scalability are expected, pursue expansion of scale and returns.
- Develop new business areas so they are able to contribute to expansion of scale and return, and link them to Group growth.
- The sports, stage, broadcasting and communications, and international transportation businesses will contribute to higher returns for the Group as a whole.

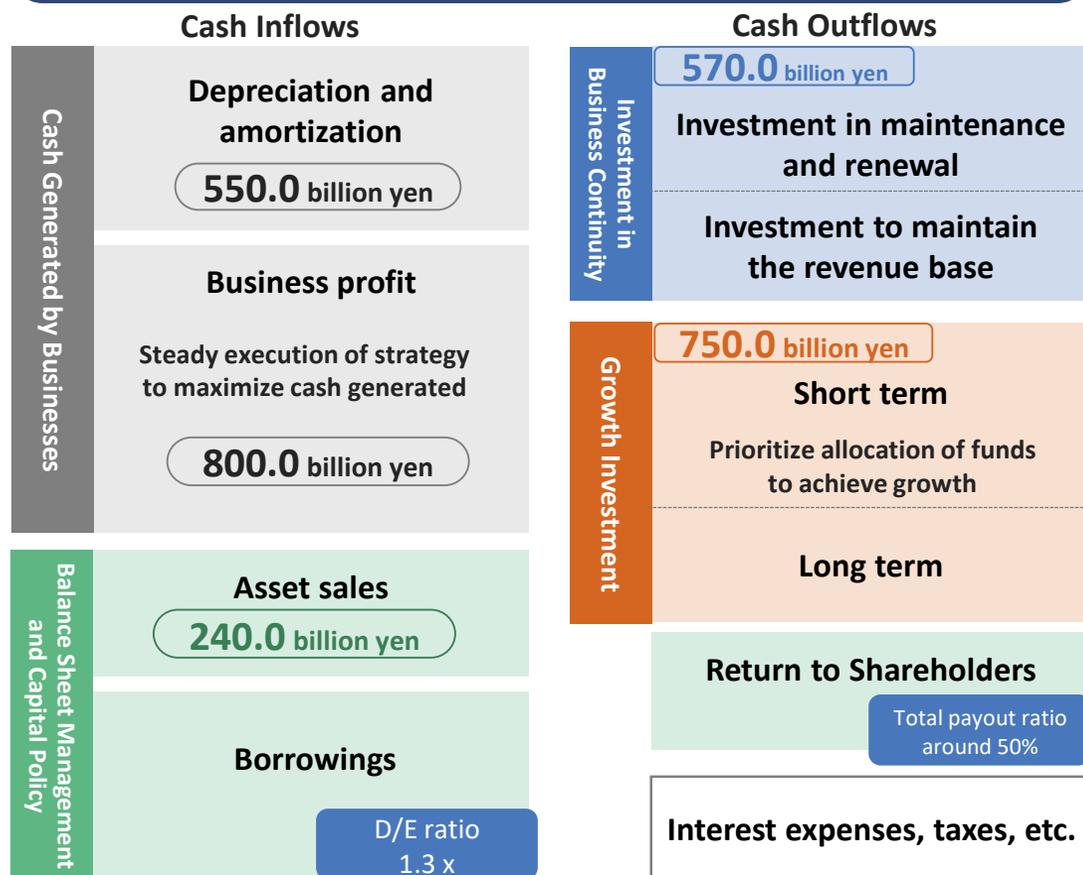
➡ : Direction of allocation for cash generated
 ◻ : Areas of particular focus for growth



Financial Strategy: Policy on Allocation of Funds to Improving Growth and Capital Efficiency

- Pursue the aforementioned business strategies to achieve medium and long-term growth while also making necessary investments and maintaining control over the balance sheet to improve capital efficiency.
- To maximize investment benefits, the holding company, Hankyu Hanshin Holdings, Inc., will allocate investment funds and reallocate human resources from a company-wide perspective. Appropriate investment of resources shapes the Long-Term Management Plan.

FY2026-FY2031 Cash Allocation (General Image)



Investment in Business Continuity

Make the necessary investments to maintain businesses and the revenue base, based on cash generated from businesses.

- Investment in maintenance and renewal: Regular investment needed to maintain business continuity
 - Keep investment within the scope of depreciation, even under inflationary conditions
- Investment to maintain the revenue base: Investments necessary to improve station functions, etc. and increase value added
 - Use cash generated from business profit to cover

Growth Investment

Short term: Pursue growth by investing in projects that contribute to profit by FY2031

- Expand the real estate (global) business and other businesses where growth is anticipated

Long term: Identify large-scale investment opportunities to achieve growth that is not an extension of the past, in addition to investing in projects to recover investments from a long-term perspective

- Shibata 1 Project and other large-scale investment projects, M&A in information services business, etc.

Balance Sheet Management and Capital Policy

Sell low-return assets to shrink assets and improve efficiency.

- Restructure the Real Estate portfolio, etc.

Engage in financing with an awareness of financial discipline and strengthen shareholder returns from the perspective of capital policy.

- Utilize external borrowing in growth investment opportunities
Projected D/E ratio of 1.3x in FY2031
- Strengthen returns to a total payout ratio of around 50%, while discerning the trend in results and investment opportunities

Human Resources Strategy: Secure and Enhance Human Capital and Allocate to Promising Areas

- Human resources are the source of our Group’s growth. To achieve the Long-Term Management Plan, we intend to secure diverse, talented human resources and then allocate such limited management resources to growth areas and other promising areas to strive for growth of our Group and systematically develop them as the talent who will be responsible for the Group in the future.
- Along with efforts to improve treatment of employees, we will implement measures to improve employee loyalty, and otherwise continue to invest in human capital.
- We will also strive to improve employee satisfaction and create a more positive workplace, promote investment in health management, and promote diversity and inclusion to foster a corporate culture with an inclusive workplace that values diversity and taps into individual talent to empower individuals.

■ Allocating Human Capital to Growth and Developing Talent

- To achieve the Long-Term Management Plan, actively allocate highly ambitious human resources to accessing new business areas and other initiatives that extend beyond core boundaries, in order to systematically develop the future management of our Group while also achieving growth of both the Company and human resources.

■ Continual Investment in Human Capital

- Channel profit generated from improving capital efficiency into improving treatment of employees, in addition to investment in growth and returns to shareholders.
- Also continue to invest in human capital and secure human resources who can achieve the Long-Term Management Plan by implementing measures aimed at systematically developing human resources and increasing employee loyalty.

■ Basic Approach to Empowering Individuals



Strategy 1 Develop Highly Engaged Personnel

Strategy 2 Assemble Diverse Talent to Help Create New Value

Strategy 3 Secure Personnel to Promote and Implement DX in the Group

■ Empowering Women in the Workplace

- To continually engage in proactive hiring of women and increase the percentage of women in management positions, dispatch them to external training to cultivate female leaders, improve policies to help women maintain a balance between work and home, and implement other measures to encourage women to build their careers.

■ Health and productivity management

- Thirty Group companies have been recognized as 2025 Outstanding Organizations of KENKO Investment for Health. Of these, Hankyu Corporation, Hanshin Electric Railway, and Itec Hankyu Hanshin were recognized as “White 500” enterprises, Hankyu Hanshin REIT Asset Management was recognized as a “Bright 500” enterprise, and OS Co., Ltd. was recognized as a “Next Bright 1000” enterprise.
- We have steadily increased the number of companies recognized as Outstanding Organizations of KENKO Investment for Health and the entire Group is pursuing health management. We regard this as a Group asset and will continue to create workplaces where employees are able to fulfill their roles to the best of their abilities.

<Number of Companies Recognized as Outstanding Organizations of KENKO Investment for Health*>

Category	2020	2021	2022	2023	2024	2025
Large enterprise	5	8	10	11	12	12
Small and medium-sized enterprise	6	7	9	14	18	18
Total	11	15	19	25	30	30

* Formerly called 2025 Certified Health & Productivity Management Outstanding Organization

Pursuit of Initiatives in the Environmental Area

- For global environmental challenges, which are a social issue of high concern to stakeholders, also specify the direction of initiatives aimed at protecting biodiversity and natural capital, and resource recycling, in addition to initiatives aimed at carbon neutrality, then set new KPIs and work to solve social issues through business activities.

Carbon neutrality

Pursuit of a carbon-neutral society, beyond the supply chain

Reduce greenhouse gas emissions in the entire society and contribute to achieving carbon neutrality by providing environmentally friendly products and services aligned with lifestyles and values.

Biodiversity

Improving the appeal of areas through planting greenery and conservation of nature

Pursue planting of greenery, preservation of nature, and conservation of biodiversity that will lead to enhancement of well-being by enhancing physical and mental health and increasing the value of an area.

Resource recycling

Achieving both reduction of environmental impact and increasing value added by promoting waste reduction and recycling

In addition to waste reduction, promote recycling by targeting effective use and circulation (including horizontal recycling and upcycling) while also striving for higher quality recycling.

Overall

Provide opportunities for participation and promote community formation in activities that contribute to the environment

Expand the circle of resonance and co-creation by promoting activities that contribute to the environment by visualizing environmental impact, preparing a menu of environmental contribution activities that customers can participate in, and building community through activities.

KPIs

- Greenhouse gas emissions reduction rate in our Group
- Percentage of electric power from renewable energy
- Greenhouse gas emissions in the supply chain (Scope 3)
- Amount of contribution to reduction in greenhouse gas emissions by the railway operations business (Hankyu and Hanshin)

- Degree of area appeal from being rich in nature
- Number of plant/wildlife species in a specified area

- Industrial waste generated (excluding from construction orders) per base unit of consolidated net sales
- Number of horizontal recycling and upcycling (plastic bottles, waste oil, etc.) projects

- Number of participants/citizen groups formed for activities that contribute to the environment through the Hankyu Hanshin Dreams and Communities of the Future Project (cumulative)

 A new FY2036 target was set for the percentage reduction in greenhouse gas emissions (See page 20 for more information on the FY2036 target).

Revision of the Greenhouse Gas Emissions Target

- Our Group has also set a new greenhouse gas (GHG) emissions target for FY2036, based on the level that is required globally.

Target Fiscal Year	FY2031	New target set	FY2036	FY2051
Target	CO ₂ emissions: Reduction of 46% compared to FY2014		<u>GHG emissions*¹: Reduction of 60% compared to FY2020*²</u>	<u>GHG emissions: Net zero (same as now)</u>
Scope Covered	HHHD and subsidiaries' Japanese worksites		<u>HHHD and consolidated subsidiaries (including overseas locations)*³</u>	

<Examples of Initiatives Aimed at Achieving Carbon Neutrality in 2050>

Carbon-neutral operation in the railway operation business

From April 2025, we will utilize electricity effectively derived from renewable energy for all electricity used to operate trains, station facilities, etc. on all trains on the Hankyu and Hanshin lines, and begin operating with zero CO₂ emissions. Hankyu Corporation will also introduce electricity from additional renewable energy capacity, using a corporate PPA*⁴.



Introduction of electric power from renewable energy in office buildings, commercial facilities, etc.

In April 2022, we introduced electricity from effectively renewable energy in Osaka Umeda Twin Towers North and South using non-fossil certificates with tracking. We will be applying this system to additional properties, and by FY2026 we plan to have office buildings and commercial facilities in the Osaka-Umeda district and along the Hankyu and Hanshin lines switch to effectively renewable energy for the bulk of their power consumption.



Introduction of electric power from renewable energy in the Takarazuka Revue and Hanshin Koshien Stadium / Zero-Carbon Baseball Park

We utilized a corporate PPA*⁴ to introduce electricity from additional renewable energy capacity for the electricity used in Takarazuka Grand Theater and Takarazuka Hotel in July 2024, and in Hanshin Koshien Stadium in March 2025. We are also pursuing carbon neutrality by introducing solar power generation and rechargeable batteries, using waste power generation, and energy conservation at the Zero-Carbon Baseball Park, the New Hanshin Tigers Farm facility opened in March 2025.



*1 The current target only includes CO₂ emissions. We have changed this to GHG emissions including CO₂ and chlorofluorocarbon, in accordance with the international standards.

*2 A reduction of 72% when compared to FY2014.

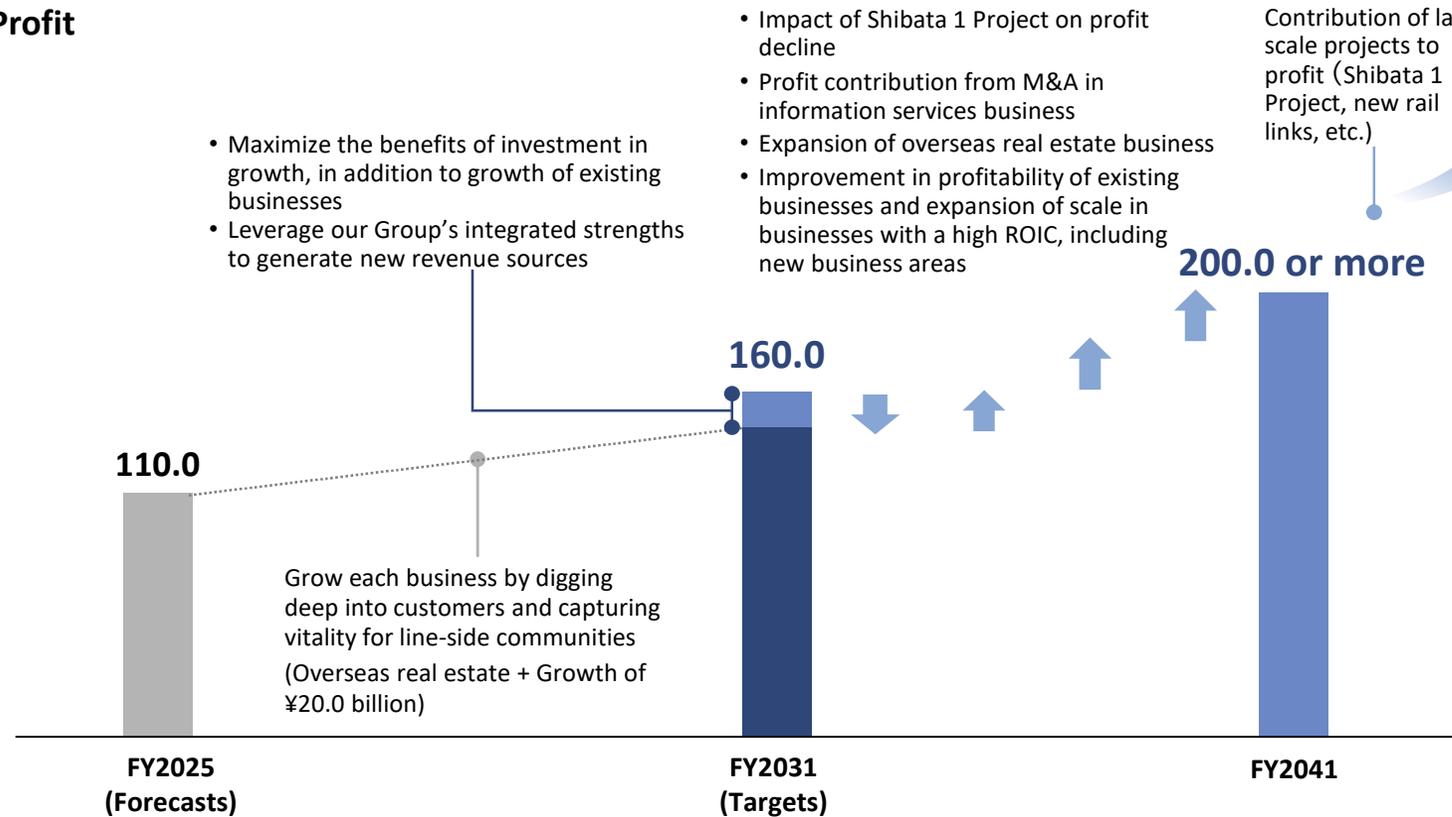
*3 Disclosure of GHG emissions, etc. on a consolidated basis will be required from the fiscal year ending March 2028, based on Japan's version of the Sustainability Standards (Sustainability Standards Board of Japan (SSBJ)). We have therefore changed the scope covered by the target from our companies and the Japanese worksites of our consolidated subsidiaries in the annual securities report to all consolidated companies.

*4 PPA is an abbreviation of Power Purchase Agreement.

Conceptual Image of Growth in Business Profit Aimed at Realizing Our Vision

- We will continue to dig deep into our various line-side businesses and take on the challenges of new fields to achieve steady growth and meet the expectations of our customers, employees, and investors.

Business Profit (¥ billion)



Aiming to be an excellent company that goes beyond the traditional scope of a private railway company and continuing to grow

- Achieve growth beyond the existing trajectory without getting caught up in the existing business model.
- Continue to be a company that customers value and employees also take pride in.
- Create a virtuous cycle of sustainable value creation and also meet the expectations of investors.

Capital Efficiency	ROE	7.0%	...	8% or more	...	8% or more
	Cash Generation Capability	EBITDA (¥ billion)	178.0	...	Around 260.0	...
Financial Soundness	D/E ratio	1.3x	...	Around 1.3x	...	Maintain appropriate financial soundness
	Net interest-bearing debt / EBITDA ratio	7.2x	...	6x level	...	

Management Indicators (Financial and Non-Financial)

Financial KPI (FY2031)		Level of main financial indicators envisioned in FY2031, premised on achieving ROE of 8%			
Capital efficiency		Profitability	Cash generation capability	Financial soundness	
ROE: 8% or more		Business profit: Approx. ¥160.0 billion	EBITDA: Approx. ¥260.0 billion	D/E ratio: Around 1.3x	Net interest-bearing debt/EBITDA ratio: 6x level
Priority issues	Non-financial KPIs				Same as at present
Safe, reliable infrastructure	Zero culpable incidents in our railway operation business *Applies to Hankyu Corporation/Hanshin Electric Railway/Kita-Osaka Kyuko Railway/Nose Electric Railway				
Empowering individuals	Employee satisfaction	Percentage of women in management positions	Percentage of women among new hires	Paternity leave uptake	
	Always better than in previous survey *HHHD and six major companies	Around 10% (FY2031) *HHHD and six major companies	Always more than 30% *HHHD and six major companies	100% (FY2026) *HHHD and six major companies	
	Percentage of specific health guidance provision	Smoking prevalence	Hiring rate for people with disabilities	Human rights training attendance rate	
	More than 60% (FY2026) *HHHD and six major companies	Less than 15% (FY2026) *HHHD and six major companies	Keep exceeding mandatory rate * 18 special subsidiaries	Keep 100% rate *HHHD and six major companies	
Environmental protection	Indicators with set targets	Rate of GHG emissions cuts *Applies to: HHHD and consolidated subsidiaries *Equivalent to scope 1, 2			Updated
		60% reduction compared to FY2020 (FY2036), CO ₂ emissions: Net zero (FY2051)			
		Percentage of electricity from renewable energy	Industrial waste generated (excluding construction orders) per base unit of consolidated net sales		
		More than 90% (FY2036) *Japan only	10% reduction (FY2031) compared to FY2024		
	Monitoring targets, etc. (also including setting targets in the future)	GHG emissions from the supply chain (Scope 3)	Reduction in GHG emissions by railway operation business (Hankyu and Hanshin)	Number of horizontal recycling and upcycling projects (plastic bottles, waste oil, etc.)	
	Continue to calculate and consider reduction together with partners	Monitor		Steady increase in the number and quality of projects	
	Degree of appeal due to the richness of nature, through surveys of line-side community residents	Number of plants/wildlife species in specified areas (Umeda, Mt. Rokko, etc.)	Number of participants/citizen organizations formed for activities to contribute to the environment through the Hankyu Hanshin Dreams and Communities of the Future Project and other projects (cumulative)		
	Monitor	Monitor		Monitor	

Capital Policy (Strengthening Shareholder Return)

- We control the balance sheet to improve capital efficiency by enhancing shareholder return and other means, while also achieving profit growth over the medium and long-term.
- To be more specific about shareholder return, we will follow a policy of declaring stable annual dividends of at least ¥100 per share since FY2026 and flexibly acquisition of treasury stock based on cash flow while targeting a total payout ratio of around 50%.

Revision of Shareholder Return Policy

Before

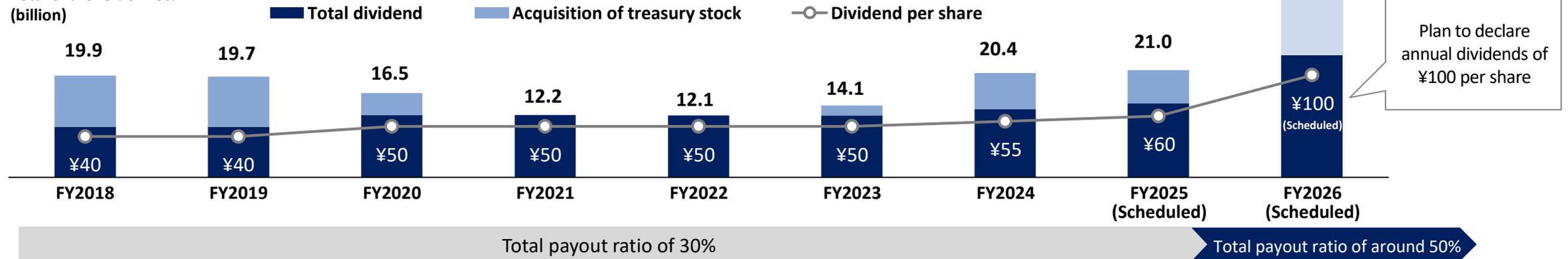
- We endeavor to declare stable dividends and acquisition of treasury stock by setting a **total payout ratio of 30%** as we further strengthen the management foundation.
- We cap our treasury holdings at 5% of total issued shares and dispose of any holdings that exceed this cap.

After

- We will endeavor to invest in growth aimed at medium and long-term growth and keep improving capital efficiency in mind in providing shareholder returns, while maintaining financial soundness.
- We will endeavor to declare stable **annual dividends of at least ¥100 per share** and **flexibly acquisition of treasury stock based on cash flow** while targeting a **total payout ratio of around 50%**.
- We cap our treasury holdings at 5% of total issued shares and dispose of any holdings that exceed this cap.

Shareholder Return

Total Shareholder Return (billion)



[Reference]

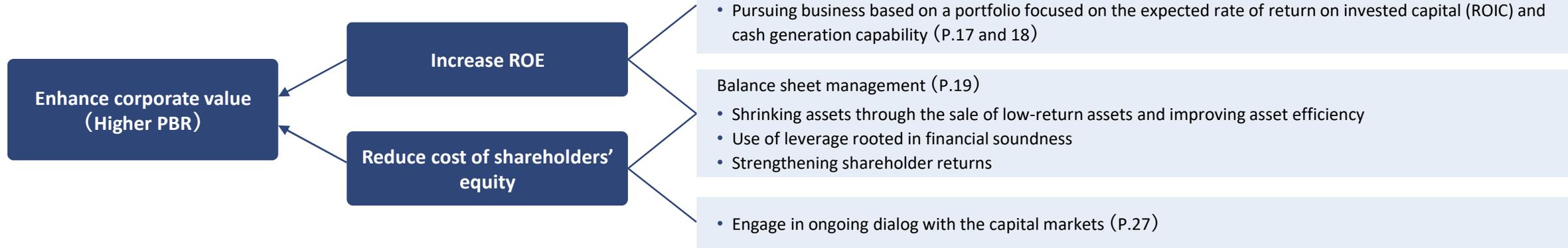
Formula for calculating total payout ratio

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

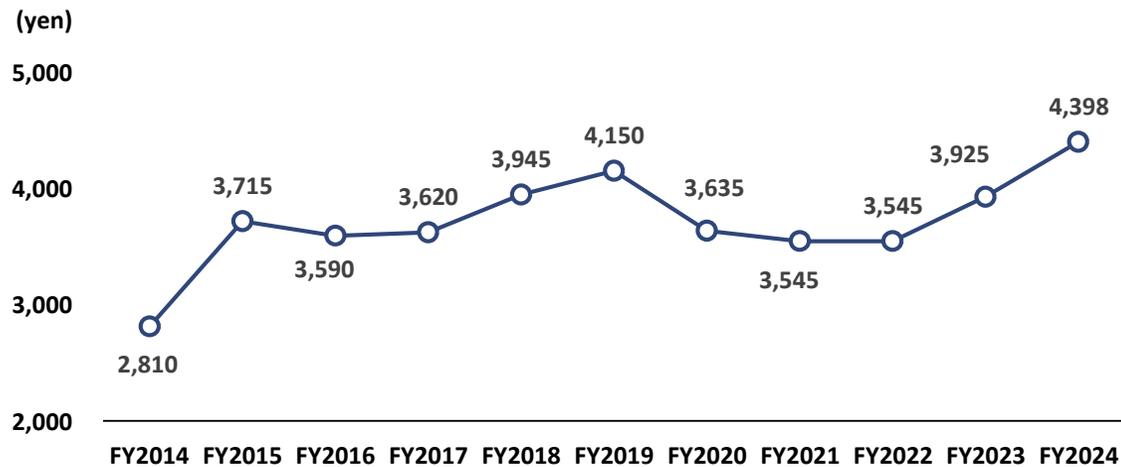
Toward Management with an Awareness of Capital Cost and Stock Price

- While our stock price has risen compared to FY2014, the accumulation of net assets to improve financial soundness has resulted in the PBR trending at around 1.0x and it is under 1.0x at present.
- We need to pursue initiatives to increase ROE and reduce the cost of shareholders' equity to enhance corporate value.

Initiatives to Enhance Corporate Value

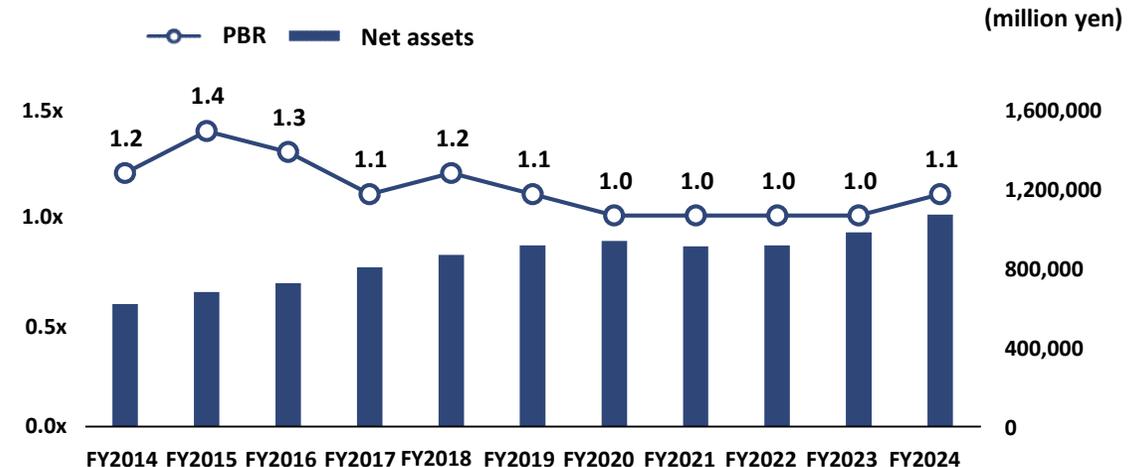


Stock Price



Note: As of March 31 each fiscal year

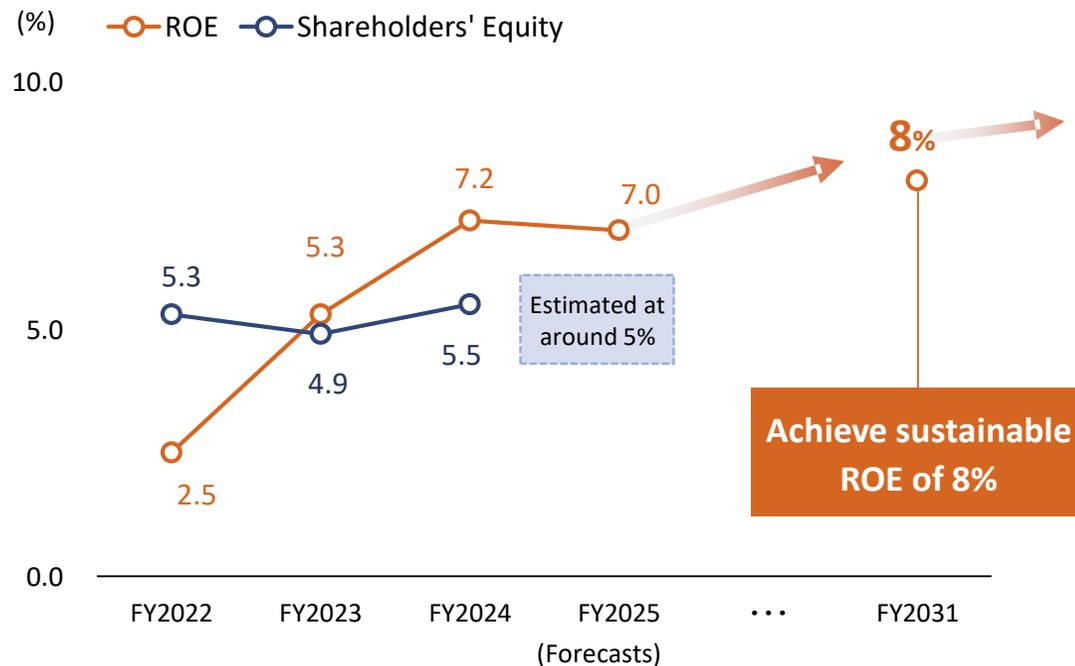
PBR and Net Assets



Management Keeping Capital Costs and Stock Price in Mind

- Based on the capital asset pricing model (CAPM), the cost of our shareholders' equity calculates out to around 5%. We endeavor to increase ROE and reduce the cost of shareholders' equity to secure an equity spread while striving to ascertain the cost of shareholders' equity through dialog with shareholders and investors.
- We strive to enhance investor relations (IR) activities aimed at reducing the cost of shareholders' equity.

Cost of Shareholders' Equity and ROE



Enhancing IR Activities

Dialog with market

- Examine results forecasts for accuracy before disclosure to control volatility associated with market expectations and reduce the cost of shareholders' equity.
- Enhance communication between the capital markets and the Company and its management, and strive to promote understanding of the business strategy, financial strategy, etc.

Information disclosure

- Further expand information disclosure based on the opinions obtained through dialog with investors.
- Regularly hold briefings for institutional investors and proactively communicate information on the business strategy, financial strategy, and other aspects of our business.

Reference Data

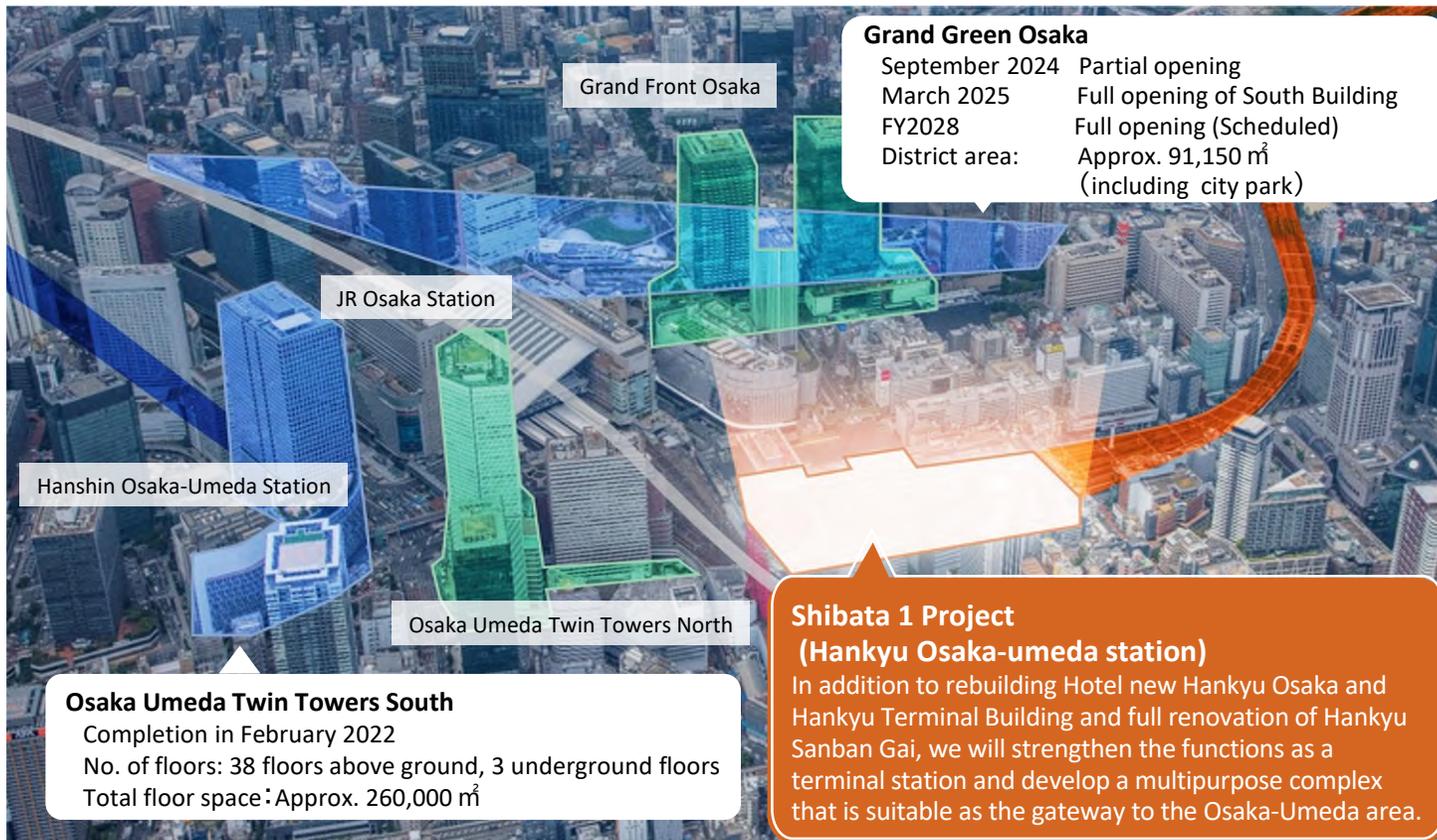
Initiatives Aligned with Business Strategy

Pursuing Large-scale Projects to Make Our Line-Side Communities the Absolute Best

- We aim to enhance the international competitiveness of the Osaka-Umeda area, our Group's biggest business hub, and make it an international exchange hub linking the Kansai area to the world. Taking into account the Umeda Vision, formulated in 2022, we will continue to pursue the Shibata 1 Project, new rail links and station projects, and other large-scale projects.

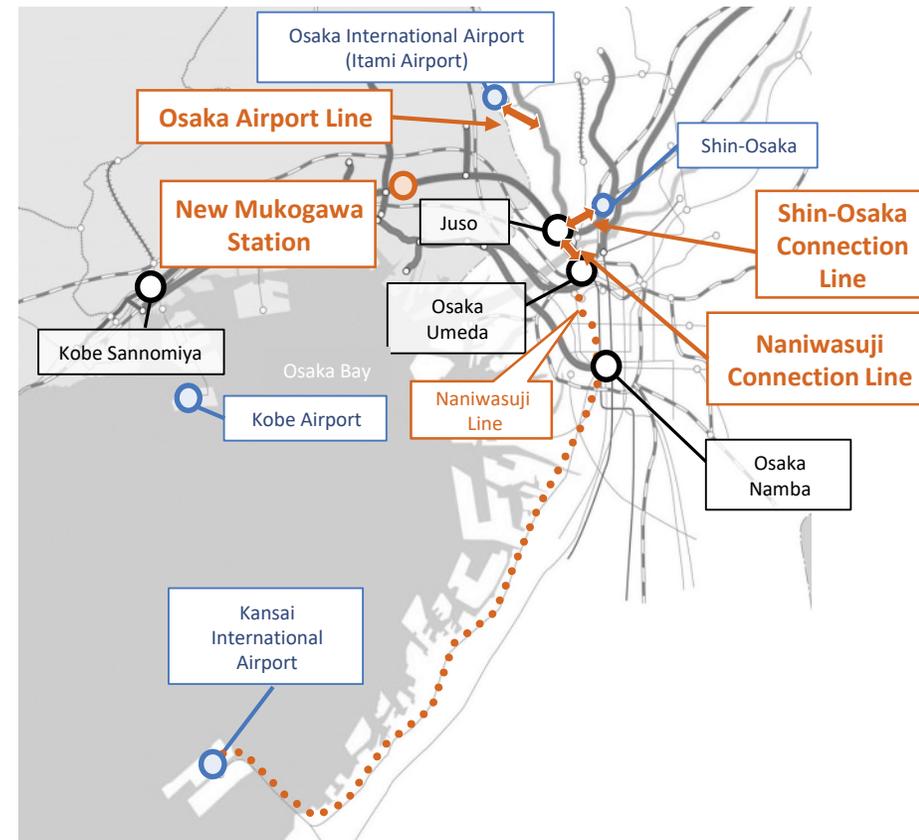
Increasing the Value of the Osaka-Umeda Area (Shibata 1 Project)

To date, we have enhanced the appeal of urban spaces in the Osaka-Umeda area, beginning with Osaka Umeda Twin Towers South and Grand Green Osaka. We will continue to develop future-focused multipurpose complexes and further enhance the value of the area through the Shibata 1 Project (rebuilding Hotel new Hankyu Osaka and Hankyu Terminal Building and full renovation of Hankyu Sanban Gai).



New Rail Links and Stations

To further strengthen the transportation network, we will examine and pursue discussions concerning the Naniwasuji Connection Line, the Shin-Osaka Connection Line, other new lines, and plans for New Mukogawa Station.



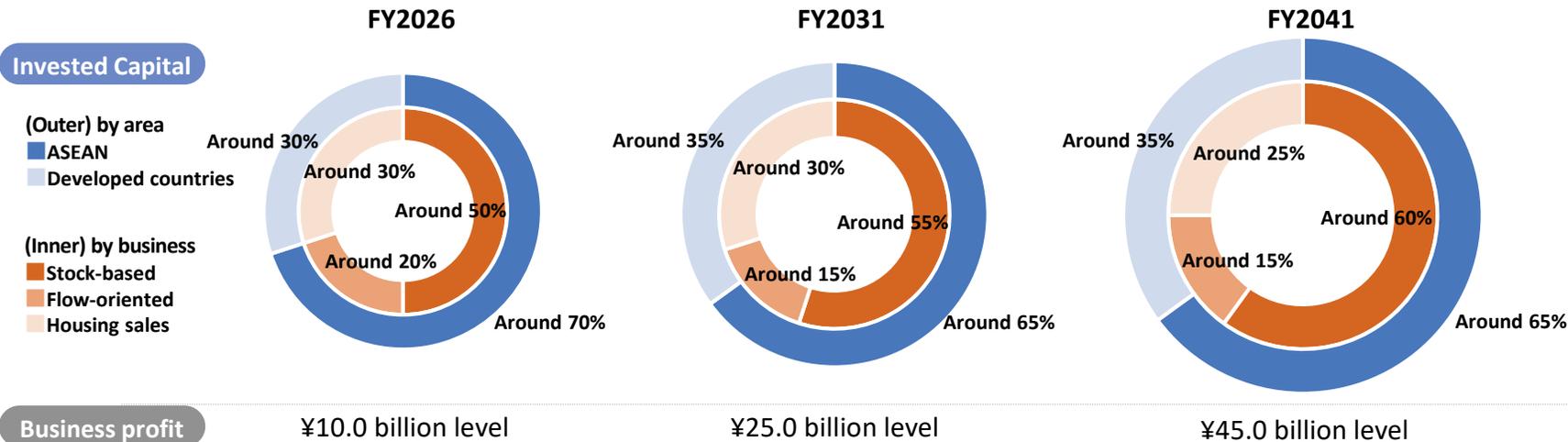
Accelerating Development of the Line-side Community Business Model for Other Purposes

- We have been expanding our line-side community business model to other areas in the Tokyo metropolitan area and overseas, mainly in the real estate business, and will accelerate the speed of expansion further.
- Moreover, in the railway operation business, we will also expand the unique value we have cultivated in line-side communities to areas beyond the railway lines.

● Expanding Overseas

Overseas real estate

We have mainly expanded business centered on the housing sales business in the ASEAN region, thus far, and will continue to focus on ASEAN while further expanding and digging deeper and pursuing new initiatives (new countries and assets, and accessing new customer segments, participation in development business planning, M&A, etc.) in developed countries to establish the overseas real estate business as an important source of revenue/profit of the Real Estate segment in FY2041.



Railway business

Hankyu Corporation participated in the planning of the Manila Light Rail Transit System Line 1 Project in the Philippines and is providing technical support on operation, maintenance, and other aspects. (Japan's first major private railway company to enter an overseas railway business market)



Manila Light Rail Transit System Line 1, Philippines

● Expanding to Tokyo metropolitan area

We are expanding the condominium expertise and brand we have cultivated in the Kansai area to the Tokyo metropolitan area, growing our FY2025 business profit to around ¥4.0 billion in condominium units and ¥2.0 billion in condominium leasing. Since the establishment of Hankyu Hanshin Properties in FY2019, the short-term return leasing business, which has launched full-scale initiatives, has handled a total of 12 properties as of March 31, 2025 and we can expect it to contribute substantially to profit in FY2026 and beyond.

In the Tokyo Yaesu 2 Naka Redevelopment, we will acquire office units and improve our Group's presence in the Tokyo metropolitan area.

M&A in the Information Services Business

- Our Group's information services business is based on the electrical and communications technology expertise we have cultivated in our railway operations business. We have successfully expanded it to areas outside the Group and possess strength in our ability to provide IT-based solutions in a broad range of areas, from systems for the transportation and building management sectors to Internet services.
- We utilize that strength to support business in an advanced information society in various areas, mainly by Itec Hankyu Hanshin, and have thereby delivered safety and comfort to society and expanded our business.
- As AI, IoT, and other new technologies advance, we are called up to provide more complex and higher level services that accommodate changes in society. We anticipate rapid growth of the information services market in the future.
- We will engage in strategic M&A as a means to expand business areas to take advantage of this business opportunity with a sense of urgency and capture market growth, in addition to utilizing the management resources we possess in advanced technology, expertise, and human resources.
- This will achieve dynamic growth of the information services business and contribute to meeting new needs arising from changes in society and solving social issues.

Background & Premises

Expansion of the Information Services Business

Expand outside the Group based on the electrical and communications technology we have cultivated in the railway operation business.
We possess strength in a broad range of areas, mainly in the businesses our Group operates (transportation, building management, etc.).

Steadily expand at a high rate of growth, mainly through Itec Hankyu Hanshin
CAGR of information services business (FY2016-FY2025): 8.0%

Rapid Market Growth

AI, IoT, robots, and other new technologies are advancing rapidly.
The demand for complex, high-level services such as DX and cloud migration is increasing.

We expect rapid growth of the IT services market in Japan in the future.
Projected CAGR of the IT services market in Japan (FY2024-FY2029): 6.2%*

Continue to expand business at a high rate of growth, mainly by Itec Hankyu Hanshin and implement initiatives aimed at capturing market growth supported by technological advancements and increasing demand with a sense of urgency. Strategically engage in M&A as a means to expand business areas.

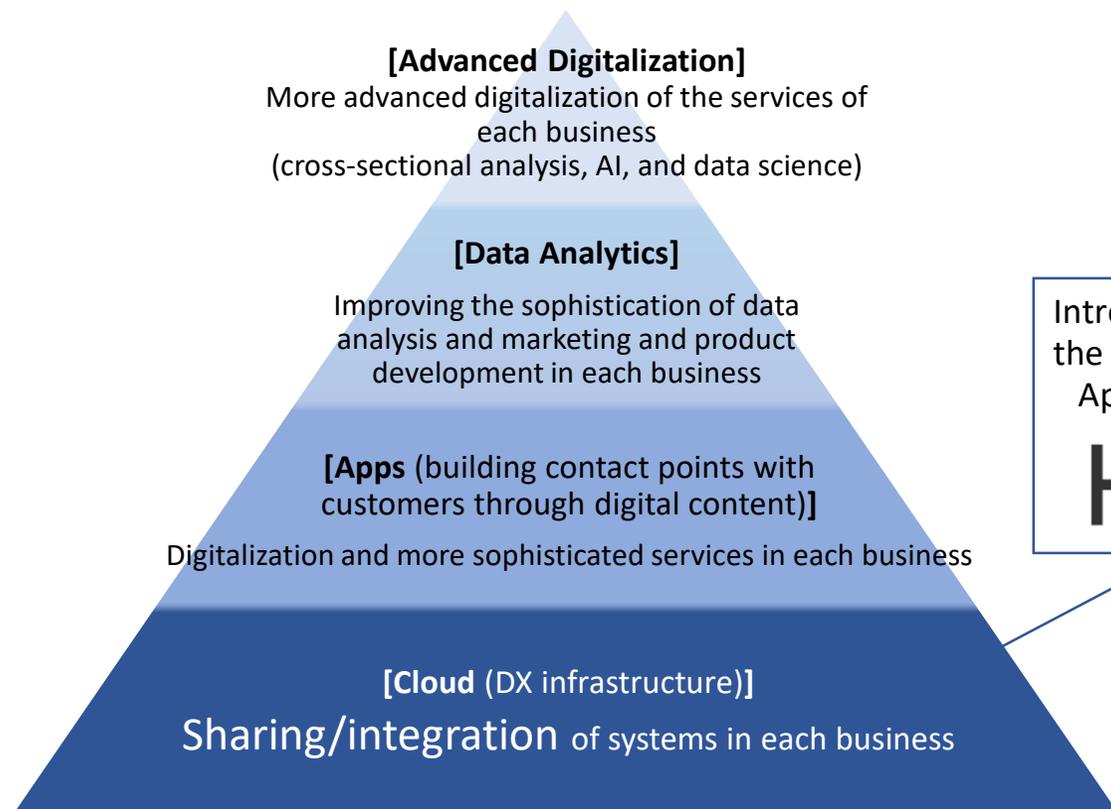
Continue to meet new needs by using digital technology to solve social issues

Achieve dynamic growth in the information services business

* Source: See "Announcement of Japan IT Services Market Forecast —Continued growth averaging over 6% in 2024 and beyond—" (March 17, 2025), IDC Japan.

The Aims of the Hankyu Hanshin DX Project

- Pursue digital transformation of customer lifestyles while diversifying contact points with customers and staying close to each customer through the Hankyu Hanshin DX Project.
- To be more specific, pursue projects that utilize the advantages of digital content to deliver safer, more comfortable lifestyles to people who live in line-side areas and many other customers, while also utilizing the diverse content our Group possesses to skillfully combine digital and real content to expand the “dreams and excitement” derived from the persistent need for “real-life experiences” and “interaction and communication with people.”
- Our Group will combine real services and digital technology and transform each business to achieve our vision.



Introduction of HH cross ID, a common ID for the Group based on digital transformation (DX):
Approx. 1,150,000 members
(FY2025 year-end forecast)

HH cross
HANKYU HANSHIN



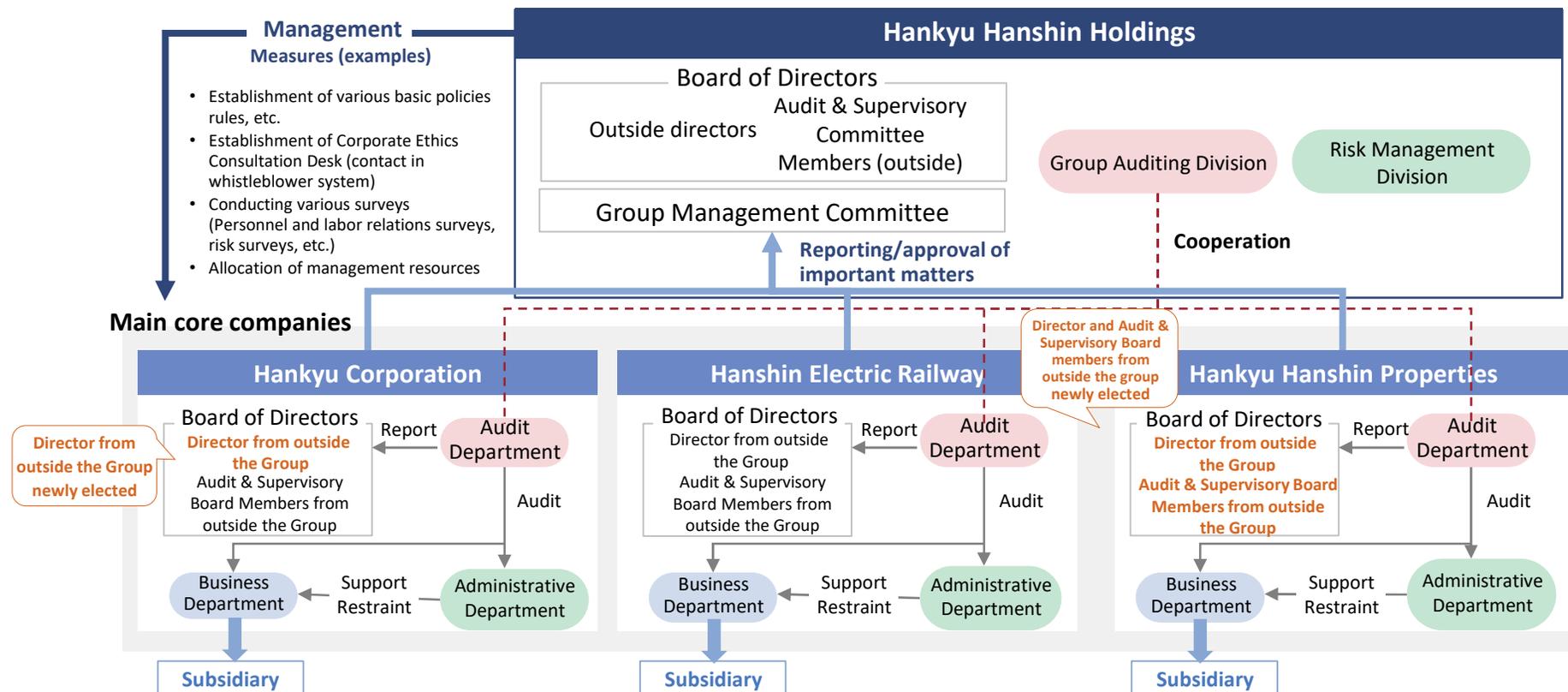
Transform each Group business and pursue digital transformation of customers' lifestyles by combining elements of digital technologies.

Initiatives in Governance

Rebuilding Our Group Governance

- The activities of each business have expanded to the overseas real estate business and through actively entering growth markets, requiring a higher level of expertise as the business environment has changed rapidly in recent years.
- To ensure management transparency and operate our business more appropriately and effectively amid this environment, we need to appropriately manage risks according to the specific characteristics of each business as we operate our businesses based on external and expert perspectives, not just in Hankyu Hanshin Holdings, Inc., but in our operating companies closer to the frontlines.
- Directors and Audit & Supervisory Board members from outside the Group are therefore elected at major core companies to strengthen the Group governance system.
- Risks are appropriately managed in the Group as a whole through regular monitoring of business progress by the Group Management Committee and other bodies.
- Authority is delegated to operating companies to accelerate pursuit of business strategy, based on the premise of strengthening the Group governance system as described above.

Our Group Governance System (directors and auditors from outside the Group are elected at each main core company)



Strengthening the Governance System and Transformation Initiatives at Takarazuka Revue

Establishment of Takarazuka Revue as a Company

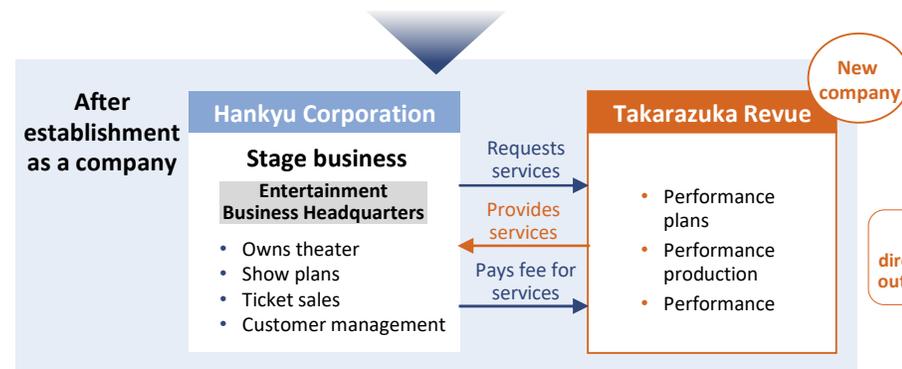
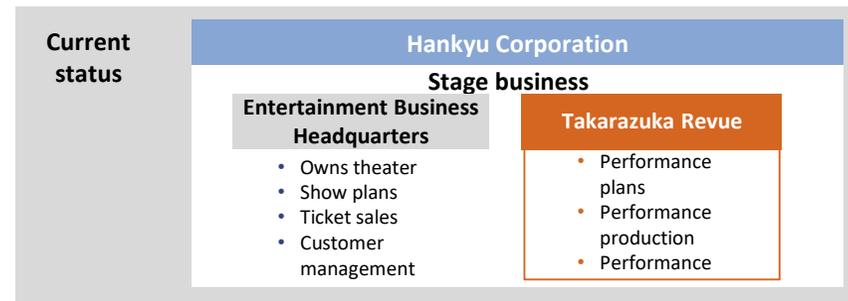
- We aim to incorporate Takarazuka Revue as a company by around July 2025 to further improve the effectiveness of the transformation of Takarazuka Revue.
- Incorporation as a company will strengthen the governance system through organizational management based on a multilayered risk management system entailing a business department (1st line), management department (2nd line), and internal audit department (3rd line). Following incorporation as a company, a majority of the directors of Takarazuka Revue will be from outside the Group to provide overall supervision of the three-line model.

Revision of Personnel and Employment Systems at Takarazuka Revue

- To build an environment which ensures that all troupe members are mentally and physically healthy and can demonstrate their abilities to the fullest while continually growing and contributing, we will switch to employment contracts with performers, change the method of managing work hours, and revise the management of working hours applicable to production assistants, which also take the special characteristics of Takarazuka Revue into consideration.

Incorporation of Takarazuka Revue as a Company

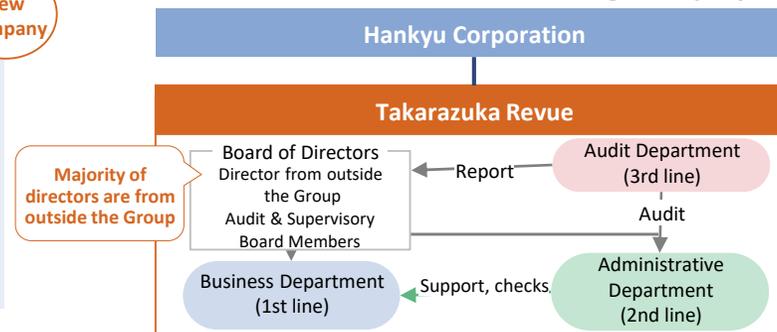
Positioning after establishment as a company



Profile of New Company (plan)

Trade Name	Takarazuka Revue
Address	1-1-57, Sakae-machi, Takarazuka, Hyogo
Capital Stock	100 million yen
Shareholder Composition	Hankyu Corporation 100%
Business Description	Operations relating to Takarazuka Revue performance planning, and performances
Date of Establishment	April 1, 2025 The plan is for the company to assume Takarazuka Revue Company operations via company split by around July 2025

Governance Structure After Becoming a Company



Revision of Personnel and Employment Systems at Takarazuka Revue

- Switch to employment contracts for performers
- Revisions to management of working hours for production assistants and assistant producers
- Changes to interpretation of working hours and method of management

- See the official website of Takarazuka Revue for the status of progress on transformation initiatives at Takarazuka Revue. <https://kageki.hankyu.co.jp/kaikaku/index.html> (Japanese only)