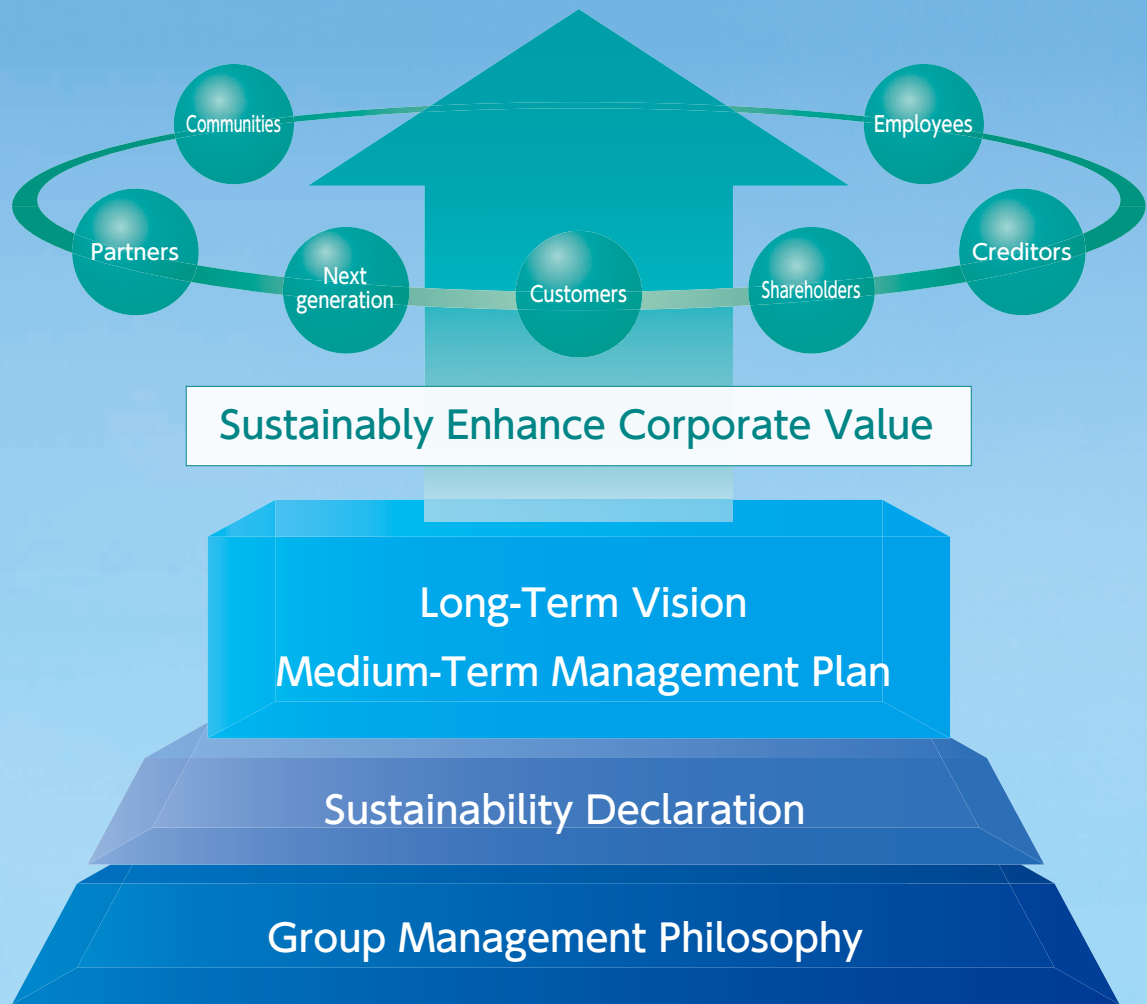


# Hankyu Hanshin Holdings

## INTEGRATED REPORT 2023



Contributing to a Sustainable Society



Group Management Philosophy	Our value to society
Sustainability Declaration See page 45 for details.	The core elements underlie our pursuit of sustainable growth
Long-Term Vision Medium-Term Management Plan See pages 25–30 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.



Message from the Chairman



**Kazuo Sumi**  
Chairman and Representative Director,  
Group Chief Executive Officer

**On the Publication of Our Integrated Report**

In keeping with the Hankyu Hanshin Holdings Group's management philosophy, we remain committed to delivering safety and comfort as well as dreams and excitement as a means of maintaining customer satisfaction while contributing to society at large. At the same time, we are maintaining our focus on achieving Long-Term Vision: *Toward 2040*, the concept we formulated in 2022 that encompasses strategies grounded in sustainable management as set forth in our Sustainability Declaration.

In *Hankyu Hanshin Holdings Integrated Report 2023*, we have presented both financial and non-financial information in an integrated manner in order to provide stakeholders with detailed yet easy-to-understand explanations of the policies and strategies we are implementing to enhance our corporate value over the medium and long terms.

In this report, our fifth since our inaugural edition was published in fiscal 2019, we have introduced new disclosures on our Scope 3 CO<sub>2</sub> emissions (see page 91). We have done so in acknowledgment of the importance of efforts to reduce emissions attributable to the supply chain and other such sources. We also report on the roundtable discussion we have held with outside directors (see page 85) to address the current status and future challenges of our Group's focus on sustainable management. Through these new additions, we have sought to enrich the content of this publication by addressing matters of broad market interest.

We trust this report will help to deepen your understanding of our Group and its initiatives.

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

October 2023

Editorial Policy

This integrated report, in addition to a review of fiscal 2023, 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 2023 (April 2022-March 2023), 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 August 2023. 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 185th 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.

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<b>Reference Guidelines</b> This report references the International Integrated Reporting Framework set by the International Integrated Reporting Council—now part of the IFRS Foundation—and the Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation. It also references the Global Reporting Initiative's GRI Standards for its ESG information.	<b>Role of Each of Our Publications</b>		<b>Sustainability Data Book</b> The Sustainability Data Book provides detailed information on our ESG approach, targets, initiatives, data, and other topics. <b>Social:</b> Respect human rights, ensuring business safety and reliability, contribute to local communities, improve employee satisfaction and create a more positive workplace, occupational safety & health and health management <b>Environment:</b> Environmental management, climate change, pollution and resources, biodiversity, and water resources <b>Governance:</b> Corporate governance, thorough compliance and corruption prevention, risk management, and taxation transparency
	Publication	Contents	
	Integrated Report (this report)	Particulars as per the Contents page.	
	Group Guide	We compile an annual Group Guide to aid in understanding of the Group outline. This Group Guide includes an outline of the scope of Group businesses, and a list of Group companies.	
	Securities Report (Japanese only)	Based upon Article 24, Paragraph 1 stipulated in the Financial Instruments and Exchange Act, this report is required to be submitted to the Kanto Local Finance Bureau. Please consult this report for detailed financial information.	
	Corporate Governance Report (Japanese only)	This report is in accordance with Japan's Corporate Governance Code and is required to be submitted to the Tokyo Stock Exchange. Please consult this report for information on our Corporate Governance stance and systems.	
	Sustainability Data Book	This data book contains detailed information regarding our Group's ESG initiatives. Please consult this data book for particulars about our ESG strategy.	
	Safety Report (Japanese only)	In observance of Article 19, Paragraph 4 of the Railway Business Act, this report is aimed at promoting a broad understanding of our efforts toward preserving transportation safety. It systematically presents information about safety for each of our railway companies (Hankyu Corporation, Hanshin Electric Railway, Kita-Osaka Kyuko Railway, and Nose Electric Railway).	




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.

1907

Establishment of the Minoh-Arima Electric Railway Company (the forerunner to Hankyu Corporation)




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)

1913

Formation of Takarazuka Girls' Revue (currently Takarazuka Revue Company)



1926

Opening of Takarazuka Hotel

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

1952

Establishment of Hankyu Real Estate (currently Hankyu Hanshin Properties)

1960

Establishment of Hankyu Kokusai Kotsu-sha (currently Hankyu Travel International)

1967

Opening of Hotel Hanshin (currently Hotel Hanshin Osaka)

2006

Establishment of Hankyu Hanshin Holdings, Inc.

2008

Opening of the Hankyu Nishinomiya Gardens Main Building

2009

Opening of operations of Hanshin Namba Line (Nishikujo-Osaka-Namba)

2012

Completion of Umeda Hankyu Building project (currently Osaka Umeda Twin Towers North)

2022


Completion of Osaka Umeda Twin Towers South project

1899

Establishment of Settsu Electric Railway (currently Hanshin Electric Railway)

1905

Opening of railway line Kobe (Sannomiya)-outer Osaka (Deiribashi)



1909


Launch of land and buildings leasing business (completion of 30 rental houses in front of Nishinomiya Station)

1924

Opening of Koshien Stadium (later renamed Hanshin Koshien Stadium)

1935

Establishment of Osaka Baseball Club (Osaka Tigers, currently Hanshin Tigers)



1948

Launch of Hanshin Electric Railway's airline agency business

1950

Acquisition of IATA air cargo agency license

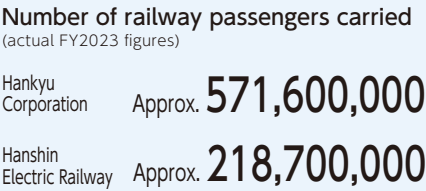
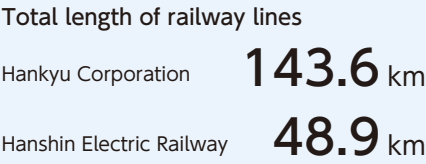
A Robust Transportation Network

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.

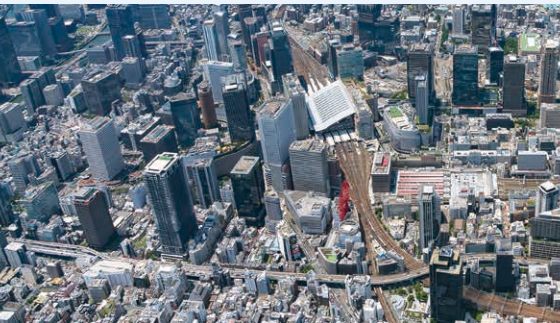
The Group has built on this railway operation business, expanding into real estate development, entertainment, and a number of other fields over the course of more than a century, working to develop services that provide high customer satisfaction and offer new value to people along those rail lines. 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.



See pages 9 and 10

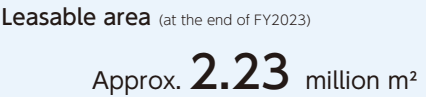
Positive Urban Development

Competitive advantage cannot be developed in a day



To increase the number of passengers along the railway lines, Hankyu Corporation's founder, Ichizo Kobayashi, actively pursued other forms of development in addition to building residential areas. Those endeavors include the still-popular 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.



Most Desirable Towns to Live In (Kansai region)  
\* An investigation conducted by MAJOR 7 (Sumitomo Realty & Development and six other companies) on October 6, 2022

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 59

Exciting Content

Providing real-world value, offering dreams and excitement

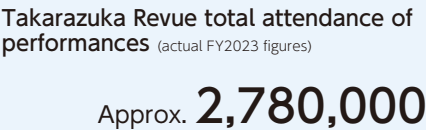


Entertainment is one of the unique strengths of the Group, and two of our most important assets are the Takarazuka Revue and Hanshin Tigers.

The Takarazuka Revue began with a singing troupe performing operas in a theater converted from an indoor swimming pool facility. The Takarazuka Revue, with its motto, "Modesty, Fairness, Grace," is loved by people across Japan and abroad, and will celebrate its 110th anniversary in 2024. The Hanshin Tigers started out as the Osaka Baseball Club, established in 1935, so it has a nearly 90-year history and the strong support of local fans and people who love its home, the Hanshin Koshien Stadium.

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

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



See page 10



Business Overview

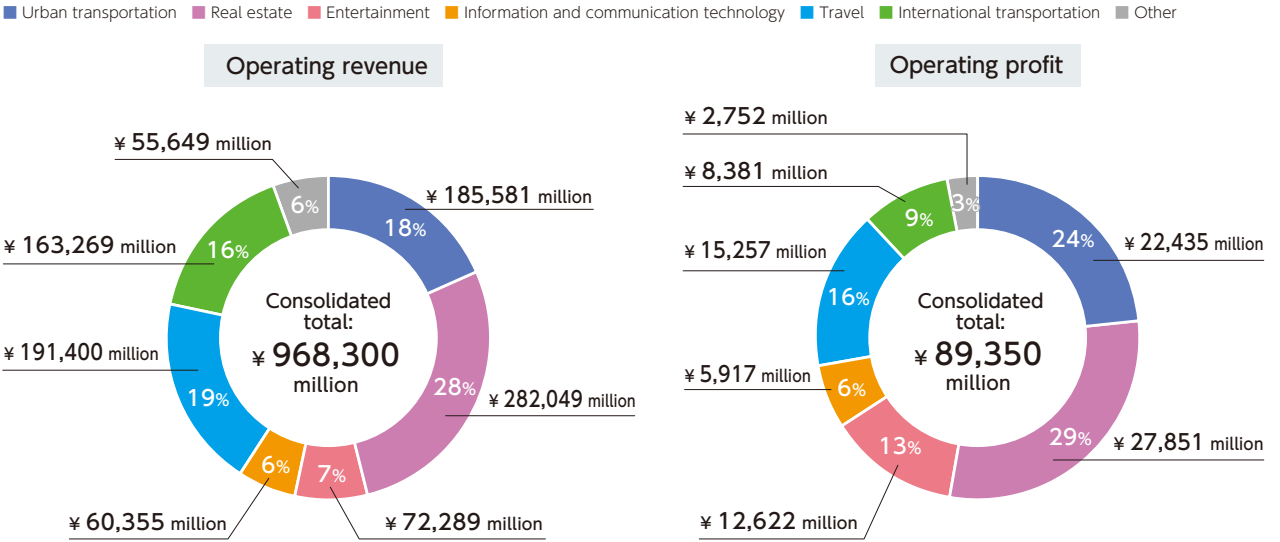
The Hankyu Hanshin Holdings Group has core businesses in six business domains: Urban Transportation, Real Estate, Entertainment, Information and Communication Technology, Travel, and International Transportation. Further, under the direction of the Company, which supervises the Group’s management, these 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
 Urban Transportation	 阪急電鉄 Hankyu Corporation	<p><b>Railway operation business</b> 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><b>Automobile business (bus, taxi)</b> This business operates bus and taxi services, which coordinate with railway services to increase convenience in line-side areas.</p> <p><b>Retailing business</b> This business manages shops mainly inside railway stations on the Hankyu and Hanshin lines.  See page 56</p>
 Real Estate	 阪急阪神不動産* Hankyu Hanshin Properties	<p><b>Leasing business</b> 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><b>Real estate sales and other business</b> 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><b>Overseas real estate business</b> Building on results in Japan, the business is developing residential sales and leasing businesses elsewhere, particularly in the ASEAN region.</p> <p><b>Hotel business</b> This business operates a wide range of hotel formats in many regions but particularly Tokyo and Osaka.  See page 59</p>
 Entertainment		<p><b>Sports business</b> 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).</p> <p><b>Stage business</b> 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 64</p>
 Information and Communication Technology	 阪神電気鉄道 Hanshin Electric Railway	<p><b>Information and communication technology business</b> 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 Mimamorum, a child safety service which monitors children’s journeys to and from school.  See page 67</p>
 Travel	 心に届く旅 阪急交通社 Direct to your heart Hankyu Travel International	<p><b>Travel business</b> 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 packaged tours, 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 provides solutions for a variety of contracted tasks for national and local authorities.  See page 69</p>
 International Transportation	 HANKYU HANSHIN EXPRESS Hankyu Hanshin Express	<p><b>International transportation business</b> 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: 47 / Overseas bases: 148 (As of September 1, 2023)  See page 71</p>

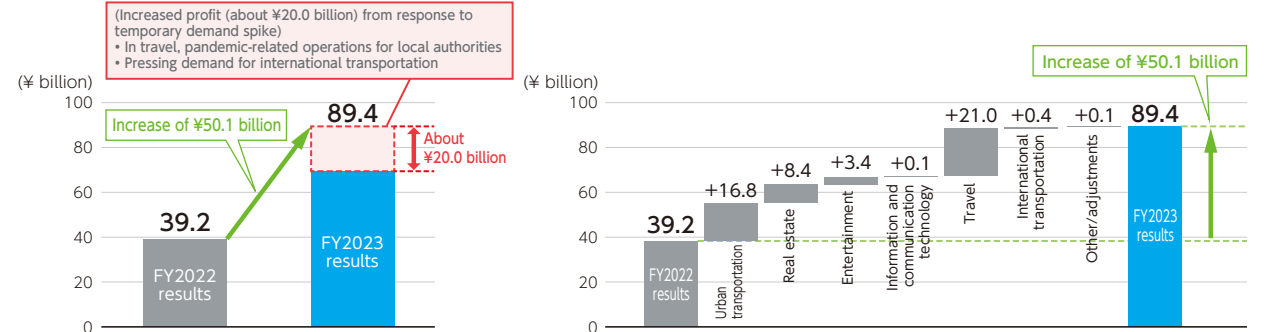
\* As for our real estate business, Hankyu Corporation and Hanshin Electric Railway collaborate with Hankyu Hanshin Properties to promote urban development of real estate owned by Hankyu Corporation and Hanshin Electric Railway for rent and development in cooperation with transportation networks, local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

Fiscal 2023 Results Summary

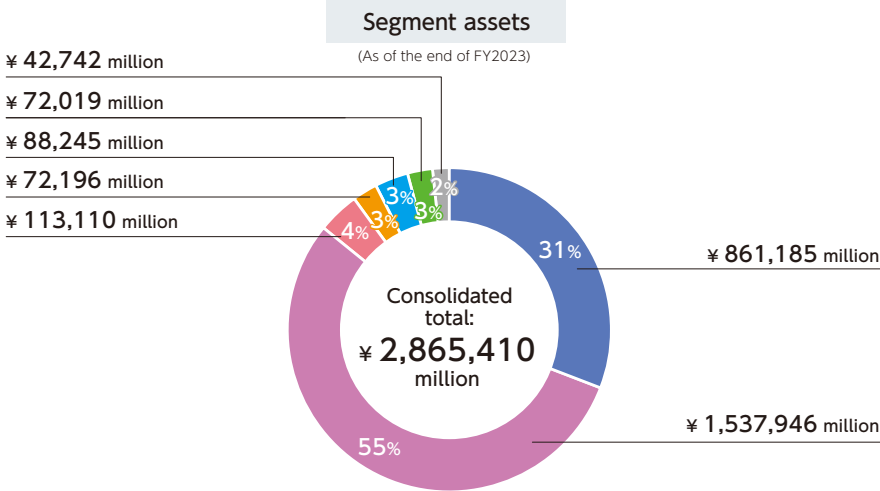
Note: Calculated based on the simple aggregate amount (including intersegment transactions) of each segment.



Changes in operating profit



In fiscal 2023, the effects of the pandemic continued to be felt, but many business segments saw at least some recovery. Added to this, in our travel business, we received a much larger number of orders from local governments to support those recovering at home. As a result, revenues and profit increased compared to fiscal 2022.



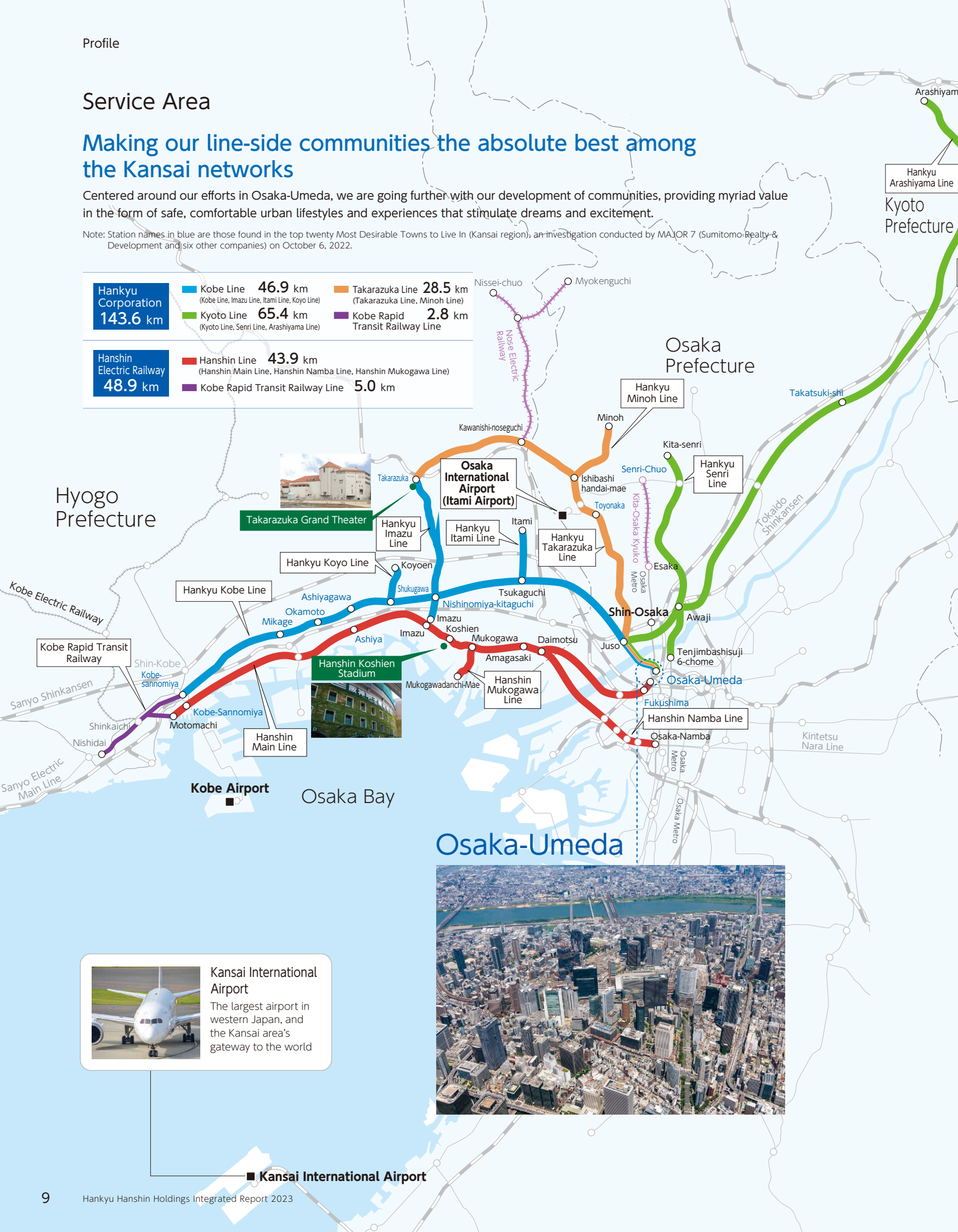
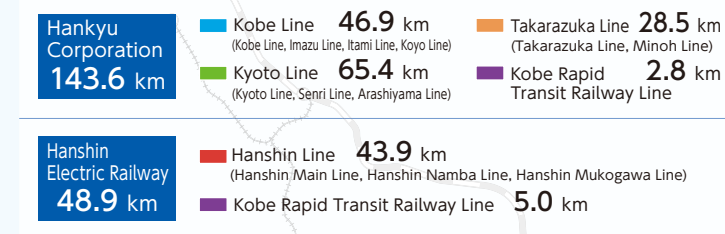


## Service Area

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

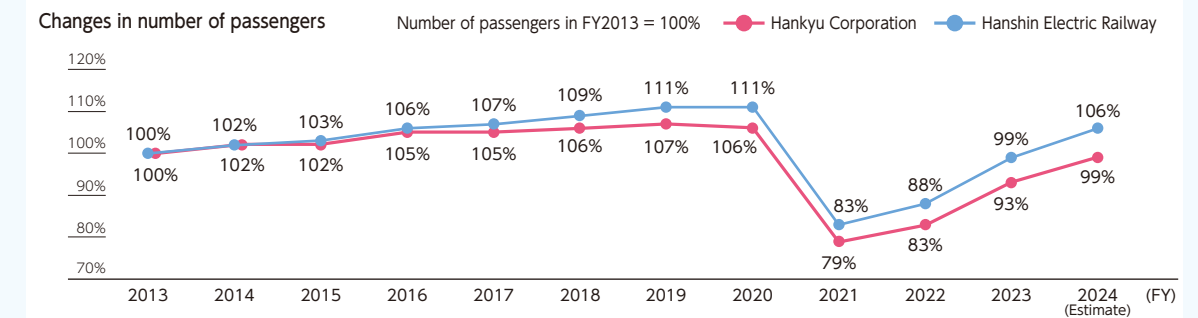
Centered around our efforts in Osaka-Umeda, we are going further with our development of communities, providing myriad value in the form of safe, comfortable urban lifestyles and experiences that stimulate dreams and excitement.

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 October 6, 2022.



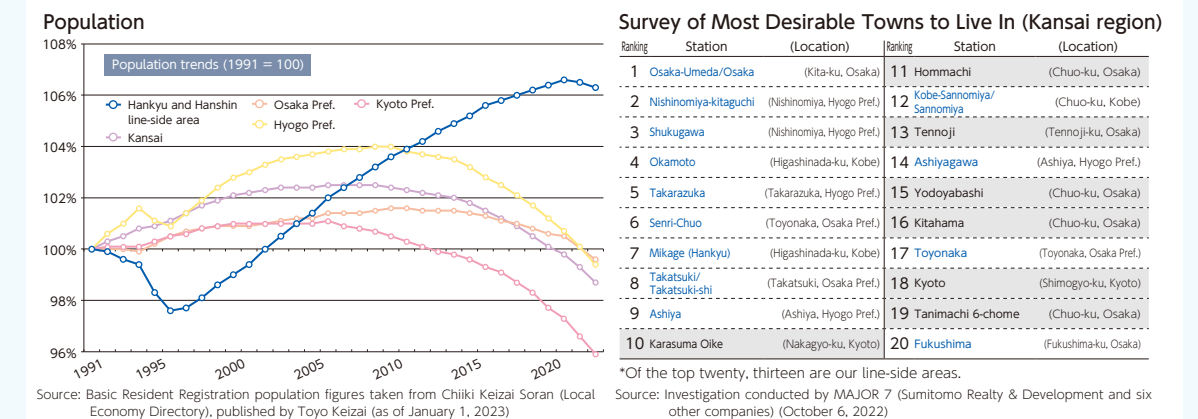
### A strong transportation network

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.



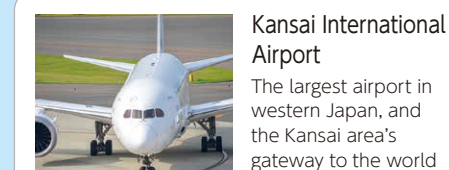
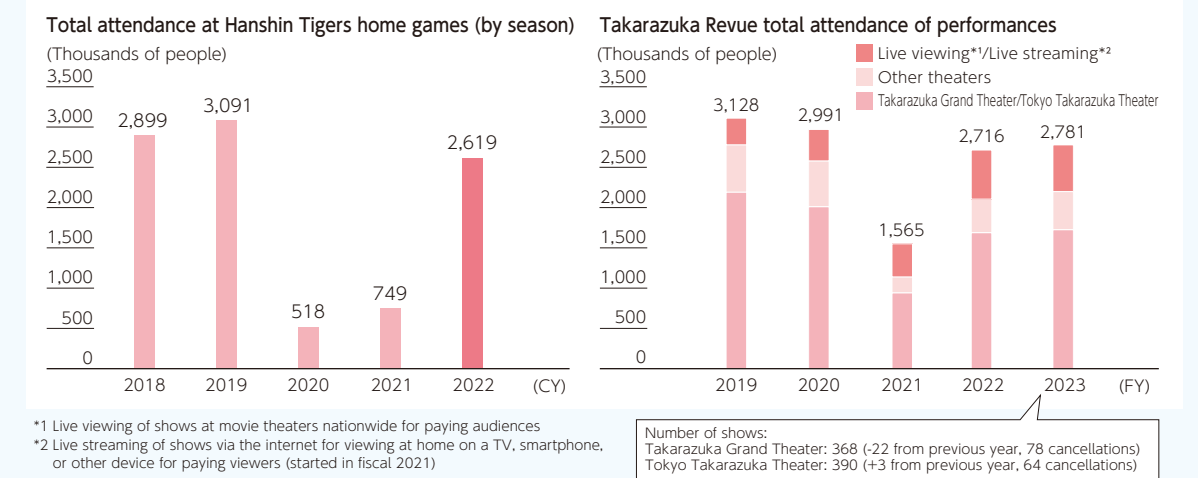
### Our community building has powered our line-side areas' appeal

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), thirteen of our line-side towns were selected, and have been highly praised.



### Two big draws supported by a wide array of fans

In our entertainment business, 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.



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



■ Kansai International Airport



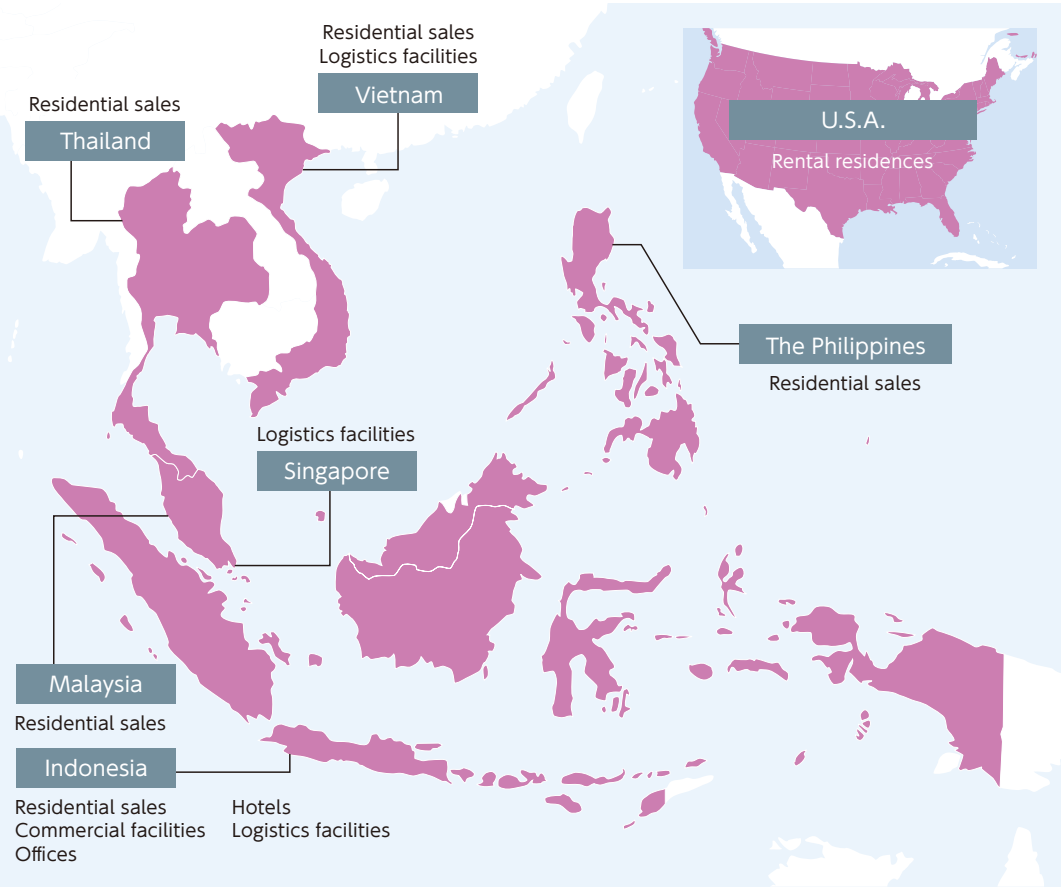
Service Area

Creating richer lifestyles beyond our railway lines

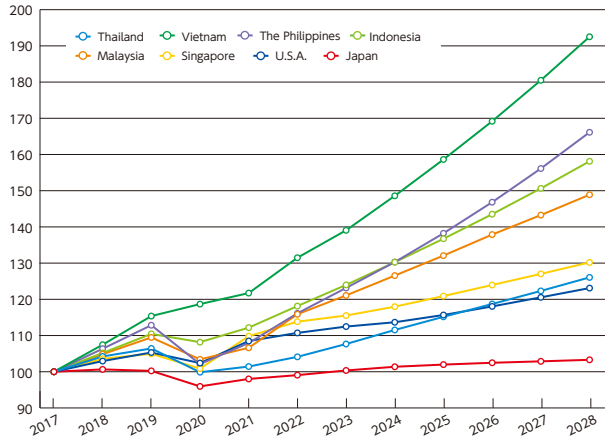
We are expanding the type of thriving community development and business models that we have created along our lines overseas—particularly in the ASEAN region—and to the Tokyo metropolitan area.

Real estate business development overseas Special Feature 2 (see pages 35–36)

Overseas, with a particular focus on the ASEAN region because of the sustainable growth forecast there, we are utilizing the expertise we have gained at our line-side areas, to expand the scale of our residential sales, long-term leasing, and fix-and-flip businesses.



National GDP forecasts (where 2017 = 100)



Source: IMF World Economic Outlook, April 2023

Residential sales

In 2015, we began selling condominiums in Vietnam’s Ho Chi Minh City, and now we have 52 projects (covering more than 50,000 units) in five countries: Thailand, Vietnam, the Philippines, Indonesia, and Malaysia.

(As of September 1, 2023)

Overseas markets	Projects	Total units
Thailand	36	Approx. 29,870
Vietnam	6	Approx. 13,990
The Philippines	5	Approx. 4,220
Indonesia	4	Approx. 3,980
Malaysia	1	Approx. 850
Total	52	Approx. 52,910

Development/leasing

In addition to the residential sales business we have focused on in the ASEAN region so far, we are working on our long-term holding business (real estate leasing business) and fix-and-flip business (short-term-return business) to quickly expand and grow the scale of our earnings and profits in our overseas real estate business.



Plaza Indonesia Complex



Park at 33rd in Arizona, U.S.A.

Central Park Mall in Indonesia (acquired FY2023)

We acquired Central Park Mall, a landmark large-scale commercial facility in the western Jakarta area. The mall is aimed at middle and higher brackets of society, a demographic that is predicted to grow significantly in the medium and long term alongside Indonesia’s economic growth. This means we can expect the number of user to continue rising.

Total floor space	Approx. 188,000 m² (including equity belonging to business partners)
Size	10 floors above ground, 2 below ground, and other areas
Purpose	Commercial facility (approx. 300 tenants)



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 building. We will accelerate efforts in the short-term-return business, while also expanding redevelopment and replacement projects.



H-CUBE



H-CUBE Minamiaoyama (Minato-ku, Tokyo)

As part of the H-CUBE low-rise commercial facility on a busy road in the Omotesando/Jingumae area, we developed or acquired four buildings, three of which have been sold off to Hankyu Hanshin REIT Asset Management, Inc.



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 Redevelopment (scheduled to be completed in FY2029)

As a participant in this project, at the end of March 2023 we received approval for a change to the legal designation, and we began demolition work.

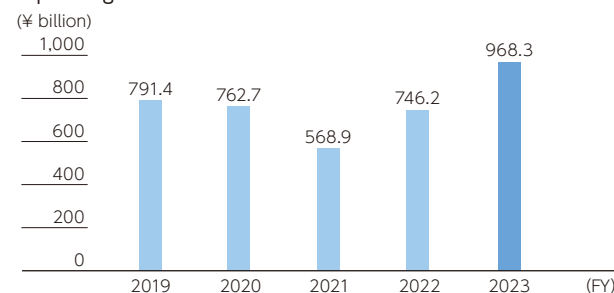
Total site area	Approx. 19,600 m² (including parts belonging to business partners)
Total floor space	Approx. 388,700 m² (including parts belonging to business partners)
Size	43 floors above ground and 3 below ground
Purpose	Offices, stores, theater, serviced apartments, international school, bus terminal, parking, etc.



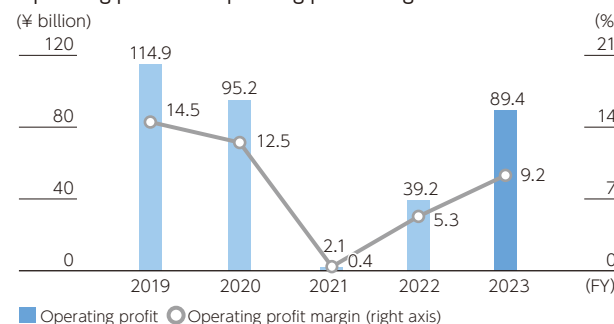
## Financial Highlights

### Key Financial Indicators (Graphs)

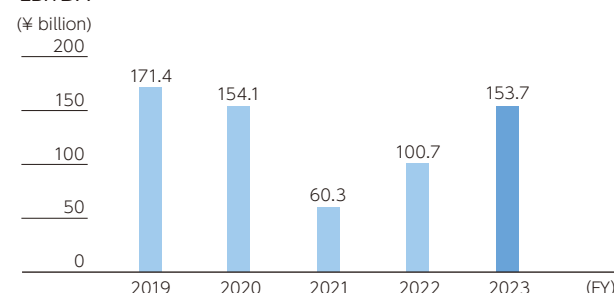
#### Operating revenue



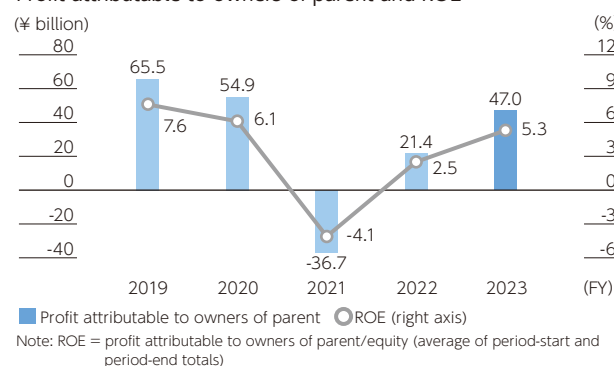
#### Operating profit and operating profit margin



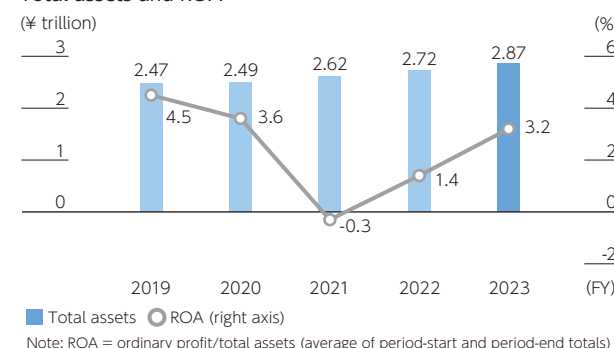
#### EBITDA



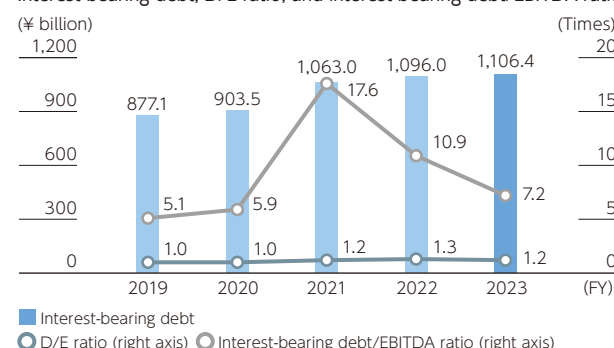
#### Profit attributable to owners of parent and ROE



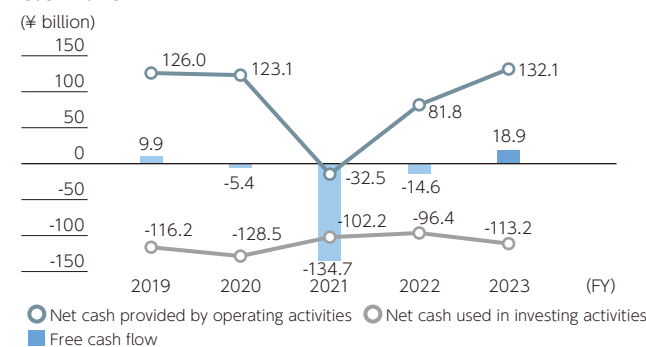
#### Total assets and ROA



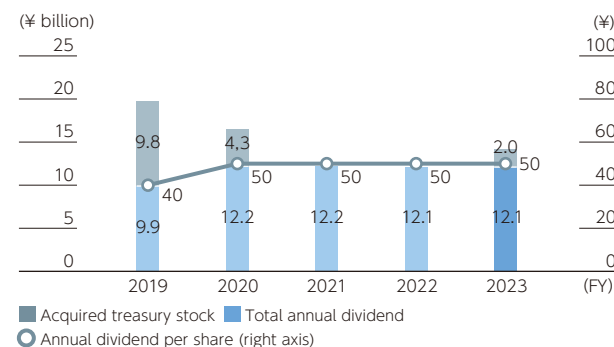
#### Interest-bearing debt, D/E ratio, and interest-bearing debt/EBITDA ratio



#### Cash flows



#### Returns to shareholders

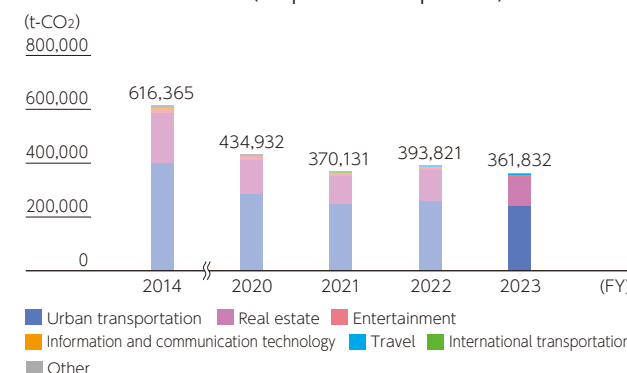


Note: The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied from the beginning of fiscal 2022. The key management indicators for fiscal 2022 onward presented here have been calculated to reflect these changes.

## Non-Financial Highlights

### Environmental Factors

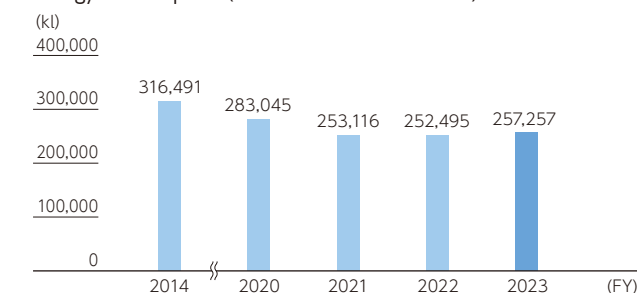
#### CO<sub>2</sub> emissions volumes (Scope 1 and 2 equivalent)



Note: Due to the merger in fiscal 2023 of the real estate business and the hotel business, for this data the hotel business is recorded under the real estate business, and this has also been applied to past years' figures.

CO<sub>2</sub> emissions for fiscal 2023 totaled 361,832 t-CO<sub>2</sub>, 8.1% reduction year on year and 41.3% reduction from fiscal 2014 levels.

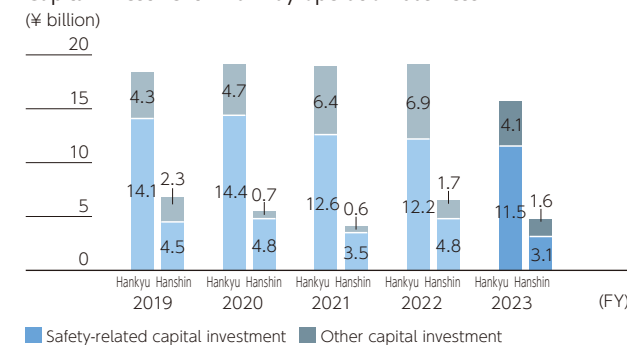
#### Energy consumption (crude oil conversion basis)



In fiscal 2023, energy consumption on a crude oil conversion basis totaled 257,257 kl (18.7% reduction from fiscal 2014 levels). The increase in energy consumption from the previous year was due to the recovery from the pandemic.

### Social Factors

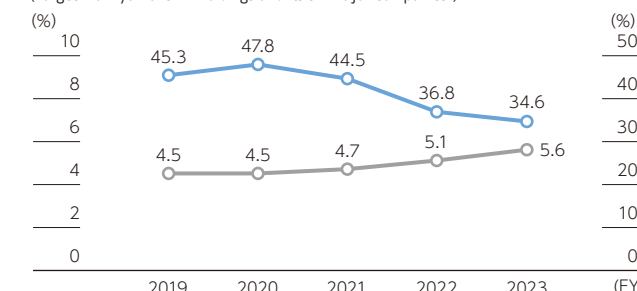
#### Capital investment in railway operation business



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 fiscal 2023 totaled ¥11.5 billion at Hankyu Corporation and ¥3.1 billion at Hanshin Electric Railway. These investments were primarily used for the construction of new trains and renovation of existing ones, as well as for installing platform screen doors, further improving stations, and seismically reinforcing elevated tracks.

#### Percentage of women in management positions and women among new hires



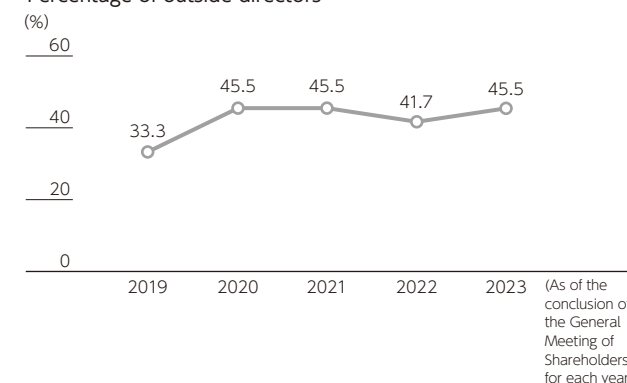
○ Percentage of women in management positions  
● Percentage of women among new hires (right axis)

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

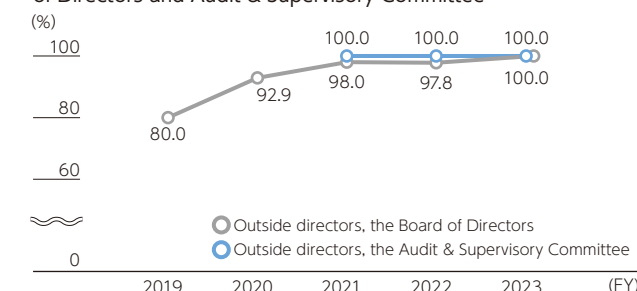
Hankyu Hanshin Holdings and its six major companies are actively continuing to hire female employees and also pursuing fair working environments where employees are able to fulfill their roles to the best of their abilities, regardless of gender, by supporting them by encouraging diverse paths and helping them to balance their work and private lives. In fiscal 2023, the percentage of women in management positions was 5.6% and females made up 34.6% of new hires.

### Governance Factors

#### Percentage of outside directors

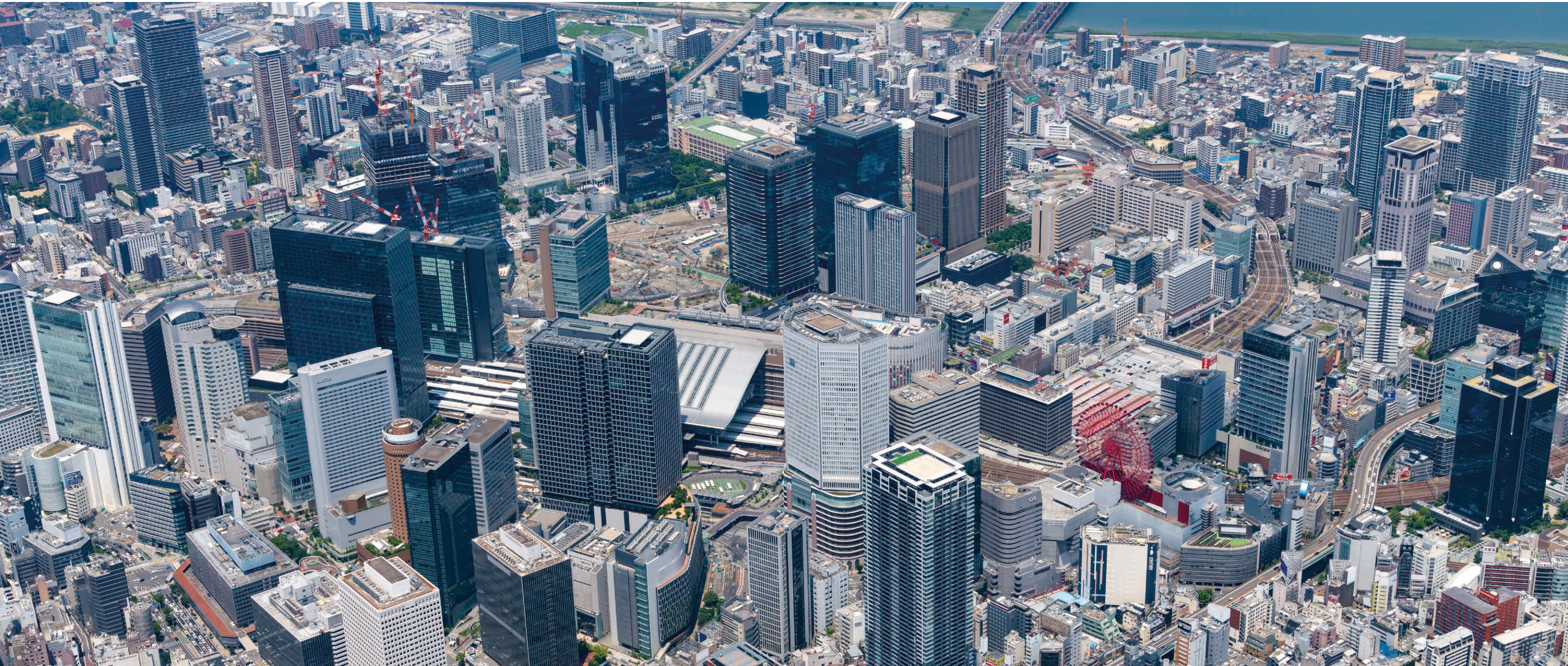


#### Rate of attendance of outside directors at meetings of the Board of Directors and Audit & Supervisory Committee



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.





Osaka-Umeda area

# 01 Creating Real Value: Our Story

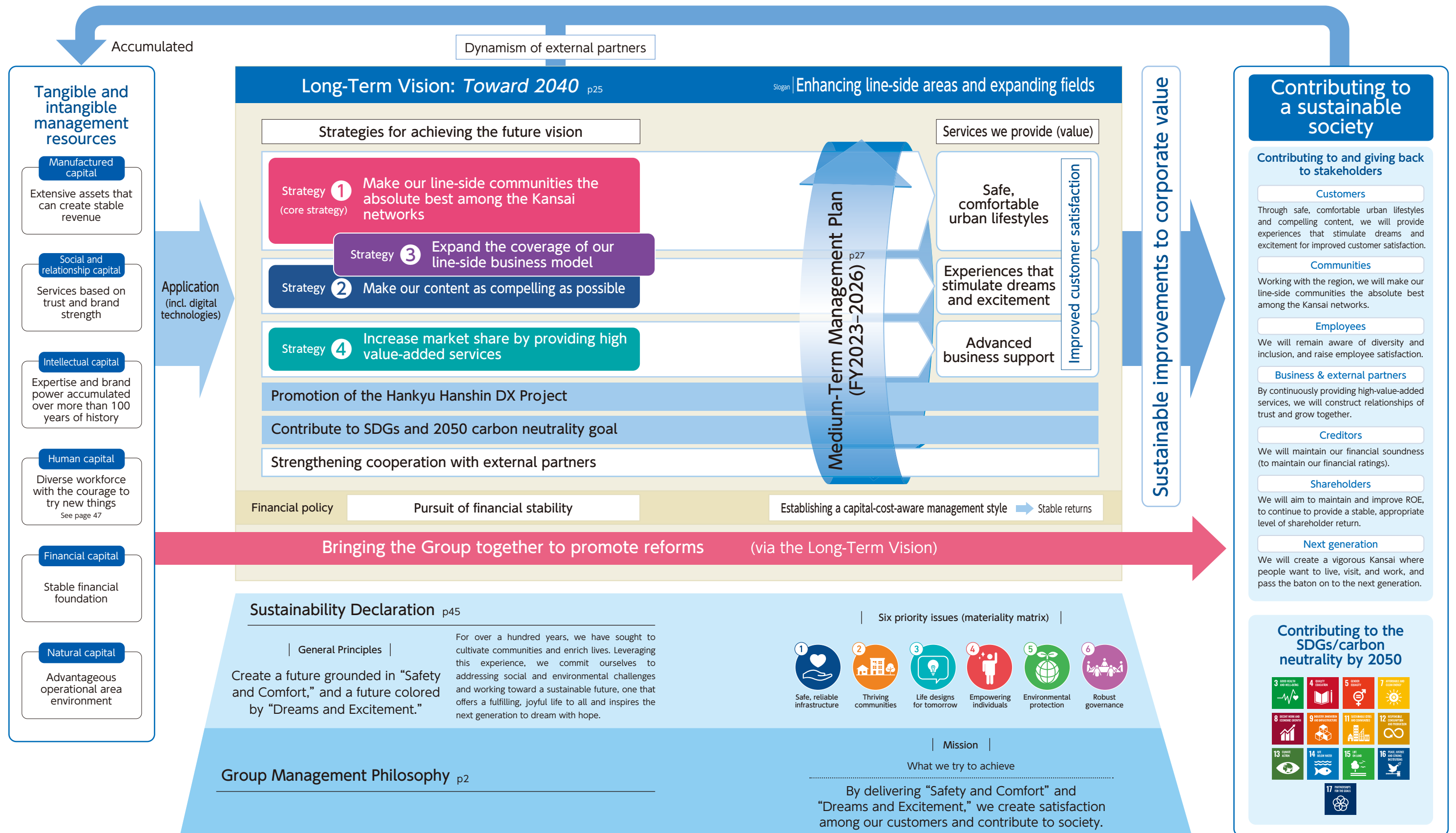
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## Value Creation Process (Overall Long-Term Vision)

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.





## Message from the President

# Driving the Innovation That Shapes the Future

— In conversation with our editorial team

**Yasuo Shimada**  
President and  
Representative Director

### A stroll through the city often serves to realign my perspective.

#### Q: What concerns you the most at present?

Even before I was appointed president in March, I would try to find time whenever I could to stroll around my neighborhood or along our railway lines, using a smartphone app as motivation. When I actually take the time to look around and see things with my own eyes, it becomes evident that people have mostly resumed their travel habits to a large extent, especially since the beginning of 2023. Especially after reading reports on the number of people using the railways, I would say the situation is clearly revealing this trend. However, the elderly may still be a little cautious about their travel habits.

#### Q: Walking is your favorite pastime, isn't it?

Actually, I'd rather go to the hot springs or even go skiing, but if I were to injure myself, it would cause a lot of trouble for everyone, so I decided to put aside that particular activity after becoming president. *[Laughs]*

During the COVID-19 pandemic, many people realized that digital technology enabled them to accomplish a lot of things without having to travel. On the other hand, most of us have since recognized anew that interacting with others is essential. As I walk around various places, I feel that people are becoming more aware of this. In fact, when I stroll through town, I see more and more people happily chatting away, and seeing that cheers me up considerably.

#### Q: However, some of the effects of the COVID-19 pandemic are still in evidence, aren't they?

Yes, it seems so. Partly because working from home has become established to a certain extent, the number of passengers using commuter passes has not fully recovered, and the number of people going to restaurants and taking trains late at night has not yet rebounded. This social tendency has not returned to its pre-pandemic levels. Honestly, I don't think this situation will ever fully recover.

Lifestyles have definitely changed in the aftermath of the COVID-19 pandemic. It's unlikely that many will return to the lifestyle of drinking late into the night and then going to work the next day feeling the worse for wear.

### The accelerated population decline following the COVID-19 pandemic remains one of our most pressing crises.

#### Q: Accommodating the change in lifestyles is an important challenge to the Group, isn't it?

Changing lifestyles present our Group with major clues for how we should shift our products and services. Consequently, we will continue to monitor the needs of our customers and respond with a variety of innovative ideas.

However, I feel that Japan's population decline reveals a major shift in the economic environment.

The number of births in Japan in 2022 totaled less than 800,000, which represents a decrease of more than 30% from 20 years ago. By way of comparison, in 2002 births totaled about 1.15 million. Forecasts envision that the population of 20-year-olds in Japan will decrease by more than 30% in a mere 20 years.

Our Group has developed its businesses—which include railways, real estate, and entertainment—on the premise that many people will feel the need to travel. However, if the population continues to decline to this extent, we will have to adopt appropriate measures in response.

I had assumed that the number of births in Japan in 2022 would decrease, but the release of the official statistics made me realize that our Group will face difficult challenges in the future if we continue with business as usual.

#### Q: Under these circumstances, how do you think the Group should respond?

In May 2022, our Company formulated Long-Term Vision: *Toward 2040* (see page 25), which sets forth our four strategies and management goals for fiscal 2031. Above all, however, I believe we must work to address the following two issues: **first, to achieve stable cash generation and to use this cash as resource for future growth and new reforms and solutions; and second, to gain recognition from the capital markets and stabilize our management structure.**

In addition to the commitments, I have made so far, I feel that we must set even higher goals for management and take the steps necessary to achieve them.

## Our Strategy for Managing the Future

### Our mission is to derive even greater value from our operational areas.

#### Q: Please tell us more specifically about the first issue you just mentioned, "achieving stable cash generation."

In order to achieve stable cash generation, we must first focus on our operational areas—in other words, the areas adjoining our railway lines—where we happen to enjoy a relative competitive advantage thanks to the efforts of our predecessors.

In this market, we will review our existing services to accommodate changing demand. Examples of these changes include timetable revisions and the introduction of paid seat reservation services. We believe these initiatives will lead to improved cash generation in the short term.

#### Q: Several projects in the Group's operational areas are also making progress, are they not?

When it becomes clear that we're not making full use of our assets, or when we determine that new investments will increase





Our Group mission is to increase the value of our operational areas. Concurrently, we will cultivate growth markets and achieve sustainable growth as a corporate group.

the value of our operational areas, we will make the upfront investments for the future, even if the amount to be invested is significant. Examples of the first case include the Shibata 1 Project and the redevelopment of the Senri Chuo area, while examples of the latter include the development of the Umekita Phase II District and new railway line plan known as the Shin-Osaka Connection Line and Naniwasuji Connection Line.

Our Group owns many commercial facilities and offices along our operational areas, and it is essential that we enhance the value of these properties over time in a consistent manner. Although this may entail a temporary negative financial impact, it is the mission of our Group, which has grown together with the local community, to engage in the cycle of reinvesting in these properties and restoring their value.

Capturing the vitality of a growing market

Q: What initiatives are being pursued outside of existing markets?

As Japan’s population continues to decline, it is essential that we develop new markets. There are two points of view on how to achieve this: one is to incorporate the vitality of growing markets into our operational areas, and the second is to introduce ourselves into growing markets.

Q: What measures are you considering to incorporate the vitality of growing markets into the Group’s operational areas?

One way is to ensure that we capture inbound demand. To this end, we will not only strengthen our existing products and services, but also consider creating mechanisms that will make people want to visit our operational areas repeatedly. In addition, we will create methods that allow us to approach customers directly.

Q: Among the Group’s various operational areas, the Osaka-Umeda district is particularly important, isn’t it?

In the Kansai region, in addition to expositions and integrated resorts, rapid progress is being made in the development of infrastructure such as air and land gateways and new railway lines linking these areas. With administrative support systems in place, such as the Super City designation under the National Strategic Special Zone system, the Kansai region will likely gain international recognition, attracting people, goods, and investment, to become a region that will make great strides.

The Osaka-Umeda district, which is at the center of this region, is our Group’s largest business base. According to the “Umeda Vision” we formulated in 2022, we aim to increase the value of Umeda over the medium and long terms as a base for international exchange while create value unique to Osaka-Umeda. I would like to establish functions as a new industry development center and a base of international tourism, increase the influx of foreign visitors and the number of foreign permanent residents, and thus fill our operational areas with a new vitality.

Q: What do you mean by taking another direction and “introducing ourselves into growing markets”?

One aspect is the overseas real estate business.

In the growing ASEAN market, we first started with the housing business, which entails relatively low risk. Since then, we have posted a considerable track record with cumulative production exceeding 50,000 units, including our joint venture interests.

As a result of our having done business outside Japan in this way, local communities have become aware of our Group’s depth of commitment, and we have begun to access a variety of data sources. Furthermore, along with the expansion of these “information networks,” we have continued to grow steadily, which included the opportunity to acquire a major investment in

2022—Central Park Mall, a large-scale commercial facility in Indonesia.

Q: What are your future goals for the overseas real estate business?

Our goal is to achieve business profit\* of 10 billion yen as soon as possible.

In addition, for example, we would like to incorporate our overseas operational expertise into our commercial facilities along railway lines and demonstrate synergies unique to our Group.

\*Business profit = Operating profit + Non-operating profit/loss: Equity-method gains/losses related to overseas business investments (in Real Estate segment) See page 27.

Q: What about other business segments?

In the international transportation business, in 2018 we acquired an African company that is expected to grow in the future through M&A, and its performance has been solid. Expanding our business scale as well as our global network is of paramount importance, so we will continue to work towards this objective.

In addition, because content and intellectual property such as entertainment and travel have no national borders, they can be the key to either capturing the vitality of a growing market or entering a growing market. And as digitization progresses, we anticipate that the information services business will continue to grow domestically as well.

We must target an 8% return on equity.

Q: Please tell us your views about the second issue you mentioned “gaining recognition from the capital markets.”

In light of the large number of foreign investors, becoming aware of capital efficiency as well as growth strategies is extremely important in order to earn a stable evaluation from the capital markets.

Under our Long-Term Vision updated in 2022, we set an ROE target in the 7% range for the first time as an indicator of capital efficiency. However, in light of recent market trends, I believe we need to be even more aggressive, so it may be necessary to raise our ROE benchmark to 8% or more while we monitor the progress of several of our projects.

Cultivating the determination to effect change

Q: An ROE of 8% is a lofty goal for the Group, and we are sometimes asked whether this is even necessary for a company known for stable management of railways.

Until now, our Group has used the cash that is steadily earned from railways, real estate, and other businesses to increase the value of our operational areas. We intend to hold to this principle,

and it will remain unchanged. Even if we continue with the same approach, it is difficult to imagine that these businesses will shrink rapidly in the future. They may be fine for the next 10 or 15 years, but we are beginning to see a major demographic shift coming our way in the next 20 years or so. By achieving dynamic growth—even if only in a stair-step manner—it will be possible to generate the cash needed to increase our corporate value in the future. In order to garner a higher evaluation from institutional investors outside Japan, I believe we must keep in mind a global level of capital efficiency, including acknowledgement of the sustainable development goals, or SDGs.

For these reasons, I have come to accept that we must aim for an ROE of 8%, even if it might take some time to get there. In order to achieve this goal, we believe we must make significant reforms to the Group while the cash generation of existing businesses can be sufficiently maintained. To this end, it is essential that we capture the vitality of growing markets. Our entire Group will have to conduct various studies with the goal of adopting the necessary reforms.

Q: What are the challenges to achieving an ROE of 8%?

I think the first step is for the entire Group to adopt a sense of crisis that we need to fundamentally change our way of thinking.

In our Group, each and every employee places great importance on the customers they are dealing with. I believe that because of this, our employees tend to focus well on the individuals they are dealing with. I think it is preferable to adopt a more challenging attitude in areas other than those related to safety and security.

Reshaping our Group through the digital transformation

Q: Promoting the digital transformation is also one of your initiatives for change. How are you proceeding with this endeavor?

The digital realm is often described as being in a “zero-sum” relationship with concrete reality, but I myself don’t think that’s the case. While it’s true that the development of digital technology has increased the range of available options for how we choose to live and work, this does not mean that the demand for transportation will ever disappear. On the other hand, it’s also true that the technologies that enable us to have normal conversations without having to travel to distant locations have become very convenient and widespread. While we continue to develop new digital services, we also need to think more about how to employ these digital technologies to stimulate demand for our transportation services in the real world.

We are currently promoting the Hankyu Hanshin Digital Transformation Project across our Group, and in the short term, we will utilize digital technologies to improve our productivity and marketing efficiency. In the future, as our Group’s common identifier, “HH cross ID,” becomes more widely adopted, customer data will be gathered in a way that cuts across each business of



our Group. So, over the medium and long terms, we intend to offer innovative solutions that exploit the advantages of both the digital and concrete realms.

Although the hurdles to achieving these goals are extremely high, we intend to work together as an integrated group to develop new opportunities for profit. I am confident that we will be transformed by these efforts.

Targeting Sustainable Growth

Emerging as a corporate group that grows in tandem with our regions

Q: ESG initiatives are also important in order to attract a high evaluation from the capital markets. We appreciate that our Group has received high praise and has even been incorporated into many ESG indices (see page 94). Please tell us your thoughts on sustainable management.

Although we adopted our Sustainability Declaration in 2020, our Group takes pride in having contributed to the emergence of a sustainable society even before the term “sustainable management” became popular.

This Integrated Report includes a roundtable discussion with outside directors (see page 85), so I will leave the details to the reader to explore. But I would like to point out that the CO<sub>2</sub> emissions of railways are significantly lower than those of other modes of transportation, so railways can therefore be considered an environment-friendly mode of transportation. I think that the urban renewal we’ve been pursuing for over 100 years is the very essence of society, as represented by the “S” in ESG.

We provide products and services that enrich the lives of people in our operational areas, and we help our various regions develop in a sustainable manner. As a result, our Group is poised to grow sustainably. What our Group values above all else is to uphold this cycle, and I believe that this is the very essence of sustainable management. As a corporate group that grows together with the local community, we will continue to actively promote initiatives that contribute to the emergence of a sustainable society.

On Being Appointed Company President

Rapidly effecting change after gathering needed information

Q: Have you made any major changes since you were appointed president in March?

As the head of the Group Planning Division, I have been involved in the formulation of our Long-Term Vision and Medium-Term

Management Plan. I have also served as an executive at one of our core companies, so I believe I have a certain degree of understanding of the Group’s current situation and the path we should follow. From that perspective, I am currently approaching things in a natural way.

I am committed to implementing the necessary changes rapidly in order to realize the goals set forth in our Long-Term Vision.

Q: What do you think about the role of president of a holding company?

Matters related to business operations are essentially delegated to the presidents of the operating companies. Instead, I maintain sufficient communication with the presidents of our operating companies and have obtained their commitment to achieving results.

The role of the president of a holding company is generally to make final decisions on the allocation of management resources, namely people and money. By collecting widely varied data from within and outside the Company, I will adopt major policies with a sense of urgency and make quick decisions when necessary so that no opportunities slip past our business divisions.

Sales reveal the results of an evaluation performed by a customer.

Q: Please tell us your views concerning “the foundation of corporate management.”

Please bear with me for the time being, as I don’t yet have a track record that I can boast about. However, I always tell my employees the following: “Sales reveal the results of an evaluation performed by a customer; our costs represent our ingenuity; and our growing profits show that we are making appropriate efforts for the services we provide.”

If we make only minimal efforts to increase sales, our reputation with our customers will not last very long. I was previously involved in the launch of a new venture and worked in the retailing business, and this is what I came to realize at that time.

We must continue to provide high-quality products and services that we believe are the best, with added value that satisfies our customers. I believe this is the successful footing on which our Company has continued to operate over the many years since our founding.

Dialogue is essential.

Q: In your role as president and leader of our Group, please tell us what you value most.

What I value most is two-way communication, otherwise known as dialogue. I was once involved in business restructuring and in the rebuilding of companies in dire business straits. At times, I had to convey some very harsh realities to managers and employees. However, by talking face-to-face, we were able to

understand each other and move forward in the right direction.

The same approach applies to customers. I believe it is essential to listen to customer feedback, take it seriously, and use it to make improvements.

Q: When I have worked with you in the past, I have always felt that you have placed great importance on agility and dialogue. I think investors would appreciate it if you could engage in such dialogue with them as well.

I believe it’s important to communicate with investors in order to gain their understanding and obtain a favorable evaluation in the market. Since I was appointed, I have made the effort to be available at every such opportunity. Of course, we always appreciate hearing the candid views of our investors.

Q: Lastly, what is your message to investors?

For more than 100 years, our Company has operated on a

business model grounded in the movement of people, and this will not change in the future. However, in order to achieve growth over the medium and long terms in the midst of a changing operating environment marked by population decline and other trends, we intend to steadily grow our existing business while further refining our existing business model. I will work together with our Group employees to implement reforms so that we can improve our business performance and offer new business models.

Although the business environment remains difficult, we will continue to make steady efforts and aim to grow into a corporate group that earns greater trust than ever before. We continue to be grateful for all the understanding and support we have received.

Thank you very much for your time.



Mr. Shimada in his own words

Motto

“Whatever will be, will be.”

I tend to look at everything positively, even situations that tend to be difficult or painful. That’s just the way I am.

How I spend my holiday time

On days when I have nothing else to do, I go to golf practice first thing in the morning, which entails a round trip walk of more than an hour. My goal is to walk at least 10,000 steps a day. Walking to and from the practice range is still not enough, so I go for an extra walk after I get home. I don’t like remaining stuck indoors.

My strengths

I am above board, straightforward, and exactly who I appear to be.

Where I excel compared to others in similar roles

No matter how difficult the situation, I always do my best to maintain a positive attitude.

What I treasure most

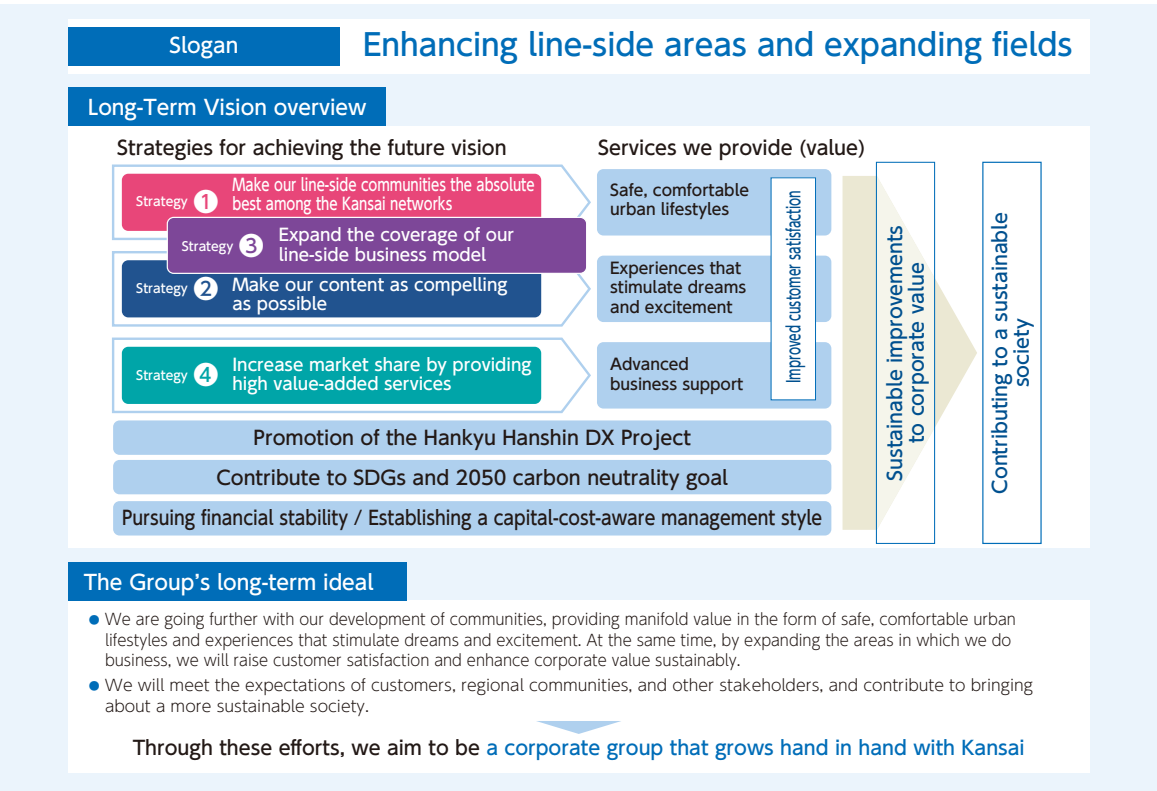
I treasure not only my family, but also all the connections I make with everyone I meet.

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.
- Outside Japan, we plan to expand our business, particularly in the ASEAN region where sustainable growth is forecast, through residential subdivision as well as long-term property leasing and the fix-and-flip business.

**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.

Financial and non-financial KPI targets for FY2031

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

To be able to continue offering a stable supply of the products and services with a view to achieving a sustainable society and the development of the region, we will pursue financial stability and, in order to meet stakeholder's expectations, we will establish a management style that is more aware of capital costs, and specifically aim to maintain and enhance capital efficiency.

Pursuing financial stability	<b>Stable base profit results</b> <ul style="list-style-type: none"><li>By expanding revenue for each of our businesses, driving thorough 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.</li><li>We will also press ahead with thorough risk management for highly volatile businesses such as overseas real estate.</li></ul>	(FY2031 target) Business profit <b>¥130.0 billion plus something extra*</b> <small>*Aim to go further through the DX Project, etc.</small>
	<b>Maintenance of financial soundness</b> <ul style="list-style-type: none"><li>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.</li></ul>	Interest-bearing-debt/EBITDA ratio <b>Between 5 and 6</b>
Establishing a capital-cost-aware management style	<b>Maintenance and improvements to capital efficiency (to create returns that exceed capital costs)</b> <ul style="list-style-type: none"><li>In each business, we will remain conscious of capital costs and utilize ROIC* and other indicators, as we aim to maintain and improve yield.</li><li>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.</li><li>We will provide and continue to offer stable, appropriate shareholder returns, and maintain a suitable debt/equity (D/E) ratio.</li><li>Through these measures, we will aim for the ROE standard detailed on the right.</li></ul> <small>*Business profit/invested capital</small>	ROE <b>7% range</b> in the medium to long term

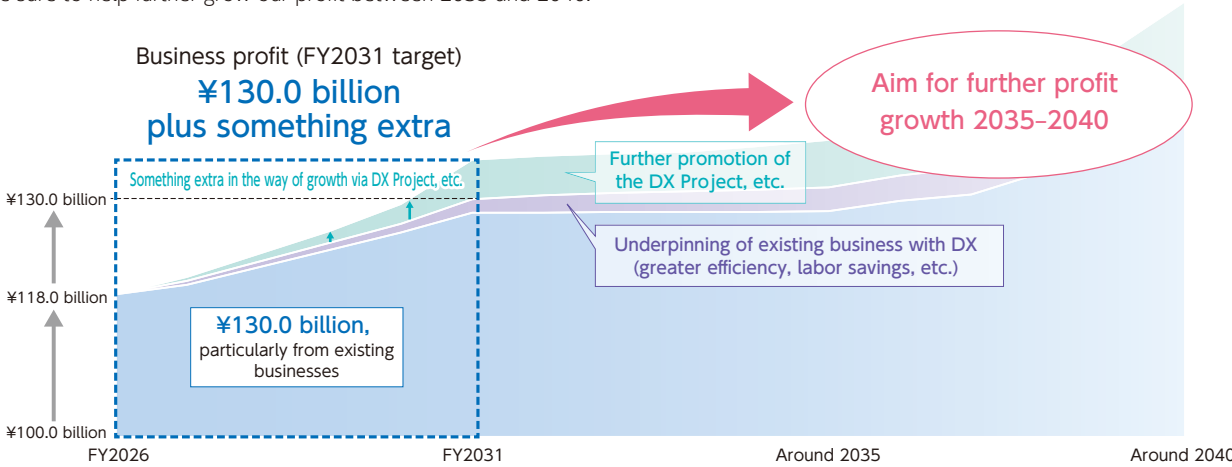
Note: Business profit = Operating profit + Non-operating profit/loss; Equity-method gains/losses related to overseas business investments (in Real Estate segment) (See page 27 for details.)

Non-financial KPI targets

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

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.





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.

\*In May 2023, we undertook a periodic review of some of the details of the plan.

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 and 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.

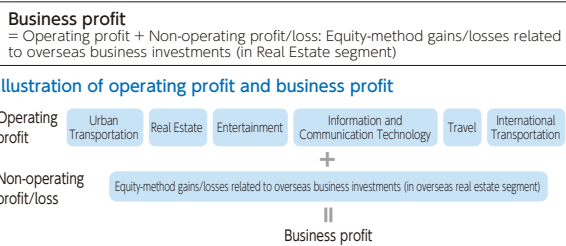
Profit Targets

Profit Plan for Fiscal 2026

Business profit: 118.0 billion yen

Introduction to the concept of “business profit”

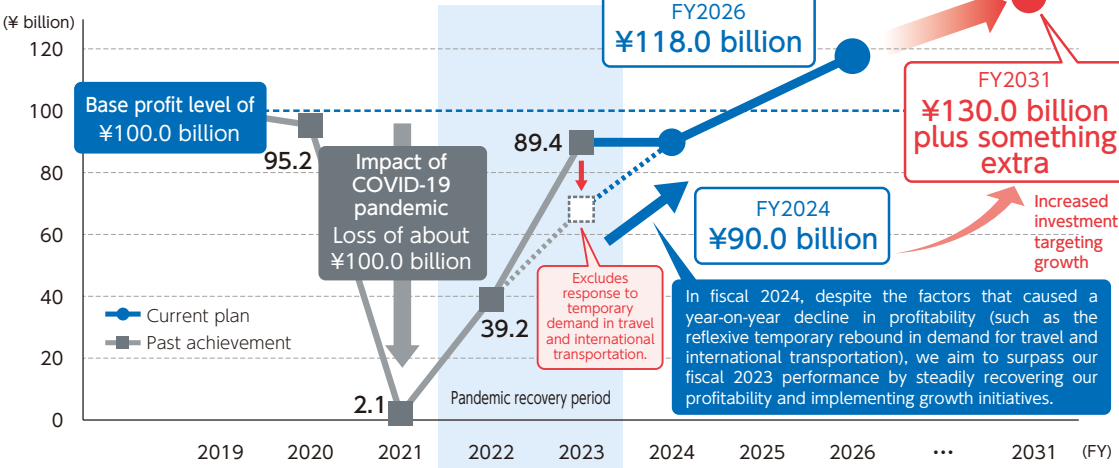
In fiscal 2024, we introduced the concept of “business profit,” which represents an equity method profit or loss associated with investment in overseas businesses in addition to operating profit. This represents a new management indicator for the Group. By adopting this metric, we can appropriately encompass the progress of our efforts to grow our overseas business (real estate and other businesses).  
In May 2023, we announced that the basis for our profit target would be changed from 115.0 billion yen in operating profit to 118.0 billion yen in business profit.



Roadmap for Fiscal 2026

We aim to achieve our plans by realizing the benefits of new initiatives we have launched and promoted over the past few years (including Osaka Umeda Twin Towers South, entertainment streaming businesses, overseas real estate businesses, and digital transformation projects). At the same time, during the plan period, we will steadily sow the seeds of growth in fiscal 2026 and beyond (by expanding investment in our overseas real estate business and for-sale condominium business, our digital transformation projects, and other projects).

Changes in operating profit (up to and including FY2023) and business profit (from FY2024 onward)



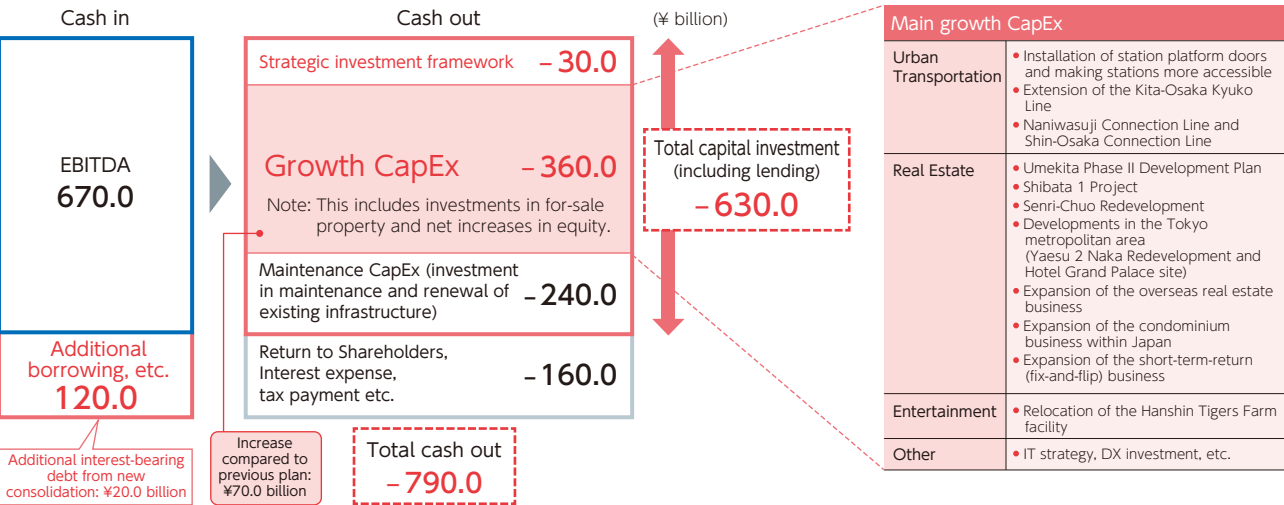
Notes:  
1. Forecasts for fiscal 2024 are based on data released on May 15, 2023.  
2. Responding to the temporary rebound in demand for travel and international transportation: Includes home support services for individuals in the travel business being treated for COVID-19 infection and the capture of demand due to tight supply and demand in the international transportation business.

Cash Flows

We expect cash expenditures during the plan period to be approximately 790.0 billion yen, including about 360.0 billion yen in growth investments (an increase of 70.0 billion yen from the previous plan in the announcement released in May 2023, which reflected the results of our periodic review of the plan).

In addition, we forecast that EBITDA for the current plan period will be approximately 670.0 billion yen, resulting in a funding shortfall of about 120.0 billion yen. We will accommodate this through additional debt and other measures (representing an increase in interest-bearing debt) while continuing to monitor our interest-bearing debt/EBITDA ratio.

Planned four-year cumulative totals for FY2023 to FY2026



Main growth CapEx	
Urban Transportation	• Installation of station platform doors and making stations more accessible • Extension of the Kita-Osaka Kyuko Line • Naniwasuji Connection Line and Shin-Osaka Connection Line
Real Estate	• Umekita Phase II Development Plan • Shibata 1 Project • Senri-Chuo Redevelopment • Developments in the Tokyo metropolitan area (Yaesu 2 Naka Redevelopment and Hotel Grand Palace site) • Expansion of the overseas real estate business • Expansion of the condominium business within Japan • Expansion of the short-term-return (fix-and-flip) business
Entertainment	• Relocation of the Hanshin Tigers Farm facility
Other	• IT strategy, DX investment, etc.

Increasing investment in growth to enhance the probability of achieving our Long-Term Vision

Following our periodic review of our Medium-Term Management Plan, we increased our investment in growth by 70.0 billion yen. Here, I will explain the background of this initiative.

First, in fiscal 2023, we proceeded with our general investments as planned, keeping in mind the goal of improving capital efficiency as set forth in the financial policy of our Long-Term Vision. As a result, we are increasing the probability of achieving the goals of our Medium-Term Management Plan, with revenue from land purchased in Japan for construction of condominiums expected to be recorded in fiscal 2026.

Under these circumstances, given that the end of the COVID-19 pandemic is in view and the environment has become conducive to forward-looking investments in growth, we have decided to increase our profit target for fiscal 2031 (130.0 billion yen plus something extra) under our Long-Term Vision. In order to increase the probability of achieving this in accordance with the third strategy of our Long-Term Vision, which entails expanding the coverage of our line-side business model, we will develop condominiums and overseas real estate, which have been posting good results from our efforts to date.

On the other hand, since the contribution to profits from these increased investments will not be made until fiscal 2027 onward, each indicator of financial soundness in fiscal 2026 will temporarily deteriorate in comparison to the previous plan. However, as we expect EBITDA to grow from fiscal 2027 onward, we are maintaining our management target of our interest-bearing debt/EBITDA ratio of between 5 and 6 for fiscal 2031 as set forth in our Long-Term Vision.



Junichi Otsuka  
Executive Officer  
Group Planning Division

Expanding investment in overseas real estate

Promoting appropriate risk control in a growing market

- Developing our business in ASEAN and several other countries
- Focusing on small-scale projects in flow-oriented businesses (such as housing) and gradually expanding the scale of our properties
- Conducting business jointly with reliable local partners (partners who understand our Group’s intentions)

Targeted business scale

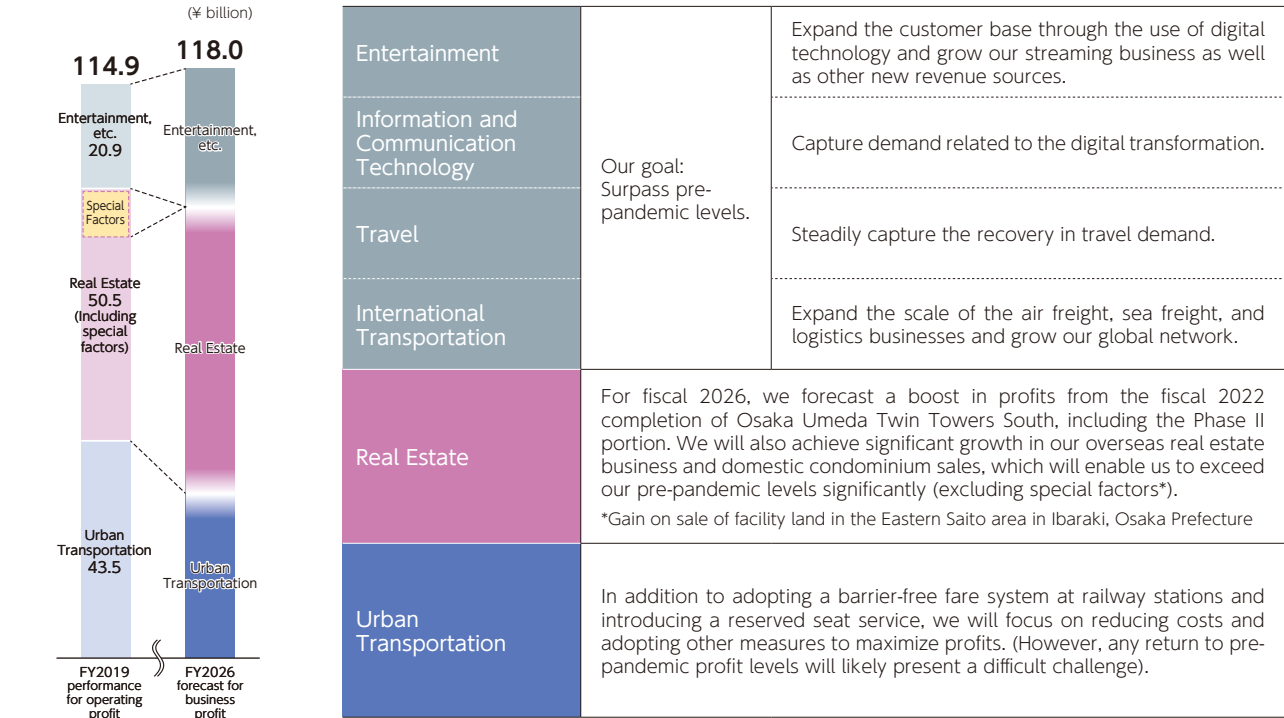
- Aiming for an initial profit scale of around 10.0 billion yen

Management Indicator Forecasts

	FY2023 result	FY2024 forecast*1	FY2026 target
Business profit (① + ②)	¥89.4 billion	¥90.0 billion	¥118.0 billion
Operating profit (①)	¥89.4 billion	¥87.7 billion	¥115.0 billion
Equity-method gains/losses related to overseas business investments (②)	—	¥2.3 billion	¥3.0 billion
EBITDA*2	¥153.7 billion	¥156.0 billion	¥193.0 billion
Interest-bearing debt	¥1,106.4 billion	¥1,190.0 billion	¥1,230.0 billion
Interest-bearing debt/EBITDA ratio	7.2	7.6	6.4
Debt/equity (D/E) ratio*3	1.2	1.3	1.2
Profit attributable to owners of parent	¥47.0 billion	¥52.0 billion	¥75.0 billion
ROE	5.3%	5.6%	7% range
(Reference)			
Net interest-bearing debt*4	¥1,063.5 billion	¥1,165.0 billion	¥1,205.0 billion
Net interest-bearing debt/EBITDA ratio	6.9	7.5	6.2

\*1 Forecasts for fiscal 2024 are based on information published on May 15, 2023.  
\*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

Reference Data: FY2026 Profit Compared with Pre-Pandemic Results (FY2019)



Measures to ensure a strong management focus on capital costs and monitoring of the share price

In order to ensure management remains focused on capital costs, our Group has adopted return on equity (ROE) as an indicator as part of our Long-Term Vision. We believe that the key to achieving a positive assessment from the markets is to aim for growth over the medium and long terms by adhering to the initiatives adopted in our Long-Term Vision.

In order to improve our ROE, the Group utilizes return on invested capital (ROIC) as an important internal management indicator with the goal of balancing profits with invested capital. Specifically, this information is being utilized for business analysis and consideration of business policies from medium and long-term perspectives. It is also used in investment decisions across business management cycles.

ROIC is used as an important indicator because the management of invested capital is critically important, particularly in the real estate business, which accounts for the majority of the Group's invested capital. For example, we are also working on a short-term return ("fix-and-flip") business that contributes to improved ROIC. Following the sale of a certain number of properties in fiscal 2023, we expect to sell a corresponding number of properties in fiscal 2024. We will continue to utilize these initiatives to improve our capital efficiency.

Clearly, when considering new investments, we must undertake a careful examination of businesses with low invested capital. Our fundamental approach is to promote such business with the awareness that expanding the scale of these business will improve the ROIC for the entire Group.



**Kenji Joto**  
Executive Officer  
Group Planning Division

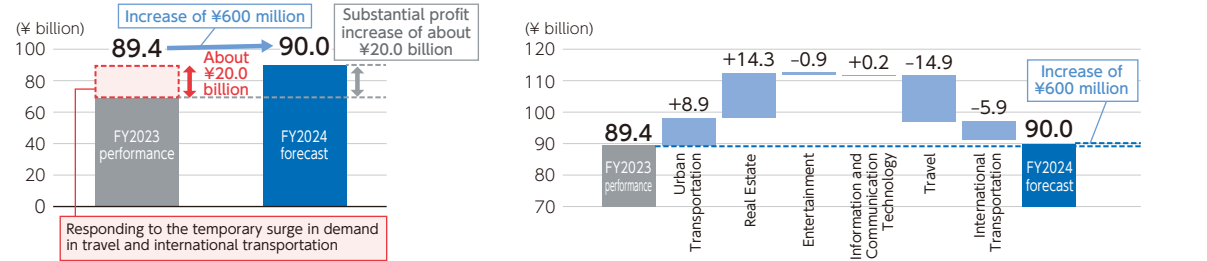
Fiscal 2024 Forecast for Earnings and Shareholder Return

Fiscal 2024 Earnings Forecast

For fiscal 2024, we expect revenues to increase due to higher condominium sales in our real estate business and a moderate recovery in the number of passengers in the urban transportation business. Moreover, we expect profits to exceed fiscal 2023 levels due to the response to the temporary surge in demand\* in the travel business and international transportation business in fiscal 2023.

\*Providing support services for individuals in the travel business recovering at home due to COVID-19 infection, and capturing demand arising from supply/demand imbalance in the international transportation business

Trend in business profit



Note: Forecasts for fiscal 2024 are based on data released on May 15, 2023.

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 2023:** Annual dividend of 50 yen per share plus 2.0 billion yen in treasury stock buybacks (upper limit)  
**Planned dividend distribution for fiscal 2024:** Annual dividend of 50 yen per share, planned treasury stock buybacks

Reference: Method of calculating total payout ratio

Total payout ratio for year n (%) =

(Total annual dividends for fiscal year n) + (Amount of treasury stock buybacks in fiscal year n + 1)

(Profit attributable to owners of parent for fiscal year n)

× 100



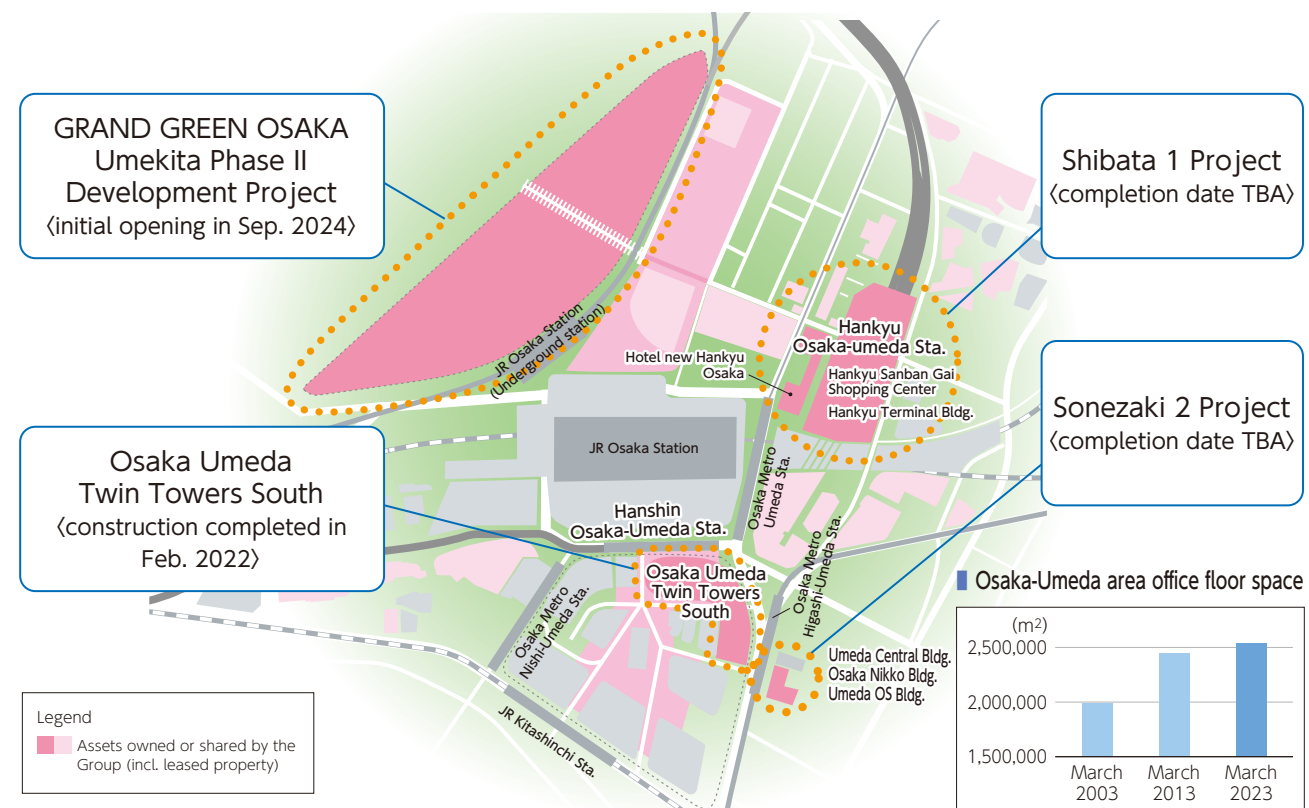
# Umeda and Line-Side Communities Are Driving Growth in Accordance with the Long-Term Vision

We have set making our line-side communities the absolute best among the Kansai networks the first, core strategy of our Long-Term Vision.

As such, our focus is 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.

## Approach 1 Community Building in the Osaka-Umeda Area

The Osaka-Umeda area is our most important business base, and based on our Umeda Vision, we are pushing ahead with new developments such as the Shibata 1 Project, and will ensure the area continues to evolve into a globally competitive city.



### What makes Osaka-Umeda special?

Osaka-Umeda is the cornerstone of the transportation network that connects the major cities of Kyoto, Osaka, and Kobe. The district prospered as a center of culture revolving around commerce, and had relatively few offices. Through the developments that we are involved in, such as Osaka Umeda Tower Towers North and South, in recent years there has been a supply of a good number of sophisticated offices and, in the future, there are large-scale office buildings scheduled to open. Only two kilometers in diameter, the compact Osaka-Umeda area is home to seven stations, as well as offices, commercial facilities, hotels, financial institutions, legal offices, and more besides. It excels as a business environment that always commands praise.

## Osaka Umeda Twin Towers South (Umeda 1-1 Project)

As a major project that embodies the 2006 business merger between Hankyu and Hanshin, from October 2014 onward we rebuilt the New Hankyu Building and Dai Hanshin Building and promoted the integrated development project. Through changes such as the easing of the floor-area ratio from 1,000% to 2,000%, we have been able to secure a large floor space that was not possible previously with the two separate buildings. It also raised the value of the facility and the appeal of the area.

In February 2022, final construction was completed and in the following month the office section opened. In April, the Hanshin Umeda Main Store, a department store, fully opened and began operations. The tower has also made a massive contribution to profit growth in our real estate leasing business.

Purpose	Offices, department store, halls, etc.
Total floor space	Approx. 260,000 m <sup>2</sup>
Size	38 floors above ground and 3 below ground
Completed	Feb. 2022

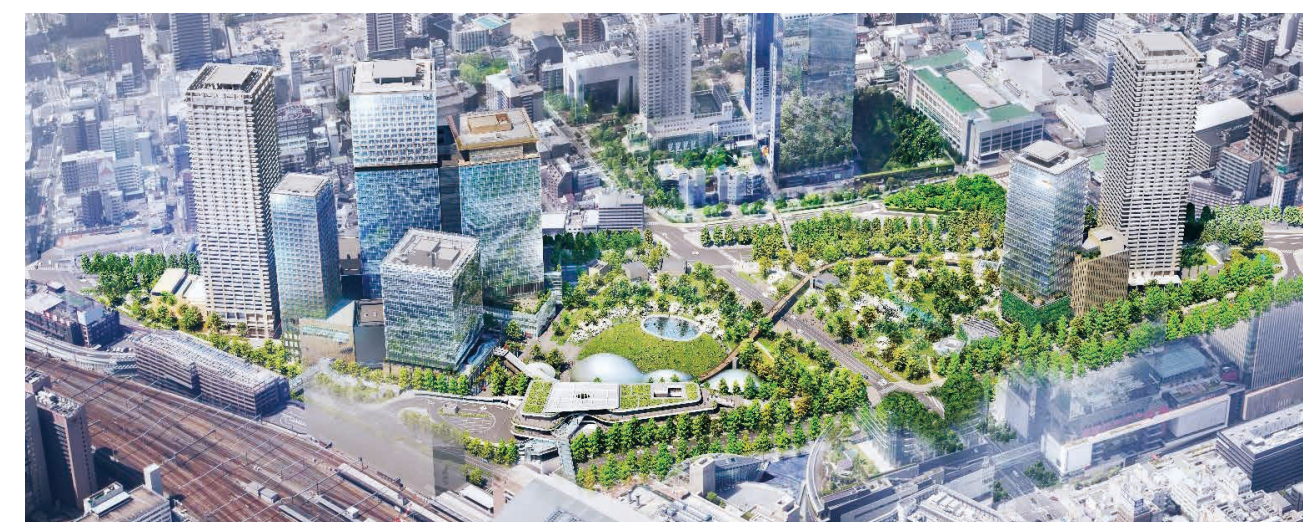


## GRAND GREEN OSAKA, Umekita Phase II Development Project

The Group was selected to lead development of the area after nine companies engaged in a joint venture (including Hankyu Corporation) and six design and operating companies (including Hankyu Hanshin Properties) formed respective consortia.

In line with our community building concept of fusing greenery

and innovation, the integrated development will combine offices, hotels, commercial facilities, and residences, but also an approx. 45,000 m<sup>2</sup> city park and innovation facility. The area is scheduled for an initial opening in September 2024, and then a full open in the spring of 2027.



	South zone	City park	North zone		
Purpose	Offices, hotels, commercial facilities, MICE facilities, residences, etc.	Museum; large roof facility; dining facilities; etc.	Innovation facility, hotel, commercial facilities, residences, etc.	Mar. 2023	JR Osaka Station (Umekita area) opening
				Sep. 2024	Initial opening*1
Total floor space	Approx. 407,250 m <sup>2</sup>	Approx. 11,000 m <sup>2</sup>	Approx. 136,800 m <sup>2</sup>	Spring 2025	Opening of all leased buildings*2
				Spring 2027	Complete opening

\*1 North district leased building, and part of the city park  
\*2 South district leased building



Shibata 1 Project

Focused on the next generation, we will aim to replace the building for the Hotel new Hankyu Osaka/Hankyu Terminal Building, make complete repairs to its Hankyu Sanban Gai underground area, strengthen the complex's functions as a station terminal, and develop the site as a combined-function facility that suits its role as the gateway to the Osaka-Umeda area.

For the Group to come together and promote this project, in October 2022, we have gathered members from across the Group and formed the Osaka-Umeda 2030 Project Team. Going forward, we will be combining our strengths and putting in place a framework to firm up project details from a range of angles.

Sonezaki 2 Project

We have signed a basic agreement with Heisei Buildings Co., Ltd. to move forward with a study into jointly replacing the Umeda OS Building, Osaka Nikko Building, and Umeda Central Building. By rebuilding these three as one single, integrated building we will secure a total floor space of around 3,000 m², and we will be able to develop a symbolic, highly visible tall building along Midosuji, Osaka's main street. In the future, we will look at specific ways of utilizing the advantages of this site, such as introducing office functions.

Nishinomiya-kitaguchi area

As part of its community building efforts in the area around Nishinomiya-kitaguchi Station, in 2008 Hankyu Corporation opened a large-scale commercial facility, Hankyu Nishinomiya Gardens Main Building. As well as attracting educational and other institutions to the area, the company has provided a lot of quality homes and continuously striven to enhance its attractiveness and convenience.

In September 2023, we opened Hankyu Nishinomiya Gardens Plus Building, a collection of large-scale developments in the southeast area of Nishinomiya-kitaguchi. This kind of community development is thanks to the support of many people, and the result is that Nishinomiya-kitaguchi has established its position as a place where people want to live and as such is always at or near the top in the Kansai region's Most Desirable Towns to Live In survey.



Hankyu Nishinomiya Gardens Plus Building, opened in September 2023  
This complex integrates commercial facilities, offices, and the rental condominium building Geo Ent Nishinomiya-kitaguchi

Umeda Vision

In May 2022, we formulated the Umeda Vision as a concept to help us improve the value of our most important site, the Osaka-Umeda area, which is the biggest transport hub in western Japan, with the aim of raising the area's global competitiveness and making it a base for international exchanges.

Six basic policies

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
Promoting the Umeda brand to the world	3 Make Umeda a dynamic cluster of people and companies
	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)



Geo Tower Osaka Juso  
As well as condominium housing, it is being developed as a complex with a library, childcare facilities, retailers, a school, and other facilities, which will help to enliven the district

Juso area

Hankyu Juso Station is a major hub where three major Hankyu lines—the Kobe Line, Takarazuka Line, and Kyoto Line—converge, and in the future two new lines—the Naniwasuji Connection Line and Shin-Osaka Connection Line—are also planned to meet here. With the new lines, the area around the station will become far more convenient with its access to Shin-Osaka and Kansai International Airport. Through community building that integrates the area with the area around Shin-Osaka Station, which has been designated as a priority district for urban regeneration, the area has considerable potential to rise in value.

About three minutes' walk from Hankyu Juso Station is the former site of the Yodogawa Ward Office, and Hankyu Hanshin Properties has been chosen to redevelop it. Its development plans are for a complex that will include the condominium building Geo Tower Osaka Juso. We have positioned this project as an opportunity to make the most of the area's potential and develop it as a place people want to live.

Approach 2 Community in Our Other Line-Side Areas

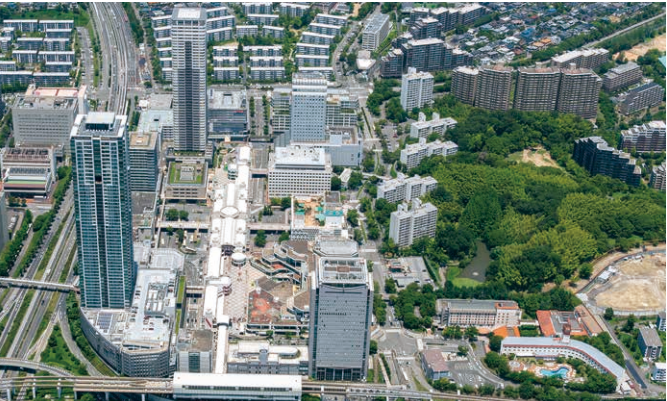
For many years, in each of our line-side areas, we have worked to create desirable towns where people want to live and visit to enhance their appeal and convenience. Going forward, we will effectively utilize our assets to tie them into improved value for the areas.



Senri-Chuo area

The Senri-Chuo area boasts easy access to Shin-Osaka, Osaka-Umeda, and Osaka International Airport (Itami Airport) and is densely packed with retail facilities, offices, homes, and many other functions. The extension of the Kita-Osaka Kyuko Line is scheduled to open on March 23, 2024, and this is predicted to improve convenience for Senri-Chuo even further.

We own a number of assets in the area, including the Senri Hankyu Hotel (scheduled to be closed at the end of fiscal 2026) and office buildings. At the moment, we have joined a council made up of representatives from Toyonaka City and local landowners, and we are investigating public-private partnerships for future community building.



Senri-Chuo area



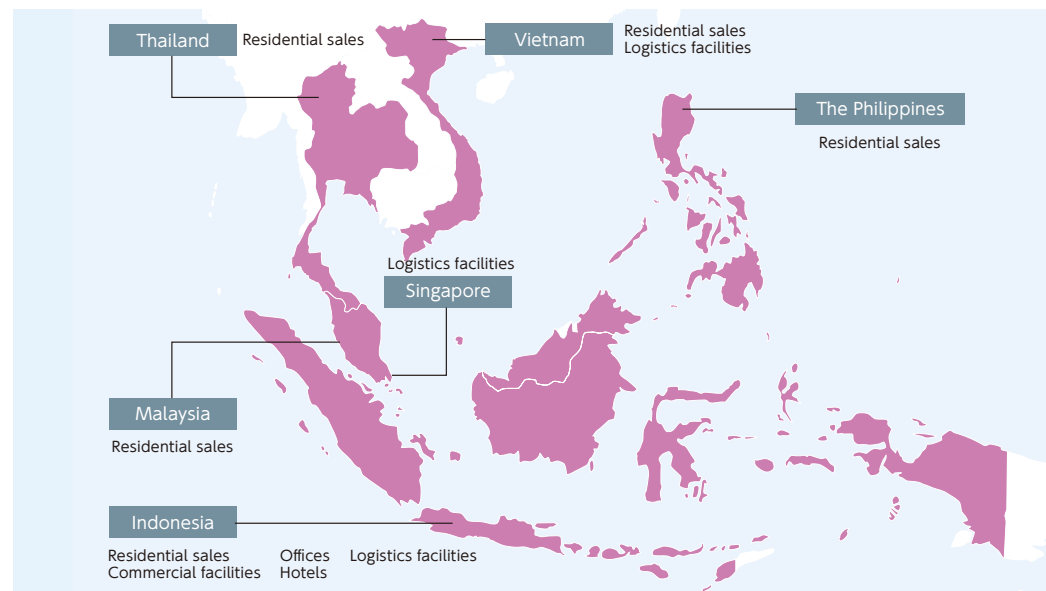


# Another Driver of Growth in Line with the Long-Term Vision (Overseas Real Estate)

The third strategy of our Long-Term Vision is to “expand the coverage of our line-side business model.”

For us to be able to grow sustainably even as the Japanese population shrinks, we have to harness the dynamism of growth markets, and put to use the track record and expertise we have gained in our line-side areas to roll out our overseas real estate business.

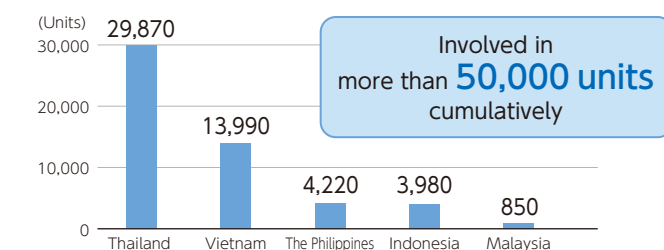
## Approach 1 Efforts in the ASEAN Region



### Expanding our residential sales business

Our first forays abroad were limited to flow-oriented business (the residential sales business), which is comparatively low risk, but from this stepping stone we have fully entered the overseas real estate business. Our main target is in the volume zone of user demand, and as such we are rolling out residential sales for homes such as condominiums and detached houses.

#### Number of residences sold in the ASEAN region (including equity belonging to business partners) (As of September 1, 2023)



Niche Mono Chaengwattana, Thailand



Idesia San Jose Del Monte, Philippines

## Entry into the development and leasing business

We are building up a track record in residential sales, and slowly accumulating experience in the overseas real estate business, while also constructing an information network.

As such, as well as starting development and operation of logistics facilities in Indonesia in 2015, in 2019 we started on the Plaza Indonesia Complex there, and entered the lease holding and management business. Also in Indonesia, we worked under a policy of acquiring already operating properties that are low risk and that can achieve immediate revenues. In line with this, in 2022, we made our first acquisition as part of a major investment: the Central Park Mall. In September of the following year, we acquired the adjoining Neo Soho Mall. Through such efforts, we are building a base for our leasing business in the ASEAN region.



Central Park Mall (acquired Sep. 2022)  
Neo Soho Mall (acquired Sep. 2023)

	Central Park Mall	Neo Soho Mall
Total site area	Approx. 85,700 m <sup>2</sup> (complex site area)	Approx. 21,700 m <sup>2</sup>
Total floor space	Approx. 188,000 m <sup>2</sup> (mall area)	Approx. 63,500 m <sup>2</sup>
Size	10 floors above ground and 2 below ground	7 floors above ground and 2 below ground
Purpose	Commercial facility (approx. 300 tenants)	Commercial facility (approx. 70 tenants)

Note: Total site area and total floor space include equity belonging to business partners.

### 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 (like 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.).
- 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 2 Efforts in the U.S.A.

To speed up our overseas real estate business, since 2022 we have been acquiring rental residences in the U.S.A. which has an enormous leasing market and for which movement is high and rents are predicted to rise. Going forward, through renovations and similar, we plan to improve the value of our holdings.



Fox & Finch, rental residences in Seattle



Westview Village Apartments, rental residences in Renton



Park at 33rd, rental residences in Phoenix

## Future outlook

Business profit\* for fiscal 2024 are predicated to reach ¥5.1 billion. Our aim for the future is to reach business profit of ¥10.0 billion at as early a stage as possible.

### Changes in revenues and profit in the overseas real estate business

	(Billion yen)		
	FY2023 results	FY2024 forecast	+/-
Operating revenue	3.2	6.8	+3.6
Business profit*	1.1	5.1	+4.0
Operating profit	1.1	2.8	+1.7
Equity-method gains/losses related to overseas business investments	—	2.3	+2.3

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

Note: The anticipated full-year results for fiscal 2024 are based on information announced on May 15, 2023.



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

As transportation is an important public service, the railroad companies in the Group aim to provide stable transportation service with top priority placed on safety. We are committed to improving safety so that everyone can use our trains with peace of mind. In recent years, we have been enhancing both the “hard” infrastructure and “soft” service side to promote barrier-free measures so that seniors and physically challenged passengers can use our trains and stations with greater ease. At the same time, we are strengthening our response to crimes and other critical situations onboard trains.



Kasuganomichi Station (Hankyu Corporation)

## Approach **1** Initiatives to Improve Safety and Barrier-Free Accessibility

### 1. Installing platform screen doors at all stations

To improve safety, Hankyu Corporation and Hanshin Electric Railway are moving ahead with installing platform doors on station platforms. The two railways are utilizing a barrier-free fare system at railway stations set up in December 2021 to more quickly and steadily install accessible facilities. Hankyu Corporation has set the end of fiscal 2041 and Hanshin Electric Railway has set fiscal 2043 as the general targets to complete the installation of platform doors (sliding or fixed) at all stations.

Hankyu Corporation had already installed sliding platform doors at two stations—Juso and Kobe-Sannomiya—and completed the installation at Kasuganomichi Station at the end of fiscal 2023. The company plans to install sliding platform doors at Nishinomiya-kitaguchi, Katsura, and Hotarugaikae stations by around the spring of 2025.

Hanshin Electric Railway has installed sliding platform doors at Kobe-sannomiya and Osaka-Umeda stations, and plans to install them on platforms No. 1 and 2 at Amagasaki Station by the end of fiscal 2024.

Kita-Osaka Kyuko Railway has completed the installation of sliding platform screen doors at all of its stations and is also raising the height of platforms to eliminate the height difference between the platform and the railcar to improve safety.



Kasuganomichi Station Platform (Hankyu Corporation)



Sliding platform screen door emergency button

In the unlikely event that a passenger gets caught between the platform door and the railcar, the platform door can be opened manually by pressing the emergency button.

#### ■ Platform installation status

Hankyu Corporation	Juso Station	Installed on the Takarazuka Line (Platforms 3 and 4) and Kyoto Line (Platform 5) at the end of FY2019
	Kobe-Sannomiya Station	Installed on all platforms at the end of FY2022
	Kasuganomichi Station	Installed at the end of FY2023
	Nishinomiya-kitaguchi Station	To be installed by spring 2025
	Katsura Station	To be installed by spring 2025
	Hotarugaikae Station	To be installed by spring 2025
Platform screen doors (sliding or fixed) to be installed at all stations by around the end of FY2041		
Hanshin Electric Railway	Kobe-sannomiya Station	Installed on all platforms at the end of FY2022
	Osaka-Umeda Station	Installed on new Platform 1 in October 2021. To be installed on all platforms by the end of FY2024
	Amagasaki Station	To be installed by the end of FY2024 on Platforms 1 and 2
	Platform screen doors (sliding or fixed) to be installed at all stations by around FY2043	

#### ■ Amount of fees to be collected under the barrier-free fare system at railway stations

Hankyu Corporation and Hanshin Electric Railway started adding the barrier-free charge to the fare in April 2023.

	Hankyu Corporation	Hanshin Electric Railway
Amount to be collected annually	3,672 million yen	1,350 million yen
Collection period	13 years (April 1, 2023-March 31, 2036) *Scheduled to continue beyond FY2037	13 years (April 1, 2023-March 31, 2036) *Scheduled to continue beyond FY2037
Total amount to be collected	47,780 million yen	17,550 million yen
Total cost of installation	91,258 million yen Plan for FY2022-FY2026: 17,222 million yen Plan for FY2027-FY2036: 74,036 million yen *Scheduled to continue beyond FY2037	32,000 million yen Plan for FY2023-FY2026: 8,800 million yen Plan for FY2027-FY2036: 23,200 million yen *Scheduled to continue beyond FY2037

### 2. Barrier-free measures at railway stations

The Group’s railway companies are eliminating steps and installing elevators at train stations to provide passengers with greater convenience and peace of mind when using our rail systems.

At Kasuganomichi Station, which was considered difficult to make barrier-free, Hankyu Corporation installed an elevator, a barrier-free restroom, and wheelchair-accessible ticket vending machines (with space under the counter for wheelchair foot supports), completing the improvements in March 2023. Hanshin Electric Railway is in the process of widening the platform at Osaka-Umeda Station and installing an elevator and escalators (with the improvement work scheduled to be completed around spring 2024).

We want all of our stations to be more than just places for getting on and off trains—we want them to be inclusive facilities that can be used with ease by all people.



Kasuganomichi Station (Hankyu Corporation) Left: Elevator Right: Barrier-free restroom



Osaka-Umeda Station West Gate (Hanshin Electric Railway)

#### ■ Status of barrier-free implementation at railway companies\*

	Rate of step-barrier removal	Rate of barrier-free restroom installation
Hankyu Corporation	99%	98%
Hanshin Electric Railway	100%	100%
Kita-Osaka Kyuko Railway	100%	100%
Nose Electric Railway	100%	71%

\*Percentage of stations that have an average ridership of 3,000 or more people per day

### 3. Improved railcar safety and barrier-free measures

The new Hankyu Series 1000 and Series 1300 railcars will have door opening/closing warning lights, in-train information display panels, and extra space for wheelchairs. In fiscal 2023, two Series 1300 trains were deployed on the Kyoto Line. The newly built railcars employ an “aluminum double skin” structure to increase the strength of the chassis and are outfitted with larger bench-seat end dividers and vertical handrails to prevent passengers from falling or getting thrown during emergency braking, thereby improving safety. Also, Hankyu Corporation will be putting the same features into existing railcars with upcoming renovations. Starting in fiscal 2021, a chime that rings when the doors are standing open will be introduced to help visually impaired passengers locate the train entrances on the platform for boarding.

Hanshin Electric Railway has installed a wheelchair/stroller space in every railcar, along with between-car fall-prevention barriers. Already, 95% of its railcars are now equipped with in-train information display panels. Also, the hand straps are adjustable to three positions, allowing passengers of different heights to hold on comfortably when the train sways.



Larger wheelchair space (Hankyu Corporation)



Large seat-end dividers and vertical handrails (Hankyu Corporation)



In-train information display panel (Hanshin Electric Railway)



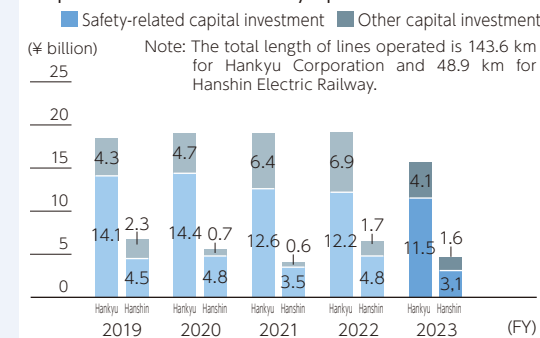
Adjustable-height hand straps (Hanshin Electric Railway)

#### ■ Safety-related capital investment

In fiscal 2023, Hankyu Corporation and Hanshin Electric Railway performed many kinds of work—seismic reinforcements of elevated bridges, station improvement work aimed primarily at widening platforms and making them barrier-free, platform door installations, and the construction of new railcars and improvement of existing ones. In addition, Hankyu Corporation performed trackside construction work along sections of track with a high risk of landslide to prevent slope collapse and rock fall, improve drainage, and prevent sudden, high rainwater inflow from causing landslides.

Hanshin Electric Railway is making steady progress on the Hanshin Namba Line Yodogawa Bridge replacement work (scheduled for completion in fiscal 2033), which includes replacing track in some sections between Fuku Station and the Shin-Yodogawa Bridge.

#### Capital investment in railway operation business





Approach 2 Emergency Response-Strengthening Initiatives

1. Strengthening responses to violent behavior on a train

In response to a violent incident on a train run by a different company, we have been working on emergency response measures beyond readiness for an emergency caused by a natural disaster—we are strengthening our readiness to respond to a terrorist attack or other act of violence.

Hankyu Corporation is conducting drills in conjunction with the police in which station staff and train crews cooperate in guiding passengers to evacuate, assuming a situation before the police arrive in which a perpetrator has attacked passengers with a knife. The company is also taking steps to more clearly indicate the location of emergency call buttons and other equipment to use in times of emergency, and hanging posters that inform passengers of how to use them and what other precautions to take. Additionally, to enhance security onboard trains, security cameras have been installed on some trains in service, and their operation is being tested. The installed security cameras will allow the train driver and control center to see what is going on inside the cars to facilitate a faster response in the event of an emergency.

Hanshin Electric Railway also conducts drills for dealing with violent behavior at each station jurisdiction. At Sakuragawa Station, where Hanshin runs a direct service with Kintetsu Railway, joint drills were conducted in April 2022 and a system of close cooperation has been established to ensure the safety of all passengers. Passenger rescue and evacuation guidance drills were also conducted for a scenario in which a J-ALERT warning is issued on train in operation.



Violent behavior response drills  
(Left: Hankyu Corporation, Right: Hanshin Electric Railway)

Other measures to further improve safety

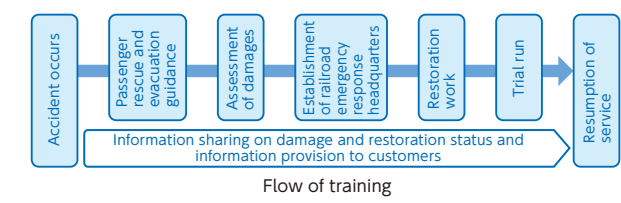
**[Hankyu Corporation]**

Measures will be taken such as reinforcing patrols and strengthening cooperation with the police according to the level of danger in circumstances such as an anticipated terrorist attack or other situation that could have serious, lasting social impact, or if a warning of such an attack has been issued and continuous vigilance is deemed necessary, if a dangerous object or person is found, or if damage occurs. In addition, approximately 1,200 security cameras have been installed on the platforms and concourses of all stations to prevent further crimes.



**[Hanshin Electric Railway]**

A comprehensive train accident response training drill was held, based on the scenario of a train derailment caused by a vehicle stalled at a crossing. More than 100 people participated in the drill, including the company president and the chief safety management officer. The drill was designed to improve judgment and response capabilities for the quick and unerring evacuation of passengers to ensure their safety, which is our top priority. The drill was intended to verify how quickly the extent of damage could be confirmed, information could be collected and communicated for repairs to be made and operations resumed, and how to provide information to the public regarding the status of train operations and other matters.



2. Improving the provision of information to foreigners visiting Japan in times of natural disaster or other emergency

When train service is delayed or suspended due to a typhoon, heavy rains, or other natural phenomenon, or due to an accident resulting in injury or death, it is important to provide current information to foreign visitors to Japan about the situation as quickly as possible to ease their anxiety.

Since March 2020, Hankyu Corporation has been utilizing tablet devices at all of its train stations equipped with a multilingual voice translation app. These devices have started being used at major stations to provide multilingual station announcements both during normal times and when the train schedule gets disrupted. Conductors' mobile information terminals are also equipped with this app, enabling in-train announcements to be made in multiple languages to provide information on train service (in the event of temporary suspensions).



Special Feature 4

Working toward Carbon Neutrality

Under our Long-Term Vision announced in May 2022, we adopted a new CO<sub>2</sub> 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 CO<sub>2</sub> emissions from fiscal 2014 levels. As fundamental efforts to achieve carbon neutrality, we will take various initiatives to steadily reduce CO<sub>2</sub> emissions and strengthen collaboration with customers and local communities.

Fundamental efforts to achieve carbon neutrality

① Steadily promoting energy-saving measures

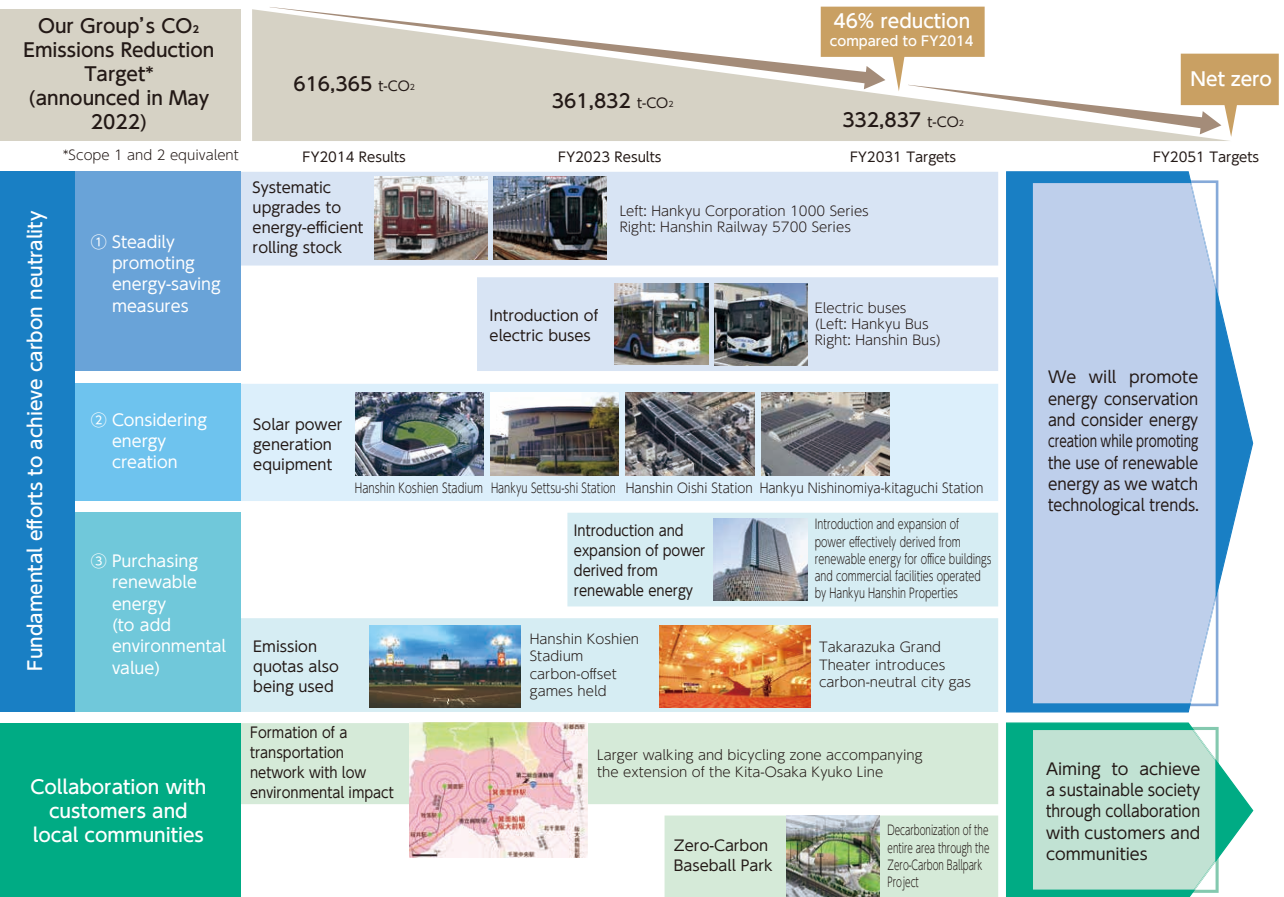
Firstly, in order to reduce the Group's base energy usage, we will steadily promote greater energy efficiency while also looking at financial soundness and the efficiency of investments.

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.





Approach 1 Energy Efficiency Initiatives

Upgrading to energy-efficient rolling stock

Railway operations account for 40% of the Group’s energy usage, which is why we place high priority on reducing CO<sub>2</sub> emissions from railway operations. We are having discussions with rolling stock manufacturers focusing on introducing energy-efficient rolling stock or upgrading the efficiency of existing railcars. Hankyu Corporation and Hanshin Electric Railway have, for example, adopted a highly efficient variable-voltage variable-frequency (VVVF) inverter control system using a permanent magnet synchronous motor in their latest and most energy-efficient rolling stock. All lights, including headlights, were replaced with LED lights, resulting in an electricity consumption reduction of about 50%–60% from conventional rolling stock. The two railway companies are also seeking to introduce aluminum bodies and stainless steel bodies for rolling stock, which are lighter than conventional steel and can run on less electricity due to their lighter body weight.

Upgrading to energy-efficient rolling stock (as of March 31, 2023)

Hankyu Corporation rolling stock:

- VVVF: 63% (105/168 train units)
- Aluminum bodies: 842 (65%)
- LED lights: 772 (60%)

Note: Total rolling stock: 1,291

Hanshin Electric Railway rolling stock:

- VVVF: 70% (53/76 train units)
- Aluminum bodies: 162 (47%)
- LED lights: 220 (67%)

Note: Total rolling stock: 358



1000 Series (Hankyu Corporation)



5700 Series (Hanshin Electric Railway)



Electric bus (Hankyu Bus)



Electric bus (Hanshin Bus)

Introduction of electric buses for low environmental impact

Hankyu Bus introduced two electric buses in October 2021 as Osaka University campus liaison buses. These buses emit no CO<sub>2</sub> as they run, and thus have low environmental impact. At present, those two electric buses are running under the jurisdiction of the Senri Office, while four are running on routes under the jurisdiction of the Ibaraki Office.

Hanshin Bus also began operating two electric buses in May 2023. These are the first electric buses running on a passenger route in Hyogo Prefecture.

Approach 2 Creating Energy and Utilizing Renewable Energy (for Environmental Value)

Installation of solar panels

The Group is reducing CO<sub>2</sub> 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,  
Hankyu Settsu-shi Station,  
Hankyu Nishinomiya-kitaguchi Station

Real estate: HEP Five

Entertainment: Hanshin Koshien Stadium

Implementations



Hanshin Koshien Stadium



Hankyu Nishinomiya-kitaguchi Station

Dreams and Communities of the Future SDGs Trains

To commemorate the 10th anniversary of the Hankyu Hanshin Dreams and Communities of the Future Project, in May 2019 we began running Dreams and Communities of the Future SDGs Trains (three sets of Hankyu trains; one set of Hanshin trains) to deliver messages aimed at achieving the SDGs in cooperation with the national and local governments, as well as companies and civic groups. The trains use the latest energy-efficient rolling stock, consuming around half of the electricity used by conventional railcars. Since September 2020, when the Tokyu Group joined this project, the SDGs Trains have been operated collaboratively in eastern and western Japan and are effectively 100% powered by renewable energy.



Introducing renewable energy-derived electricity at office buildings and commercial facilities



Osaka Umeda Twin Towers North (left); South (right)

In April 2022, at the Osaka Umeda Twin Towers North/South buildings, we introduced Non-Fossil Certificates With Tracking<sup>\*1</sup> to utilize electricity effectively derived from renewable energy<sup>\*2</sup>. 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<sup>\*3</sup> switch to renewable energy effectively for the bulk of their power consumption<sup>\*4</sup>. In this way, building owners and tenant firms are uniting in a societal effort to achieve carbon neutrality.

<sup>\*1</sup> 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.

<sup>\*2</sup> For both the common areas and private office areas of the buildings

<sup>\*3</sup> 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

<sup>\*4</sup> Excluding private power generation using a gas cogeneration system

Emission quotas also being used

Hanshin Koshien Stadium was able to offset approximately 200 t-CO<sub>2</sub> in fiscal 2023 by holding six “carbon offset” games using the J-Credit Scheme<sup>\*1</sup>, with the endorsement and support of Okamura Corporation. The Takarazuka Grand Theater switched to carbon-neutral city gas<sup>\*2</sup> in August 2023 for the city gas used in the theater. This is expected to reduce annual CO<sub>2</sub> emissions by approximately 1,300 t-CO<sub>2</sub> per year (equivalent to the amount used by 1,300 ordinary households).

<sup>\*1</sup> J-Credit scheme: A program under which the Japanese government certifies amounts of CO<sub>2</sub> and other greenhouse effect gases reduced/absorbed through the introduction of energy-saving equipment, forest management, and other efforts as credits

<sup>\*2</sup> Carbon-neutral city gas: city gas that uses carbon-neutral LNG, which means that the greenhouse gases generated in the entire process from the mining to the combustion of natural gas are offset by credits

Approach 3 Contributing to Achieving Carbon Neutrality across Society

Formation of a transportation network with low environmental impact

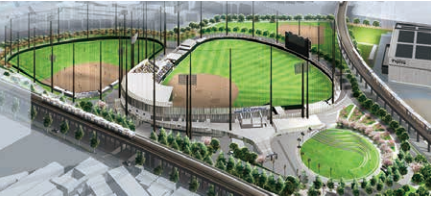
Compared to passenger cars, trains produce about one-eighth the amount of carbon emissions by carrying capacity, making rail a low-impact, environmental mode of transportation. Improving the convenience of rail travel is an effective means of reducing CO<sub>2</sub> emissions society-wide, as people will tend to drive less.

We are working to create a transportation network of low environmental impact centered around train stations. This involves expanding our rail network, as exemplified by the Hanshin Namba Line, and redeveloping our bus network, as well as improving systems for bicycle use, which includes bicycle rental and bicycle parking facilities. The extension of the Kita-Osaka Kyuko Line scheduled for completion in March 2024 will create two new stations in the middle of the city on a north-south axis. Large numbers of people in the vicinity of the new stations will either walk or ride their bicycles to the stations. A reorganization of the bus routes centered on the new stations will also bring greater convenience. The total expected effect will be to reduce environmental impact\* through a modal shift from private cars to public transportation. Going forward, we will continue to work with national and local governments to promote public transportation.

\*A carbon reduction of 1,310 t-CO<sub>2</sub> per year by extending the Kita-Osaka Kyuko Line

Zero-Carbon Baseball Park

As part of its Zero-Carbon BallPark 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 as Hanshin Electric Railway’s train stations in Amagasaki that provide access to the park.



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 CO<sub>2</sub> 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.





Osaka Umeda Twin Towers South (left) and North (right)

# 02 Creating Real Value: The Processes

## CONTENTS

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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 and environmental challenges 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
<div>1</div> <div>Safe, reliable infrastructure</div> <div>Provide railways and other infrastructure that are safe and disaster-resilient. Ensure that anyone can safely access our facilities and services.</div>	<div>11 Sustainable Cities and Communities</div> <div>9 Industry, Innovation and Infrastructure</div>	<div>S</div> <div>① Eliminate accidents and improve safety at railways and commercial facilities</div> <div>② Promote actions to prevent/reduce accidents and respond promptly and properly to accidents if they occur</div> <div>③ Establish safe and comfortable facilities and services that satisfy the needs of a diversity of people</div>
<div>2</div> <div>Thriving communities</div> <div>Help build sustainable communities with rich natural and cultural heritage, making great places to live in, work in, and visit.</div>	<div>11 Sustainable Cities and Communities</div> <div>9 Industry, Innovation and Infrastructure</div> <div>14 Life Below Water</div> <div>15 Life on Land</div>	<div>S</div> <div>① Develop a good living environment (providing good residences, creating green spaces and public spaces, establishing cultural and educational facilities, etc.)</div> <div>② Develop and expand commercial/business areas where people communicate with each other</div> <div>③ Create a line-side environment that makes it easier for women to work and raise children</div> <div>④ Promote measures to extend the healthy lifespan of the elderly</div> <div>⑤ Offer services that satisfy the needs of foreign visitors/residents</div> <div>⑥ Enhance collaboration and partnerships with universities, research institutions, ventures, local communities, etc.</div>
<div>3</div> <div>Life designs for tomorrow</div> <div>Promote refined and inspired lifestyle solutions for a better tomorrow.</div>	<div>4 Quality Education</div> <div>9 Industry, Innovation and Infrastructure</div> <div>12 Responsible Consumption and Production</div>	<div>S</div> <div>① Propose products/services that help realize a lifestyle in harmony with nature</div> <div>② Propose products/services that lead to revitalization and promotion of local communities and cultures</div> <div>③ Propose products/services that respond to diverse values and create comfort and excitement</div> <div>④ Propose products/services for young people who will lead the next generation</div> <div>⑤ Create and disseminate cultures through sports and entertainments</div> <div>⑥ Improve existing services and create new businesses by utilizing ICT innovation</div>
<div>4</div> <div>Empowering individuals</div> <div>Provide an inclusive workplace that values diversity and taps into individual talent. Cultivate tomorrow's leaders for society.</div>	<div>8 Decent Work and Economic Growth</div> <div>3 Good Health and Well-being</div> <div>4 Quality Education</div> <div>5 Gender Equality</div>	<div>S</div> <div>① Improve employee satisfaction and create a more positive workplace</div> <div>② Promote health and productivity management</div> <div>③ Promote diversity and inclusion</div> <div>④ Respect human rights and prevent harassment</div> <div>⑤ Cultivate tomorrow's leaders</div>
<div>5</div> <div>Environmental protection</div> <div>Conduct eco activities that contribute to a carbon-neutral world and a circular economy.</div>	<div>13 Climate Action</div> <div>7 Affordable and Clean Energy</div> <div>12 Responsible Consumption and Production</div>	<div>E</div> <div>① Cut greenhouse gas (CO<sub>2</sub>) emissions</div> <div>② Improve energy efficiency (promote energy saving)</div> <div>③ Use more renewable energy (e.g. solar)</div> <div>④ Aim for more eco-friendly buildings (green buildings)</div> <div>⑤ Produce less waste and recycle more</div>
<div>6</div> <div>Robust governance</div> <div>Act honestly and in good faith, as stakeholders expect us to do.</div>	<div>16 Peace, Justice and Strong Institutions</div> <div>17 Partnerships for the Goals</div>	<div>G</div> <div>① Promote effective and transparent corporate governance</div> <div>② Ensure compliance and prevent corruption</div> <div>③ Enhance risk management, including climate change</div> <div>④ Pay attention to opinions of stakeholders in doing business</div>

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

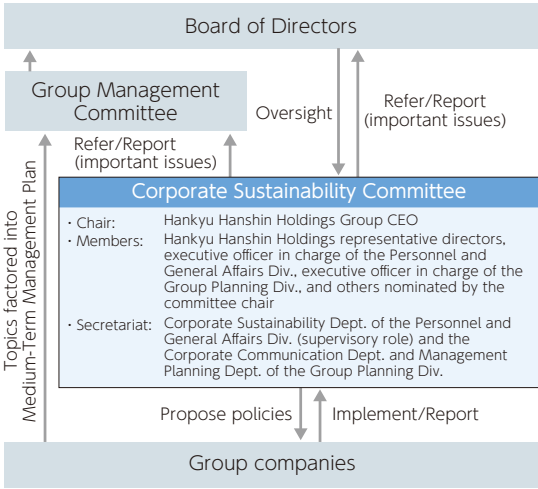
The Process of Determining Materiality Our Board of Directors identified the Group's priority issues (materiality) based on interviews with each business division, external experts, and others, taking into consideration the societal issues facing the world today (outlined by the SDGs, SASB Standard,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

Sustainable Management Promotion Framework

From fiscal 2021, the Corporate Sustainability Committee (composition details to the right), will meet twice each fiscal year, in September and February. The committee will consider the outside environment (government, investor, competitor trends, etc.), ESG evaluation bodies' rating situation, and other factors as they formulate policies related to the sustainable management priority issues, verify the progress of associated initiatives, and deliberate and decide 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



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	FY2023 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	P58
4 Empowering individuals	Employee satisfaction	Always better than in previous survey	Conducted once every two years by Hankyu Hanshin Holdings and the six major companies*	3.57 (actual figures for FY2022)	
	Percentage of women in management positions	Improve to around 10% (FY2031)	Hankyu Hanshin Holdings and the six major companies	5.6%	
	Percentage of women among new hires	Always 30% or more	Hankyu Hanshin Holdings and the six major companies	34.6%	
	Specific health guidance implementation rate	60% or more (FY2026)	Hankyu Hanshin Holdings and the six major companies	55.8%	P89
	Smoking prevalence	15% or less (FY2026)	Hankyu Hanshin Holdings and the six major companies	18.7%	
	Paternity leave uptake rate	100% (FY2026)	Hankyu Hanshin Holdings and the six major companies	94.8%	
5 Environmental protection	Rate of CO <sub>2</sub> emissions cuts (Scope 1 and 2 equivalent)	FY2031: 46% reduction compared to FY2014 FY2051: Net zero	Hankyu Hanshin Holdings and its subsidiaries' Japanese worksites	41.3% reduction compared to FY2014	P91

\*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.

<div>Urban Transportation</div> <div>Barrier-free accessibility rate, ratio of energy-efficient rolling stock, etc.</div> <div>See page 58 for details</div>	<div>Real Estate</div> <div>Compliance rate of large buildings with BCP, environmental certification acquisition rate, adoption rate of ZEH construction methods, etc.</div> <div>See pages 62–63 for details</div>	<div>Entertainment</div> <div>Number of baseball classes, number of children and students in attendance at the theater, etc.</div> <div>See page 66 for details</div>	<div>Information and Communication Technology</div> <div>Number of municipalities with which disaster prevention agreements have been concluded, status of information security certifications, etc.</div> <div>See page 68 for details</div>	<div>Travel</div> <div>Satisfaction of tour participants, number of cooperating municipalities, etc.</div> <div>See page 70 for details</div>	<div>International Transportation</div> <div>Improvement of the BCP maintenance rate, lowering of the customs clearance error rate, etc.</div> <div>See page 72 for details</div>
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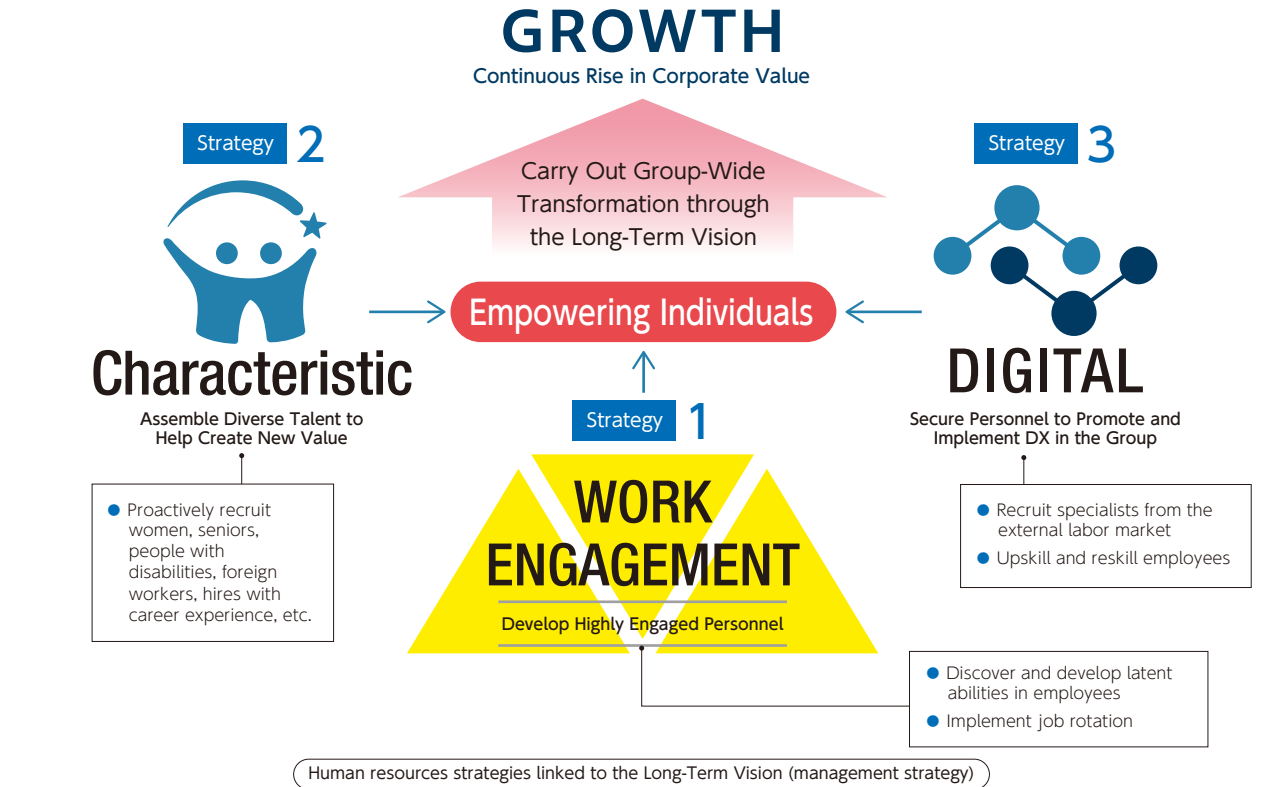
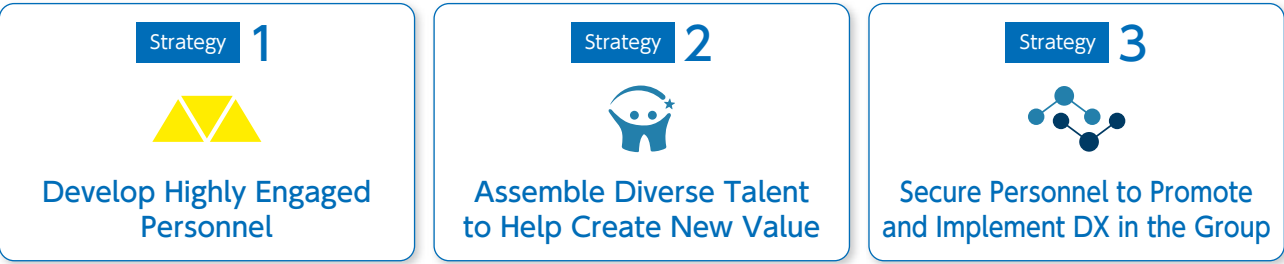
Human Capital—Empowering Individuals

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

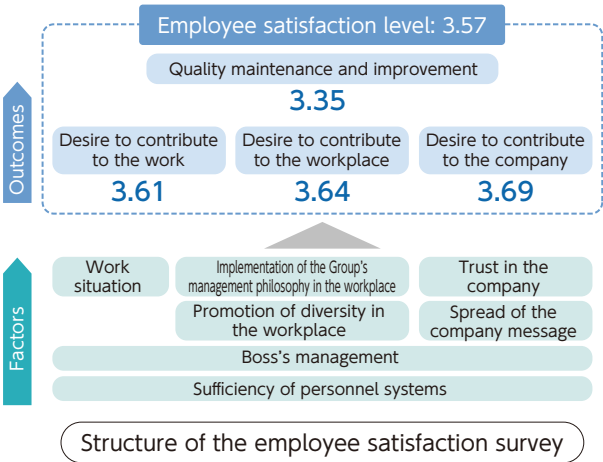
- Employee satisfaction survey
- Diverse work styles and workplace environments
- Promotion of health and productivity management
- Elimination of harassment
- Human resource development initiatives

Non-financial KPIs	Target (FY2026)	FY2023 Actual record (difference from previous year)	Details
Employee satisfaction	Always better than in previous survey	3.57 out of 5 (FY2022 actual record)	Conducted every other year (not conducted in FY2023)
Turnover rate of employees who have joined the company within the last 3 years	—	25.4%	
Average years of service	—	19.6 years	
Specific health guidance implementation rate	60% or higher	55.8% (+6.5 pts)	Subjects taken from the results of health checkups in FY2022 (individuals who completed Specific Health Guidance or those eligible for Specific Health Guidance)
Smoking prevalence	15% or lower	18.7% (-1.6 pts)	
Frequency rate of lost-time injuries	—	0.55	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 Company-run human rights training	Always 100%	100%	
Number of trainees (total)	—	21,253 employees	
Training hours per employee	—	5.95 hours	

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, 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 groupwide, we decided to conduct surveys at 94 Group companies, beginning in fiscal 2024, including consolidated subsidiaries and some unconsolidated subsidiaries and affiliates.



Note: These are results from the previous (fiscal 2022) survey (5-point scale); conducted at Hankyu Hanshin Holdings and its six major companies



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

- Telecommuting 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

Sustainability goals newly added to employee goal-setting interview sheet

Starting in fiscal 2024, sustainability goals will be newly added to our annual employee goals—goals such as empowering women in the workplace, encouraging more men to take childcare leave, and promoting health and productivity management—all items that contribute to sustainable management. We want each employee to think about what sustainable management entails and what they ought to do to support it. We want them to periodically verbalize those ideas to heighten individual awareness and foster a culture of sustainable management.

Health and Productivity Management

The Group carries out health and productivity management based on the belief that happiness stems from the physical and mental health of our employees and their families, which is also the cornerstone of a prosperous future for the Group. In January 2023, we established the Health and Productivity Management Promotion Committee, chaired by the Group CEO, to hold group-wide discussions and promote health and productivity management in a more strategic way.

In addition, for the Company and its six major companies and other Group companies, a system has been set up that establishes the president of each company as the person ultimately responsible for promoting health and productivity management and initiating health measures. As a result, 25 companies (six more than the previous year) were recognized as Certified Health & Productivity Management Outstanding Organizations in 2023\*, of which Hankyu Corporation and ITEC Hankyu Hanshin received “White 500” status

and Hankyu Hanshin REIT Investment Trust was awarded “Bright 500” status—each for being in the top 500 in their respective categories.

\*This system honors companies in two categories—large enterprises and SMEs—for outstanding implementation of health and productivity management, recognizing the top 500 companies in each category as “White 500” and “Bright 500” enterprises, respectively.

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

2023  
健康経営優良法人  
Health and productivity  
ホワイト500  
Large enterprise category (White 500)

2023  
健康経営優良法人  
Health and productivity  
ホワイト500  
Large enterprise category

2023  
健康経営優良法人  
Health and productivity  
ブライト500  
Small and medium-sized enterprise category (Bright 500)

2023  
健康経営優良法人  
Health and productivity  
ブライト500  
Small and medium-sized enterprise category

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.

Personnel Training

《 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 cross-business experience through internal transfers beyond each core.

《 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

- 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

Types of Personnel Needed

The Ideal Employee of Hankyu Hanshin Holdings

- 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

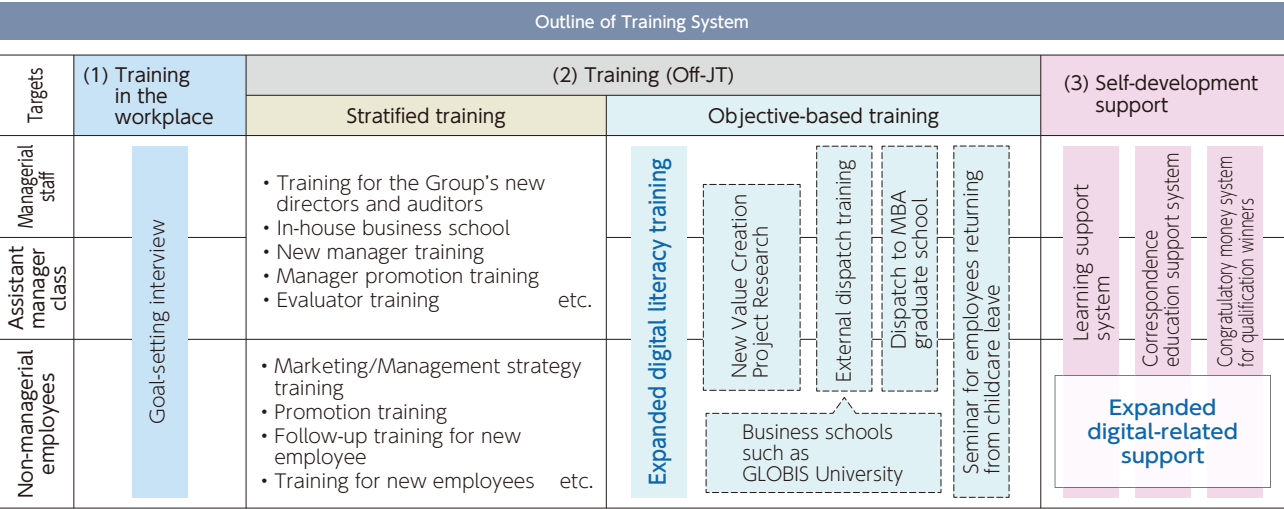


Diagram of Our Overall Training System



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
- Empowering women in the workplace
  - Encouraging male employees to participate in childcare
  - Supporting employment of people with disabilities

Non-financial KPIs	Target (FY2026)	FY2023 Actual record (difference from previous year)	Details
Percentage of women among new hires	Always 30% or more	34.6% (-2.2 pts)	
Percentage of women in management positions	Improve to around 10% (FY2031)	5.6% (+0.5 pts)	
Wage gap between men and women	—	71.5%	Ratio of actual wages paid to female employees vs. male employees (Scope of coverage: Hankyu Hanshin Holdings)
Paternity leave uptake rate	100%	94.8% (+7.2 pts)	Number of employees who took childcare leave or leave for childcare purposes in FY2023/Number of employees whose spouses gave birth in FY2023
Employment rate of people with disabilities	Always at or above statutory employment rate	3.05% (+0.09 pts)	Scope of coverage: 19 companies designated as special subsidiaries
Ratio of new hires with career experience	—	27.5% (+17.9 pts)	Percentage of new hires in FY2023 with career experience
Ratio of foreign employees (Percentage of increase in foreign employees over the previous year)	—	0.53% (+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.

- Approximately 85.5% of our total 1,300 employees are male (including those temporarily dispatched to other companies), quite a high percentage.
- Although the criteria for promotion are the same for men and women, the ratio of women is low in the age bracket corresponding to management positions, likely accounting for the difference.

Empowering women in the workplace

Hankyu Hanshin Holdings and the 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 hirers of women. In addition, we strive to maintain a working environment where all employees—regardless of gender—can seek to fulfill their potential. To this end, we encourage career development and implement policies to help maintain a balance between work and home life.

These initiatives earned Hankyu Hanshin Holdings the honor of being selected as a constituent of the MSCI Japan Empowering Women (WIN) Select Index, which comprises leading companies in terms of gender diversity, for the fourth consecutive year since 2020. We will continue to promote policies that enable all employees to fully express their individuality and show their abilities, based on: ① support for balancing work and life events, ② support for career development, and ③ promotion of understanding in the workplace.

2023 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

\*MSCI <https://www.msci.com/our-solutions/esg-investing>

Encouraging male employees to participate in childcare

Given that the rate of male employees taking childcare leave is already quite high, to make their participation in childrearing even more effective, in April 2023 a policy was implemented aimed at extending the number of days taken for childcare leave (including incentives for taking long-term leave and granting special paid leave). We have also created a leaflet that explains the Company’s childcare support system at a glance, and are encouraging employees to take advantage of the different systems. These efforts will help build a workplace culture that facilitates participation in childcare by male employees.

Supporting employment 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)	FY2023 Actual record (difference from previous year)	Details
DX education expenditure	Always about 15%	19%	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. The department will be building a common platform for the entire Group, while personnel with expertise in the operations of our core businesses will be actively incorporating digital technologies, to implement a digital transformation throughout the Group.

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.

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.

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

Basic Digital Education at the Company

Objectives of the DX Human Resource Development Program

- The acquisition of practical, real-world technical skills through Engineer/Programmer developmental training
- 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 (personnel including CDOs) 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

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. Under our Long-Term Vision announced in May 2022, we adopted a new CO<sub>2</sub> 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 target for fiscal 2031, which represents the halfway point, to a 46% reduction in CO<sub>2</sub> emissions from fiscal 2014 levels. 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.

### 1 Governance

To promote environmental, social, and governance (ESG) responses, which includes a response to climate change, throughout the Group, the Corporate Sustainability Committee meets in September and February of each year under the chairmanship of the Group CEO. The committee formulates a policy on the priority issues of sustainable management of the Group, with reference to the external environment relevant to sustainability (administrative, investors, and other companies) and ESG evaluation agencies. In addition, the Group confirms the

progress of initiatives, and deliberates and decides on matters that should be reflected in the Medium-Term Management Plan.

In addition, the deliberations by 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. In this way, we are promoting sustainable management by incorporating it into the management system of the entire Group (see page 46 for details).

### 2 Strategy

#### Identifying risks and opportunities

In considering responses to climate change issues, the Group identified risks and opportunities that have the potential to influence the Group's core business, especially in railway operations and real estate, which are predicted to be particularly affected by climate change.

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
		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
	Real estate	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	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
	Real estate	We can strengthen our competitiveness by responding to emerging needs for disaster-resilient buildings and housing with high environmental performance.	

For details of the risks and opportunities identified, please visit our website (<https://www.hankyu-hanshin.co.jp/sustainability/tcfd/>) (Japanese only).

#### Scenario analysis and estimation of financial impacts

We conducted scenario analyses of those that are expected to have a particularly large impact on the railway operation business and real estate business in fiscal 2031, especially for identified risks and opportunities. Specifically, we estimated the financial impact on business of the 1.5°C temperature-rise scenario, under which carbon-neutral policies are expected to be strengthened, and the 4°C temperature-rise scenario, under which physical risks are expected to materialize. The internal and external data used for the analyses are shown on the right.

- 1

Internal data:

CO<sub>2</sub> emissions forecasts, natural disaster risk response plan, ZEB and ZEH construction plans, etc.
- 2

External data:

Carbon tax forecasts, rainfall forecasts, from reports\* by the International Energy Agency (IEA), the Ministry of the Environment, and the Japan Meteorological Agency

\*Transition risks: IEA World Energy Outlook 2022 (page 465: Appendix B.2 CO<sub>2</sub> Prices), etc.  
Physical risks: IPCC RCP 8.5 and RCP 2.6, Japan Meteorological Agency (JMA) "Climate Change in Japan 2020—Observations, Predictions and Evaluation Reports on the Atmosphere, Land and Ocean," etc.

#### 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**1 (¥ billion)	
				4°C	1.5°C**2
Transition risks	Carbon tax and costs	Requirement to pay carbon taxes		—	-2.7*3
Physical risks	Abnormal weather (intensification of natural disasters)	Flooding from Muko River would damage our assets and reduce ridership revenue	No train evacuations	-3.9	-1.0
			(Amount saved by avoiding train evacuations)	(3.4)	(0.9)
			Train evacuation	-0.4	-0.1
	Changes in rainfall and other weather patterns	Higher frequency of service cancellations due to torrential rain*4		-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-CO<sub>2</sub>, with a dollar worth 134 yen (the rate at the end of March 2023).  
\*4 Increase in torrential rain is averaged over a period from 2076 to 2095.

#### Examples Examples of Both Tangible and Intangible Responses to Physical Risks

On the tangible side, we are implementing countermeasures such as preventing collapses of sloped trackside embankments and falling rocks, strengthening drainage functions, and increasing the number of rain gauges in areas where risk of landslides along the tracks is high. On the intangible side, in order to avoid flooding damage to garages and vehicles due to flooding of rivers, we are promoting flood countermeasures such as train evacuation plans. For example, for the Muko River, where the financial impact was estimated in this scenario, no floods have occurred in downstream areas such as the Nishinomiya Marshaling Yard area for the past 100 years. In preparation for an expected large-magnitude impact in the event of an actual occurrence, we have formulated a plan to evacuate the trains in Hankyu Corporation's Nishinomiya Marshaling Yard to a location that would not be affected by flooding should disaster-level torrential rain\* occur. In this way, we are working to reduce damage by promoting safety measures against climate change risks from both a tangible and an intangible perspective.

\*Assuming "expected rainfall (once in 100 years)" on hazard maps created by municipalities, etc.

#### Real estate

##### Impact on our real estate business and future responses

Under the 1.5°C temperature-rise scenario, it is confirmed that construction costs would increase due to the increased prices for construction material arising from the introduction of the carbon tax, the adoption of ZEB/ZEH construction methods, and the tightening of environmental regulations. Of these, for ZEH construction methods, we will reduce the impact on operating profit by utilizing subsidies from the government and other sources (tax incentives for ZEH housing and the like having improved customer opinion of such housing), incorporating the increase in costs resulting from the adoption of ZEH construction methods into profit and expenditures from the stage of land procurement and passing it on through an appropriate selling price. We will reduce the impact on operating profit. On the other hand, it is difficult to pass on the cost of ZEB construction methods in rent prices, and the possibility exists that an impact equivalent to depreciation

would occur on operating profit. We will strive to reduce the impact as much as possible while utilizing government subsidies.

We have confirmed that the financial impact on the real estate business under the 4°C scenario would be limited. Flood damage in the Umeda area is assumed as a physical risk, but we have already completed countermeasures against inland water flooding. This includes the installation of flood barriers on real estate properties and the preparation of disaster response manuals. River flooding is assumed to have a very low probability of occurrence\*.

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, mainly for large buildings that are in development, and will promote initiatives to respond to any scenario.

\*Flooding of the Umeda area from the Yodo River is assumed only when the hazard map assumes the largest amount of rainfall (once in 1,000 years). However, the probability of occurrence is assumed to be extremely low even under the 4°C temperature-rise scenario.



	Category	Eventualities That Would Impact Business	Impact on operating profit*1 (¥ billion)	
			4°C	1.5°C
Transition risks	Carbon tax and costs	Rising prices of construction materials due to introduction of a carbon tax	—	-2.3*2
		Requirement to pay carbon taxes	—	-0.4*2
	Response to greenhouse gas emissions regulations such as ZEB/ZEH 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 office in the Personnel and General Affairs Division to oversee group-wide risk management and conduct annual risk assessments. The survey covers risks related to climate change (natural disasters, etc.), accidents, information management, legal compliance, and other organizational operations. The office is responsible for identifying and analyzing pan-organizational risks, while business divisions do the same for risks inherent to their own division and establishes appropriate countermeasures. The status of these risks is analyzed, and risk countermeasures are reported to the Board of Directors every year.

With regard to climate change-related risks, we analyze and

examine not only the risks for each item, such as natural disasters, that directly affect business operations, but also risks that occur in the value chain, such as soaring energy and material prices. We then conduct risk assessments in relation to the time horizon (short, medium, and long terms). We also monitor the status of countermeasures several times a year.

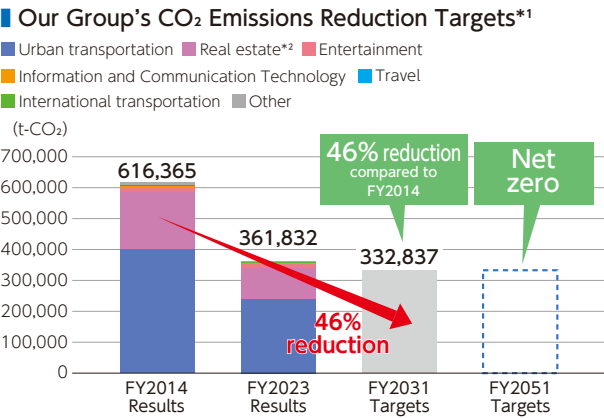
The Corporate Sustainability Committee also deliberates on climate change-related risks and their impact on business. The contents of the assessment are reflected in risk management for the entire Group, where it is used to identify priority risks during risk assessments.

4 Metrics and targets

We have adopted "Environmental protection" as a priority issue for sustainable management and have adopted CO<sub>2</sub> emissions reduction targets as a non-financial KPI common to our Group. In May 2022, we adopted a new goal of net zero CO<sub>2</sub> emissions by fiscal 2051, and as an interim goal, we aim to reduce CO<sub>2</sub> emissions by 46% from the fiscal 2014 level by fiscal 2031. While looking at financial soundness and investment effects, we are steadily promoting energy efficiency, and we will consider energy generation (introduction of renewable energy power generation equipment, etc.) based on trends in technological innovation and business profitability (see page 40 for details).

In line with the above policy, each business has established indicators for properly managing non-financial action plans and progress, including responses to climate change. In both our Long-Term Vision and Medium-Term Management Plan, we clarify the specific ways in which we are working on the SDGs ad carbon neutrality by 2050. Furthermore, with the aim of encouraging investment aimed at reducing CO<sub>2</sub>, in fiscal 2024 we introduced internal carbon pricing\* (¥5,000/t-CO<sub>2</sub>). We will continue to actively promote initiatives contributing to the emergence of a society committed to carbon neutrality.

\*A method whereby companies set their own carbon prices, which helps them to grasp the future financial impact of reducing CO<sub>2</sub> emissions or if carbon taxes were to be introduced, carry out proper decision-making when judging investments, and incentivize the promotion of energy efficiency.



Railway operations	● 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)
Real estate	● 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

**Non-financial KPIs:** VVVF train\* conversion rate, LED conversion rate, zero long service downtime due to natural disaster, etc. (See page 58 for details.)

\*Railway cars whose motor voltage and frequency can be controlled with high environmental efficiency and no waste.

**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 62-63 for details.)

Business Strategy

Urban Transportation

We remain focused on enhancing the value along our line-side areas by providing safe, secure, and comfortable transportation services.



Business Environment

We are responding to changes to demand for movement and raising expectations for the safe, secure, and comfortable services we provide.

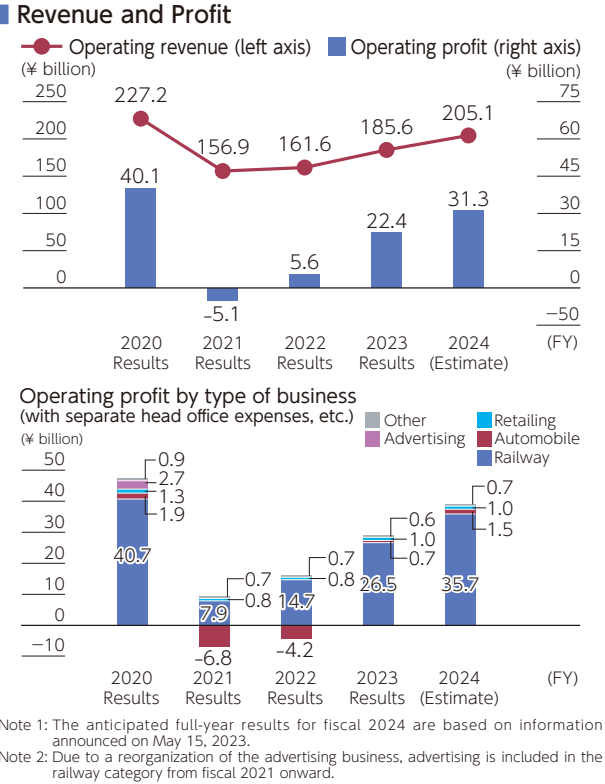
While the overall population in the Kansai region is on the decline, the Group's line-side areas, especially in the Osaka-Umeda district, continue to be highly popular and the population is increasing in those areas.

However, the COVID-19 pandemic has brought changes to movement demand and we need to respond to such changes. Specifically, we must focus on creating new movement demand, along with further increasing productivity by means such as improving rider services to respond to diversifying needs, revising train schedules to take demand into account, and employing new technologies to make operations more efficient.

Also, public awareness and expectations about safety in transportation, the SDGs, and carbon neutrality are growing. To respond to this, there is a need to further enhance transportation safety and our disaster mitigation performance, and to reduce CO<sub>2</sub> emissions through measures such as introducing energy-efficient vehicles. 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 networks can help with saving energy and decarbonizing throughout society.

Fiscal 2023 Review of Operations

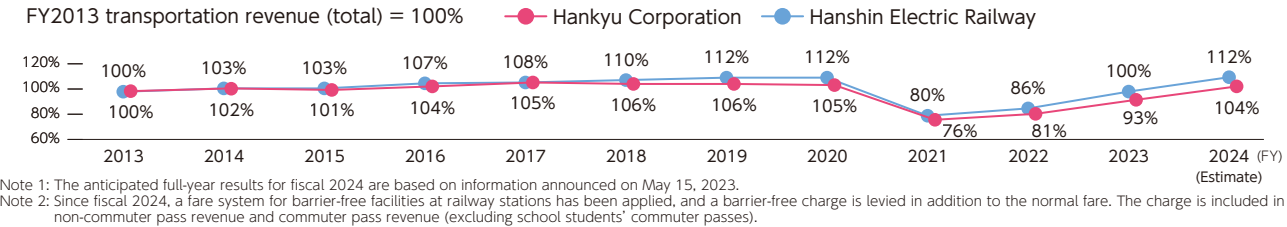
As well as the lingering effects of the COVID-19 pandemic, transportation costs have risen due to soaring energy prices, but due to a certain amount of recovery in users in the railway operation and automobile businesses and other factors, we saw increased operating revenue and profit overall.



Transportation revenue (tier 1 + tier 2)

Hankyu Corporation													(¥ million)
	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 (estimate)	
Non-commuter pass	60,749	61,630	60,910	62,920	62,720	63,137	63,059	61,887	40,982	45,422	54,908	62,926	
Commuter pass	30,391	31,299	31,549	32,272	32,628	33,198	33,456	34,119	28,093	28,654	29,900	31,653	
Total	91,141	92,929	92,459	95,192	95,348	96,335	96,516	96,007	69,075	74,077	84,809	94,580	

Hanshin Electric Railway													(¥ million)
	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 (estimate)	
Non-commuter pass	19,669	20,260	20,286	21,035	21,136	21,638	22,030	21,665	13,725	15,397	19,365	22,311	
Commuter pass	10,740	11,008	11,107	11,372	11,563	11,797	12,024	12,327	10,476	10,628	11,096	11,698	
Total	30,410	31,269	31,394	32,407	32,699	33,436	34,054	33,993	24,202	26,026	30,462	34,010	





Summary of the Medium-Term Management Plan

Basic Policies

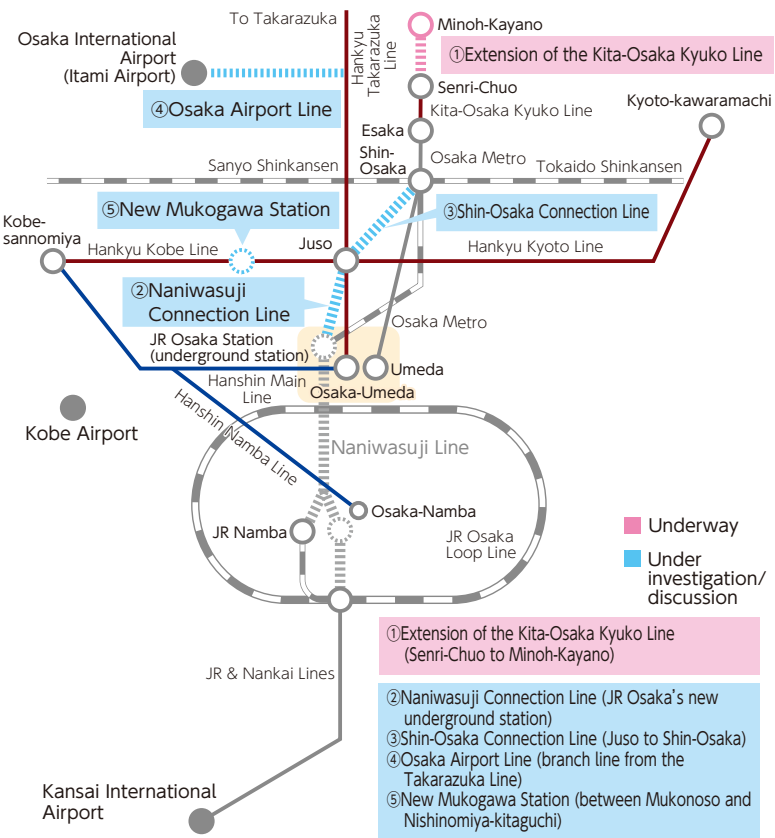
<p>1 Provide quality urban transportation services</p> <p>Enhance services to match diversifying needs/Strengthen cooperation within the Group</p>	<p>3 Ensure safe, reliable transportation</p> <p>Maintain and steadily enhance driving safety/Promote measures to prepare for large-scale disasters</p>
<p>2 Increase convenience and reliability of transportation infrastructure, and stabilize business base</p> <p>Develop and expand railway stations and the transportation network/Promote the creation of excitement around stations and line-side urban development/Establish efficient task management systems</p>	<p>4 Take measures toward carbon neutrality</p> <p>Promote introduction of energy-efficient trains and equipment/ Promote introduction of EV buses/Work on energy generation via solar power, etc./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 and 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 that, in Urban Transportation, in order to further strengthen the transportation network, we are investigating and discussing the new lines and new station projects shown on this map.

In particular, laying the Naniwasuji Connection Line and the Shin-Osaka Connection Line will massively improve access to Osaka-Umeda from air and land entrances. We believe that this will 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 for an area that includes the adjacent Hankyu Juso and Awaji stations, where Shin-Osaka will be at the center of efforts to improve the area’s incredible potential as a major transport hub serving a large region.







Predicting and responding to medium- and long-term changes to demand

Also in Urban Transportation, we will continue to pursue services that prioritize safety, peace of mind, and comfort, even as the pandemic has triggered changes in customer demand and needs. Using the barrier-free fare system at railway stations that has been levied since April 1, 2023 on Hankyu Corporation and Hanshin Electric Railway train journeys toward improving accessibility, such as for platform screen doors at all stations, we will quickly but steadily install equipment to make stations more accessible and raise journey safety.

While transportation revenue has recently been gradually recovering from the effects of COVID-19, and this is something

that is predicted to continue, it is unlikely to return to pre-pandemic levels. Based on these kinds of forecasts, we will seek to optimize existing services—such as by appropriately reviewing train schedules to meet changes in demand—while also promoting measures to respond to new needs, such as by introducing a seat reservation service. At the same time, we will work to improve productivity, through new technologies and other means, to secure profit.

Urban Transportation Business Non-Financial KPIs

Priority issues	Action plan	Non-financial KPIs	Target values	Scope	FY2023 Actual record
<div><div>1</div><div></div><div>Safe, reliable infrastructure</div></div>	• 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				
<div><div>1</div><div></div><div>Safe, reliable infrastructure</div></div>	• 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
		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			
<div><div>1</div><div></div><div>Safe, reliable infrastructure</div></div>	• 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	• Guidance chime installation rate Hankyu: 41% Hanshin: 72% Kita-Osaka Kyuko: 0% Nose: 8%  • Installation rate of advance warning light for side sliding door opening/closing Hankyu: 67% Hanshin: 72% Kita-Osaka Kyuko: 86% Nose: 77%
		Percentage of accessible railway stations	• Rate of step-barrier removal*1 100%		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.)		Hankyu: 71% Hanshin: 100% Kita-Osaka Kyuko: 100% Nose: 29%
		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			
<div><div>5</div><div></div><div>Environmental protection</div></div>	• 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	Hankyu: 63% (105/168 train units) Hanshin: 70% (53/76 train units) Kita-Osaka Kyuko: 100% Nose: 23% (3/13 train units)
		LED light conversion	• Station lighting (excluding back yard) Hankyu: 100% (FY2031) Hanshin: 100% (FY2031) Kita-Osaka Kyuko: 100% (FY2022) Nose: 100% (FY2027)		Hankyu: 60% Hanshin: 75% Kita-Osaka Kyuko: 100% Nose: 47%
Reason for action plan based on opportunity and risk	• 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				

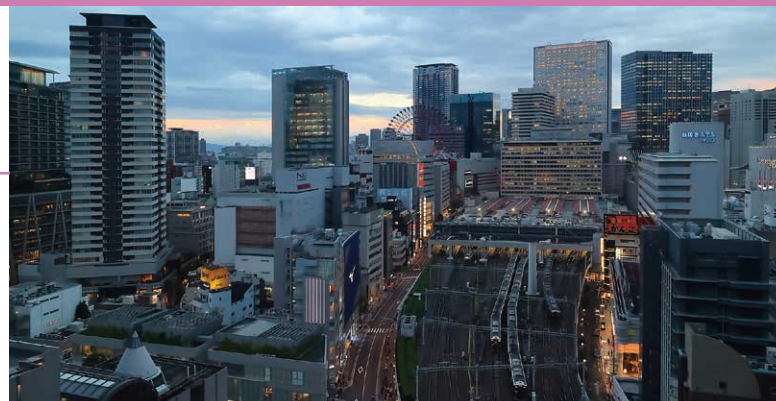
\*1 Percentage of accessible stations (among stations that service 3,000 or more passengers per day)  
\*2 VVVF inverter-type railcar: a different type of railcar (not the type that generates waste heat energy to control resistors to adjust the voltage for the motor), but a more environmentally efficient railcar that can control the motor's voltage and frequency without waste



## 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 building remains stable, thanks to their advantageous locations and functions. However, as a result of the pandemic, ways of working are diversifying, and so the roles and functions expected of office buildings are also changing; we therefore need to respond to changes like these. For our commercial facilities, we need to continuously improve their value—such as through renovations or tenant changes—so as to differentiate our facilities from others in the area.

## Real estate sales business and others

Demand remains strong in our core sector—urban central areas whose prime location and proximity to train stations offer high convenience. Sales prices, too, have stayed at a high level. We do, however, need to remain vigilant about trends in mortgage interest rates, factors that impact consumer confidence (such as reviews to taxation systems), and trends in construction costs.

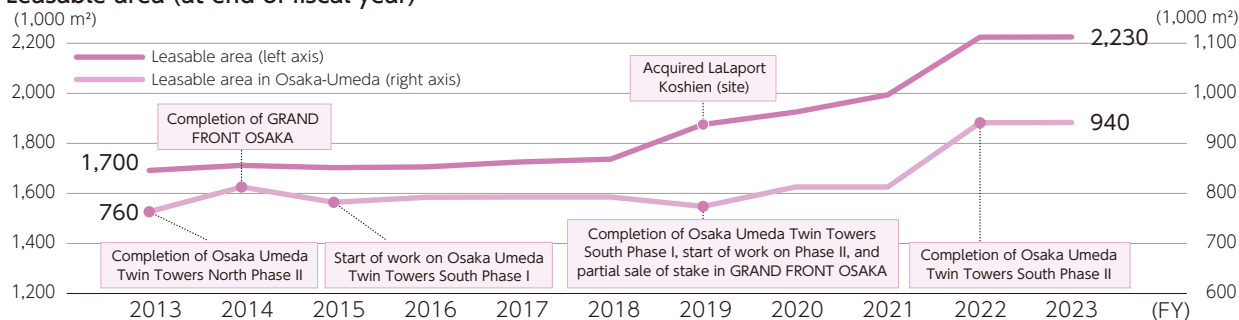
## Overseas real estate business

Economic growth in the ASEAN region has been particularly remarkable, and sustainable growth there looks likely. Promoting business expansion in such a region is a two-fold chance to utilize the expertise we have built up in Japan there, but also to incorporate new ideas from overseas into our line-side and other community development projects.

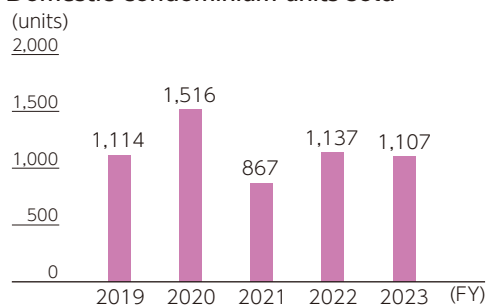
## Hotel business

As a result of the Japanese government's easing of protective measures at ports and airports in October 2022, tourism to Japan is recovering. Added to this, the planned Expo 2025 in Osaka and other events are expected to drive up demand for hotel stays in the Kansai area.

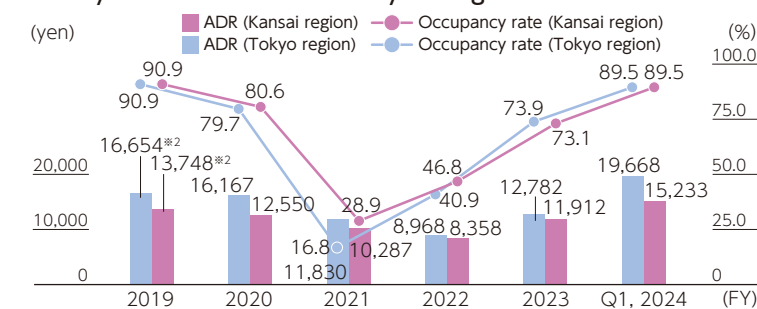
## Leasable area (at end of fiscal year)



## Domestic condominium units sold



## Average daily rate (ADR) and occupancy rate\*1 at Hankyu Hanshin Hotels' directly managed hotels



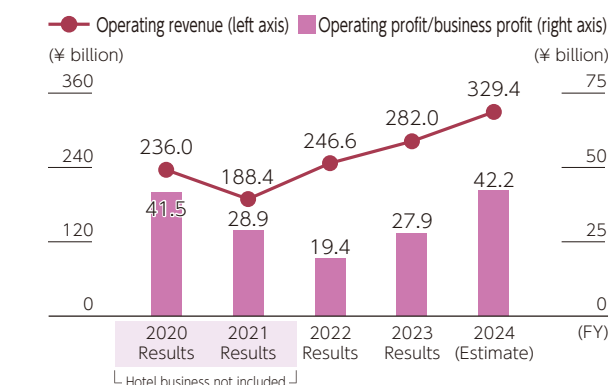
\*1 For hotels that were temporarily closed due to the COVID-19 pandemic, data for the periods they were shut is omitted from the figures above.

\*2 In fiscal 2020, we switched how we record overseas OTA results from net to gross figures. As a result, data for fiscal 2019 has been calculated retrospectively to produce a gross amount.

## Fiscal 2023 Review of Operations

While the effects of the pandemic linger, restrictions on movements and behavior have been eased. As a result, we have seen a partial recovery in the number of users of our accommodation operations and food/beverage business in our

## Revenue and Profit



Note 1: The anticipated full-year results for fiscal 2024 are based on information announced on May 15, 2023.

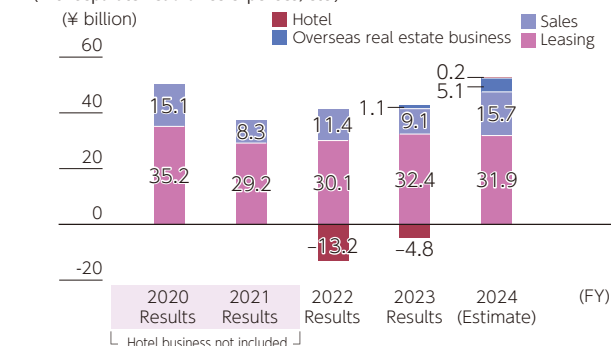
Note 2: Business profit: Operating profit + Equity-method gains/losses related to overseas business investments (as there were previously no equity method affiliates connected to business overseas, for data relating to fiscal 2023 or earlier, business profit and operating profit are the same).

Note 3: In line with the integration of the hotel business into the real estate business 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.

hotel business, and in rental income for our line-side commercial facilities in our real estate leasing business. This resulted in increased operating revenue and profit compared to the previous fiscal year.

## Operating profit/business profit by type of business (with separate head office expenses, etc.)



	(FY)	2020 Results	2021 Results
Reference: Hotel business	Operating revenue	60.3	19.1
	Operating profit	-3.1	-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 33)
  - 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. 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 31–34)

In the real estate leasing business, increased occupancy of the Osaka Umeda Twin Towers South building and other factors is expected to boost rental income, which we anticipate will increase profit significantly through fiscal 2026. In addition, as part of efforts connected to the first strategy in our Long-Term Vision—to make our line-side communities the absolute best among the Kansai networks—we will develop and enhance the value of major bases such as the Osaka-Umeda area.



Osaka Umeda Twin Towers South (fully completed in February 2022)

Residential sales business and business portfolio expansion

In Japan, meanwhile, we will develop our short-term-return business (selling rental condominiums to investors to generate revenues), as well as our residential sales business (which includes redevelopments or building replacement) and we forecast that profit will continue to grow into fiscal 2026.



Geo Tower Takarazuka Grand Regis, a large-scale development on the site of the old Takarazuka Hotel

Geo Tower Osaka Juso, a combined development brings together different generations through its residential, commercial, and governmental facilities (scheduled to begin handovers in fiscal 2027)



Overseas expansion focused on the ASEAN region

Special Feature 2 (see pages 35–36)

In our overseas real estate business, in addition to the residential sales business we have focused on in the ASEAN region so far, we are working on our long-term holding business (real estate leasing business) and rotational business (short-term-return business) to quickly expand and grow the scale of our earnings and profits.

Based on this policy, in fiscal 2023 we acquired Central Park Mall, a large-scale commercial facility in Indonesia.



Central Park Mall, a large-scale commercial facility in Indonesia (acquired in September 2022)

Recovery and structural reforms for a stronger business

In the hotel business, we are continuing to work on a gradual recovery in sales for our accommodation operations and food/beverage business after the pandemic. We are also focused on taking on demand that will come with the holding of Expo 2025 in Osaka.

Alongside this, we are currently making steady progress toward structural reforms, and we concluded operations at five hotels by the end of fiscal 2023. We also plan to shut down operations at Hotel new Hankyu Osaka around the end of fiscal 2025 and Senri Hankyu Hotel around the end of fiscal 2026.

In the latter half of fiscal 2025, though, we plan to open the Hotel Hankyu GRAND RESPIRE OSAKA in the GRAND GREEN OSAKA building, part of the Umekita Phase II Development Project. Using its proximity to the underground station part of JR Osaka Station, which provides access to Kansai International Airport, the hotel's main target will be adult frequent travelers visiting Japan for tourism and leisure.



Hotel Hankyu GRAND RESPIRE OSAKA (scheduled to open in the latter half of fiscal 2025)

Real Estate Business Non-Financial KPIs

Priority issues	Action plan	Non-financial KPIs	Target values	Scope	FY2023 Actual record
<div><div>1</div><div></div><div>Safe, reliable infrastructure</div></div>	<ul style="list-style-type: none"><li>Implement measures, both human and technological, to enable customer use with peace of mind, including measures to manage natural disasters</li></ul>	Accident and emergency course attendance rate (for employees in real estate leasing)	100% (FY2031)	Hankyu Hanshin Properties Hankyu Hanshin Building Management	79%
		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				
<div><div>1</div><div></div><div>Safe, reliable infrastructure</div></div>	<ul style="list-style-type: none"><li>Manage use of "select ingredients" listed on menus</li><li>Train employees on menu creation and item listings</li><li>Comply with designated system of checks</li></ul>	Number of serious culpable incidents related to listing of foods	Maintain at zero	Hankyu Hanshin Hotels Hanshin Hotel Systems	0 incidents
		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			
<div><div>1</div><div></div><div>Safe, reliable infrastructure</div></div>	<ul style="list-style-type: none"><li>Enhance collaboration with local governments</li><li>Prepare stockpiles of items for disaster preparedness and establish a system for managing them</li><li>Prepare a response manual for when lifelines get cut off</li><li>Prepare a response manual for how to evacuate, the location of evacuation shelters, etc.</li></ul>	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)
		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			
<div><div>2</div><div></div><div>Thriving communities</div></div>	<ul style="list-style-type: none"><li>Carry out robust urban development that promotes ease of use for diverse customers and working styles</li></ul>	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	88 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				
<div><div>3</div><div></div><div>Life designs for tomorrow</div></div>	<ul style="list-style-type: none"><li>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</li></ul>	Geo condominium or and home purchase desirability and tenant/owner satisfaction rates	<ul style="list-style-type: none"><li>Purchase desirability survey of prospective buyers*3 Kansai-region condominiums: Maintained No. 1 brand position in Kansai</li><li>Tokyo-region condominiums: Among the top 7 brands in Tokyo (FY2031)</li><li>Tenant/owner satisfaction rates Condominium tenants in Kansai region: continued to be 90% or higher</li><li>Condominium tenants in Tokyo region: 90% or higher (FY2031)</li><li>Detached-home owners in Kansai region: 90% or higher (FY2031)</li></ul>	Hankyu Corporation Hanshin Electric Railway Hankyu Hanshin Properties	<ul style="list-style-type: none"><li>Purchase desirability No. 1 among 18 brands for prospective condominium buyers in Kansai region</li><li>No. 10 among 16 brands for prospective condominium buyers in Tokyo region</li><li>Satisfaction rates Among condominium tenants in Kansai region: 91%</li><li>Among condominium tenants in Tokyo region: 96%</li><li>Among detached-home owners in Kansai region: 95%*4</li></ul>
		Number of apartment units sold in ASEAN countries (total)	Aim is for a steady increase	Hankyu Hanshin Properties	Approx. 51,120 units (Vietnam: 14,000; Thailand: 28,000; Philippines: 4,000; Indonesia: 4,000; Malaysia: 1,000)
Reason for action plan based on opportunity and risk	<ul style="list-style-type: none"><li>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</li><li>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</li></ul>				

\*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 m<sup>2</sup> 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 2021 and March 2022



Priority issues	Action plan	Non-financial KPIs	Target values	Scope	FY2023 Actual record
<div><div><div></div><div>5</div></div><div>Environmental protection</div></div>	<ul style="list-style-type: none"><li>Reduce CO<sub>2</sub> emissions by improving energy efficiencies, etc., and pursue green building and eco-friendly housing to contribute to resolving societal issues and differentiate the company</li></ul>	Percentage of all new condominiums that go on sale or start taking applications for lease in FY2025 onward that are ZEH certified (ZEH-M oriented**1 or better)	100% Note: Excluding some properties such as those jointly owned with another company	Hankyu Corporation Hanshin Electric Railway Hankyu Hanshin Properties	— Note: Applied from Geo Saito Irodori No Oka; construction to be completed in FY2024
		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 (acquired a 3-star DBJ rating in FY2022) Osaka Umeda Twin Towers South (acquired a 5-star DBJ rating in FY2023)
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				
<div><div><div></div><div>5</div></div><div>Environmental protection</div></div>	<ul style="list-style-type: none"><li>Control food waste (use processed waste materials effectively, and devise ways of serving and arranging food)</li><li>Establish a system for weighing waste</li><li>Promote the reduction and recycling of waste</li><li>Introduce garbage disposals for food waste disposal</li></ul>	Volume of food waste	50% reduction compared to FY2014 (FY2031)	Hankyu Hanshin Hotels	66% reduction compared to FY2014 Note: Steep drop-off due to the COVID-19 pandemic
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				
<div><div><div></div><div>5</div></div><div>Environmental protection</div></div>	<ul style="list-style-type: none"><li>Study how to eliminate the use of disposable plastic items</li><li>Select products made of alternative materials</li></ul>	Number of disposable plastic items in guest rooms**4	50% reduction compared to FY2020 (FY2031)	Hankyu Hanshin Hotels	14.8% reduction (196 items)
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 m<sup>2</sup> or more that were completed in fiscal 2021 or later (excluding properties jointly owned with another company)  
\*4 Changes to non-financial KPIs and targets from fiscal 2024: Decrease per-person amount of plastic (for 20 designated guest room items) by 70% compared to fiscal 2022 levels by fiscal 2031

Business Strategy

Entertainment

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



Business Environment

Embracing the rising value of real experiences brought on by the COVID-19 crisis

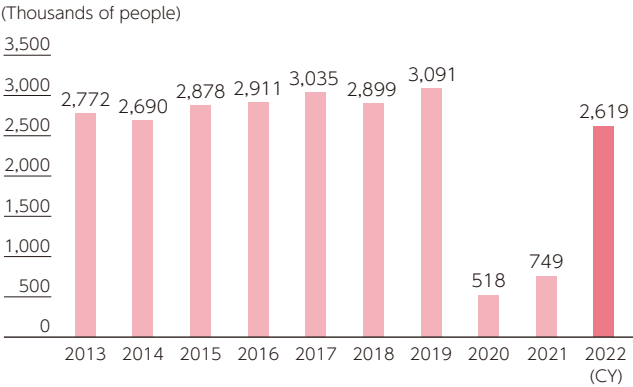
One outcome of COVID-19 has been the diversification of consumption styles in the entertainment market. Live streaming of content of all kinds has spread, along with the use of digital technologies in streaming such as XR (extended reality). At the same time, when pandemic restrictions were lifted, people realized how much they valued the shared experience of attending events live, in person.

The pandemic had a tremendous impact on the entertainment business, with limitations imposed on attendance at stadium events and theater performances. But with restrictions having eased recently, business has been returning to pre-pandemic levels. To embrace the rising value of the live-attendance experience, we will further refine the content itself and employ digital and other new technologies to expand services and offerings, aiming for further growth through greater entertainment appeal and an expanded customer base.

Fiscal 2023 Review of Operations

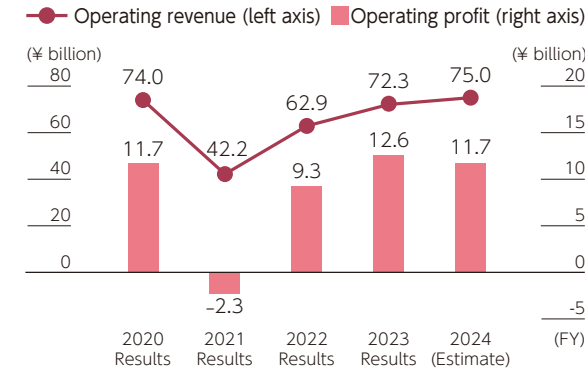
In the stage business, the effects of the pandemic still lingered, with the cancellation of many Takarazuka Revue performances, but in the sports business, the lifting of restrictions on stadium events led to greater attendance at Hanshin Tigers home games, resulting in increased operating revenue and profit compared to the previous year.

Total attendance at Hanshin Tigers home games (by season)

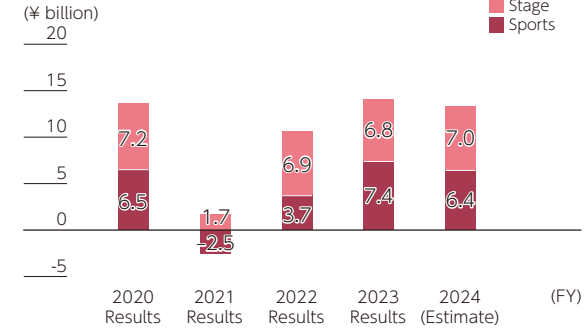


\*1 Live viewing of shows at movie theaters nationwide for paying audiences  
\*2 Live streaming of shows via the internet for viewing at home on a TV, smartphone, or other device for paying viewers (starting in fiscal 2021)

Revenue and Profit

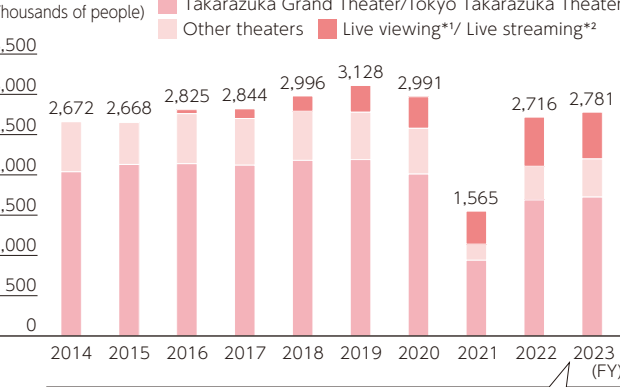


Operating profit by type of business (with separate head office expenses, etc.)



Note: The anticipated full-year results for fiscal 2024 are based on information announced on May 15, 2023.

Takarazuka Revue total attendance of performances



Number of shows:  
Takarazuka Grand Theater: 368 (-22 from previous year, 78 cancellations)  
Tokyo Takarazuka Theater: 390 (+3 from previous year, 64 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

Quickly restore the capacity utilization and build a strong financial record for the Takarazuka Revue/Actively expand the content business using digital technologies/International trial performances
- 3 Advance growth of other entertainment businesses and the leisure business

Expand the music business and Mt. Rokko businesses

In the entertainment business, we plan to expand the customer base and grow new revenue sources through streaming and other digital technologies to exceed pre-pandemic profit levels through fiscal 2026.

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

Hanshin Koshien Stadium, which will celebrate its 100th anniversary in 2024, is a familiar baseball stadium loved by people all over Japan. We want it to continue that legacy as a stadium that people want to visit from across Japan and around the world for the next 100 years. To make that happen, we strive to provide a safer, more pleasant environment for spectators through various means that include enhancing the communications infrastructure at the stadium, introducing electronic ticketing, a POS system that accepts different types of digital payment for greater convenience, and a construction plan to extend the Ginsan roof over the grandstand (which covers part of the infield seating) to the “Alps” section of the stands.

The Hanshin Tigers also plans to relocate their farm team facility to Odaminami Park Ballpark in Amagasaki in March 2025 to greatly improve the environment for player development and training and keep the team strong in the future.



Hanshin Koshien Stadium 100th Anniversary logo

We are expanding services using digital technologies to enhance the appeal of stage content

The Takarazuka Revue is expanding its fan base and building loyalty using new digital technologies that include live streaming, which was started out of necessity during the pandemic.

In December 2021, the “Takarazuka Revue common ID” was introduced to allow its users access to multiple services—in August 2022, a members-only video streaming service was started using the Group’s video streaming platform; the following month the official “Takarazuka Revue Pocket” app was released. These services promote use of the Takarazuka Revue common ID, strengthening engagement with a light fan base. Also, in June 2023, Takarazuka Revue conducted a trial live streaming for overseas customers for the first time.

Many special events and other projects will be held in 2024, when the Takarazuka Revue celebrates its 110th anniversary, to further enhance the appeal of the stage content.



Official “Takarazuka Revue Pocket” app

Takarazuka Revue 110th Anniversary logo



Entertainment Business Non-Financial KPIs

Priority issues	Action plan	Non-financial KPIs	Target values	Scope	FY2023 Actual record
<div>1</div> <div>Safe, reliable infrastructure</div>	<ul style="list-style-type: none"><li>Train theater attendants to improve their customer service skills</li><li>Provide multilingual support using communication tools, etc. (English, Chinese, Korean)</li><li>Improve/renovate facilities and signage</li><li>Explore the introduction of new services using cutting-edge technologies</li></ul>	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.				
<div>3</div> <div>Life designs for tomorrow</div>	<ul style="list-style-type: none"><li>Provide opportunities for children to experience the natural appeal of baseball through the Tigers Academy*1</li></ul>	Number of baseball school classes hosted by the Tigers Academy	Maintain 60 or more classes into the future	Hanshin Tigers Baseball Club	62 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				
<div>3</div> <div>Life designs for tomorrow</div>	<ul style="list-style-type: none"><li>Actively provide opportunities to school groups to attend performances of the Takarazuka Revue</li><li>Hold events for youth such as kids’ seminars</li><li>Look into holding lectures and seminars led by Takarazuka Revue alumnae in collaboration with the media</li><li>Hold series of Takarazuka Kodomo Athene*2 classes at the Takarazuka Music School</li></ul>	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. 68,000 (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"><li>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</li><li>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</li></ul>				
<div>3</div> <div>Life designs for tomorrow</div>	<ul style="list-style-type: none"><li>Hold performances of the Takarazuka Revue outside the Osaka and Tokyo areas</li><li>Offer live viewing at movie theaters or other venues and live stream to mobile devices, employing digital technologies and delivery services</li><li>Stream video using Takarazuka Sky Stage*3</li><li>Stream video using YouTube, etc.</li></ul>	Total number of viewers of theater performances outside the Osaka and Tokyo area, as well as live viewing and live streaming, Takarazuka Sky Stage subscribers (households), YouTube channel subscribers, etc.	Over 1.20 million people (FY2026)	Hankyu Corporation Takarazuka Creative Arts Takarazuka Stage Takarazuka Music School	Approx. 1.07 million people
Reason for action plan based on opportunity and risk	<ul style="list-style-type: none"><li>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</li><li>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</li></ul>				
<div>5</div> <div>Environmental protection</div>	<ul style="list-style-type: none"><li>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</li><li>Switch to the use of biomass packaging material at food stalls and take steps to reduce plastic checkout bags</li><li>Implement the collection and recycling of plastic cups</li></ul>	Usage rate of non-plastic food packaging  Plastic cup collection rate	Pro baseball/high school baseball games: 70% each (2030 season)  70% (2030 season)	Hanshin Electric Railway Hanshin Tigers Baseball Club Wellness Hanshin	Pro baseball: 51% High school baseball: 47% (2022 season)  35% (2022 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				

\*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 the information services business, we foresee further growth in corporate investment—which will connect to new IT demand—in areas such as DX, energy savings, 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 boost needs for solutions like those for in-train security or platform safety.

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.

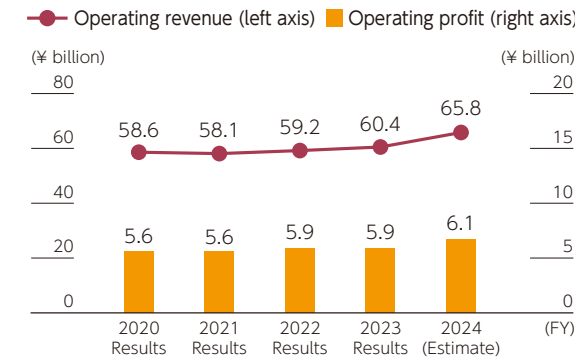
3 Safety and Education

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 2023 Review of Operations

In the information services business, steady efforts to increase the number of orders, among other measures, led to improved revenues from the previous fiscal year, but for the broadcasting and communications business, factors such as a rebound after large orders last year and rising expenses, meant that profits were largely the same as the previous fiscal year.

Revenue and Profit



Note: The anticipated full-year results for fiscal 2024 are based on information announced on May 15, 2023.

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. In January and February 2023, on part of the Hanshin Main Line, we used local 5G, AI image recognition, and other technologies for a trial of a system to quickly detect equipment or in-train irregularities or similar. In such ways, we are striving to offer solutions that improve railway safety via digital technologies.

Through activities like these to proactively capture accelerating demand for DX, and through them achieve growth in the information services business (including through M&A) and an expansion in scale for the broadcasting and communications business, the information and communication technology business is predicted to see increased operating profit into fiscal 2026.

Collecting Group strengths, to contribute to community development through one-stop solutions

In June 2023, we launched the Machizukuri (“community development”) DX website, which brings together ICT solutions services developed at different Group companies to help efforts by local governments across Japan to incorporate DX into community development.

The website gives a comprehensive introduction to the ICT solutions services our Group companies can offer, particularly those from Itec Hankyu Hanshin Co., Ltd.; Mimamorume Co., Ltd.; and Hanshin Cable Engineering Co., Ltd. In the future, we will flexibly combine these technologies depending on each local authority’s needs, and further customization will allow us to offer a one-stop solution. We will also aim for services that follow people closely, with a focus on the national government’s goal of having all regional authorities working on digital implementation by 2030.

Machizukuri DX website <https://www.machidx-hh.jp/> (Japanese only)

Information and Communication Technology Business Non-Financial KPIs

Priority issues	Action plan	Non-financial KPIs	Target values	Scope	FY2023 Actual record
<div>1</div> <div>Safe, reliable infrastructure</div>	<ul style="list-style-type: none"><li>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</li></ul>	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"><li>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</li><li>To strengthen responses to local government needs (disaster preparedness and mitigation, crime prevention, etc.) in preparation for expanding the BWA business*1</li></ul>				
<div>2</div> <div>Thriving communities</div>	<ul style="list-style-type: none"><li>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</li><li>Expand the Machinaka Mimamorume*3 service for city residents, an opportunity for using our BWA business</li></ul>	Number of local authorities to which we contract GPS service and Machinaka Mimamorume and other safety systems	— (monitoring actual record)	Mimamorume	GPS service contracts: 39 local authorities Machinaka Mimamorume: 7 local authorities
Reason for action plan based on opportunity and risk	<ul style="list-style-type: none"><li>To help raise the value of line-side areas by responding to increased interest in safety and security</li><li>To utilize the Group’s wireless and wired communications networks, external lines, and construction expertise for expanding services</li></ul>				
<div>6</div> <div>Robust governance</div>	<ul style="list-style-type: none"><li>Acquire external certification for information security (PrivacyMark, ISMS*4)</li></ul>	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



Travel

We create travel itineraries that reflect customers’ desires



Business Environment

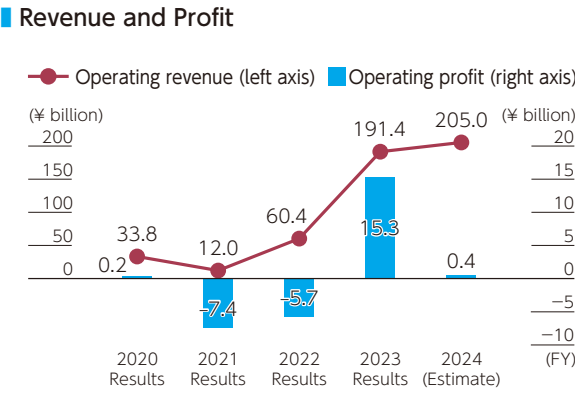
Japan’s reopening expected to boost travel demand

After years of restrictions due to the COVID-19 pandemic, the easing of restrictions on movement and of immigration regulations has led to a gradual recovery toward pre-pandemic levels. As such, it is vital that we actively incorporate into our plans rising demand among domestic and other travelers prompted by the reopening of Japan’s economy and borders. We do, however, predict that a full recovery to pre-pandemic levels will take time due to foreign travel concerns such as the weakness of the yen and soaring fuel surcharges.

During the pandemic, we received orders from local governments to support those recovering at home and to operate COVID-19 recovery accommodation facilities, a business other than travel. Leveraging such relationships with local governments, we believe there is significant opportunity for business in providing solutions to new problems and needs.

Fiscal 2023 Review of Operations

The effects of the pandemic continue to be felt, particularly with regard to international travel, but separate to our travel business we had a big increase in orders from local governments to help support individuals recovering from COVID-19 at home, and for travel within Japan, sales for tours that made use of financial incentives to travel from prefectural or national governments remained strong. The result of these factors was that operating revenue and profit rose from the previous fiscal year.



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 2024 are based on information announced on May 15, 2023.

Summary of the Medium-Term Management Plan

Basic Policies

1 Strengthen competitiveness of travel packages

Further strengthen international and domestic group tours/ Enhance high-added-value products that delve into specific themes, etc./Win over new customers/Strengthen collaboration with local areas

2 Strengthen management base

Strengthen the solutions business/Reinforce international travel business/Improve efficiency of attracting customers/ Streamline administrative work

Strengthening the core international and domestic travel business

In the travel business, international and domestic travel will continue to be our core business, and for our group tours led by a tour guide in particular, we will work to establish a predominant presence, while also diversifying our travel models and capturing new customers over the medium and long terms. In terms of travel model diversification, as well as enhancing our products that delve into specific themes, we are implementing initiatives to improve our lineup of hotels and traditional inns and to increase the range of products for travel within Japan. For international travel, meanwhile, we are working to open up new tourism resources and put together products for new countries and regions.

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



Stronger management base for medium- and long-term growth

In the travel business, with the aim of strengthening our management base, we will utilize the connections that we have built with local governments during the pandemic, to expand and strengthen our solutions business for support services for local governments, and to proactively capture rising demand from among foreign visitors to Japan.

We will also work to improve work efficiencies using digital technologies, including expanding customer bookings via the internet. We work with the Hankyu Hanshin DX Project to analyze and apply customer data, and are endeavoring to raise the efficiency of activities to attract customers through detailed product planning and effective advertising.



Travel Business Non-Financial KPIs

Priority issues	Action plan	Non-financial KPIs	Target values	Scope	FY2023 Actual record
<div>1</div> <div>Safe, reliable infrastructure</div>	<ul style="list-style-type: none"><li>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)</li><li>Employee and supplier training in safe operations</li><li>Information dissemination on safe operations</li><li>Supplier assessments</li></ul>	Number of accident reports of serious culpable incidents	Maintain at zero	Hankyu Travel International	0 incidents
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				
<div>3</div> <div>Life designs for tomorrow</div>	<ul style="list-style-type: none"><li>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.)</li><li>Hold seminars through Hankyu Tabikotojuku* that promote regional and cultural development</li><li>Support regional development through General Incorporated Association Chiiki Mirai Kikaku</li></ul>	Number of collaborating local governments	250 per year (FY2024)	Hankyu Travel International	224 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				
<div>6</div> <div>Robust governance</div>	<ul style="list-style-type: none"><li>Conduct questionnaires of tour participants</li><li>Expand customer hot-line/customer center system</li><li>Improve quality through tour monitoring by employees and checks during the first run of a trip</li><li>Hold meeting on safe international travel locally</li><li>Improve response through a call center and Web-based inquiry service</li></ul>	Satisfaction rate based on questionnaires	<ul style="list-style-type: none"><li>Satisfaction rate (FY2031) International/with guide: 90%</li><li>International/without guide: 90%</li><li>Domestic/overnight: 85%</li><li>Domestic/day trip: 85%</li></ul>	Hankyu Travel International	<ul style="list-style-type: none"><li>Customer satisfaction International/with guide: 92%</li><li>International/without guide: 87%</li><li>Domestic/overnight: 85%</li><li>Domestic/day trip: 83%</li></ul>
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

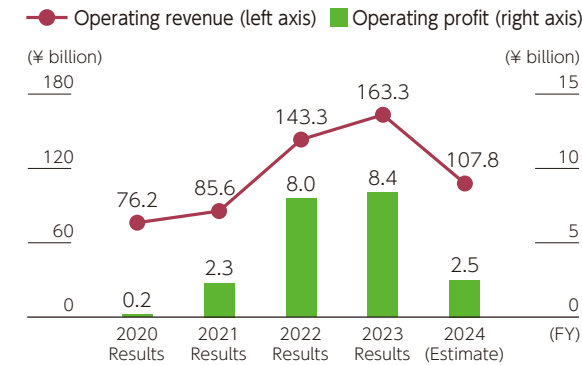
From 2020 on, the pandemic resulted in reduced airfreight service, container shortages, and port congestion, all of which led to a severe disruption in the balance of supply and demand in both air and sea freight. In such circumstances, we continued operations at all 193 business sites worldwide, fulfilling our role as an essential industry that supports logistics infrastructure.

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. We can thus propose solutions optimized for the entire supply chain of our customers.

Fiscal 2023 Review of Operations

Year-on-year increases were achieved in air and sea freight forwarding in both operating revenue and profit due to continued high freight-in rates, particularly in the first half of the fiscal year.

Revenue and Profit



Note: The anticipated full-year results for fiscal 2024 are based on information announced on May 15, 2023.

Summary of the Medium-Term Management Plan

Basic Policies

1 Reform to establish a balanced business portfolio

- Strengthen air freight, sea freight and logistics businesses globally

3 Fortify systems to ensure robust global governance

2 Expand scale of business and strengthen competitiveness

- Strengthen sales capabilities globally
- Expand synergies with the Seino Holdings Group

4 Pursue initiatives in new growth fields

- 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, we will continue to expand the scale of our business and strengthen our competitiveness while striving to achieve a well-balanced portfolio by reinforcing our sea freight and logistics operations.

For the period of the Medium-Term Management Plan, as the

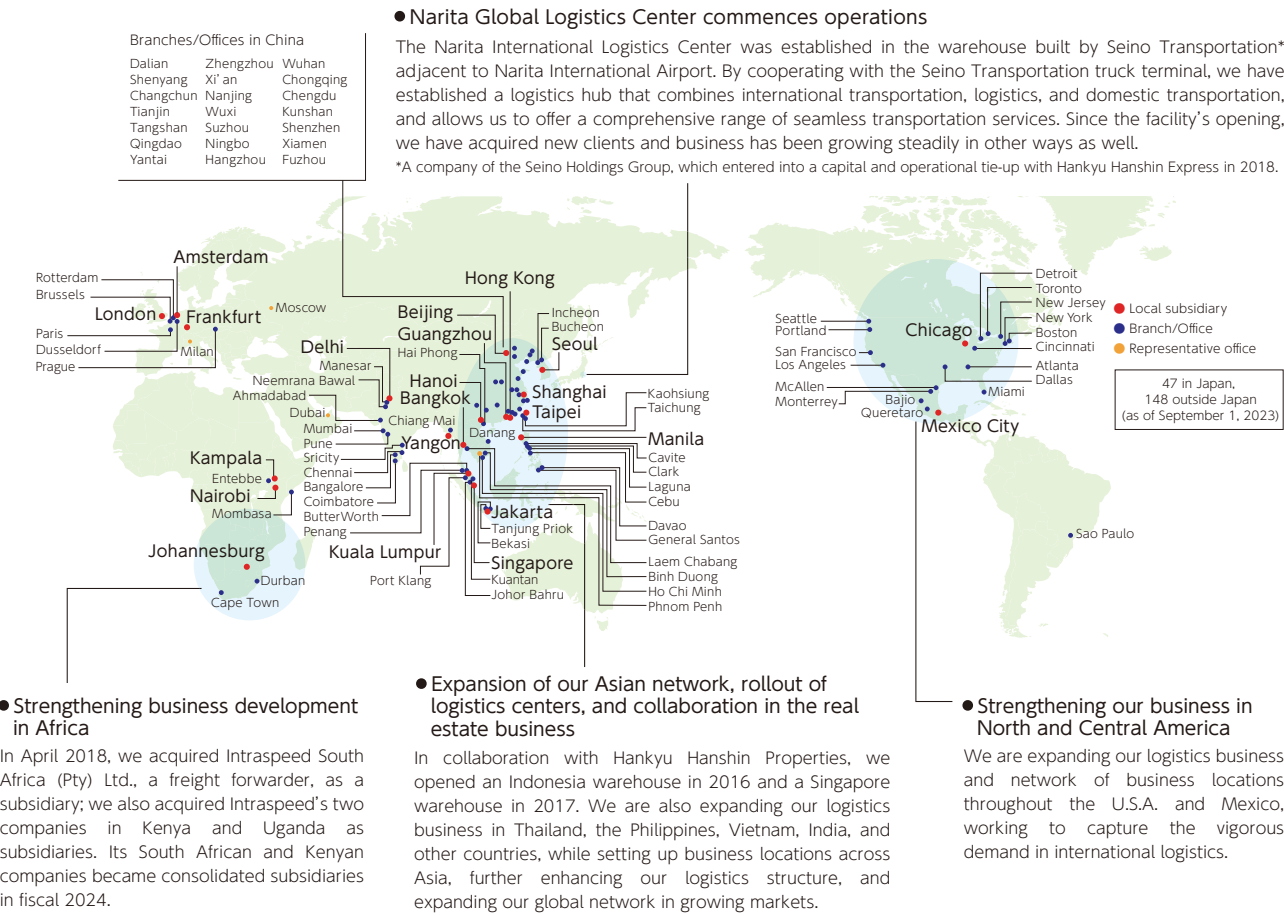
turmoil in the logistics market gradually settles, we anticipate a return to levels prior to the impact felt by the pandemic. Through fiscal 2026 we will increase operating profit by expanding the volume of items handled.

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 expand our global network and enhance services, including by establishing bases in regions where we anticipate new business opportunities emerging, and by building more logistics warehouses and expanding our own sea freight consolidation routes.

We are also taking on new challenges by entering new growth areas. We are surveying and exploring the fast-growing area of international electronic commerce (cross-border EC) logistics, building a distribution network to provide the logistics services needed for next-generation mobility (a promising new industry), and expanding business in India, the Middle East, and Africa, where large population growths are expected in the future.

Our global network in the international transportation business



International Transportation Business Non-Financial KPIs

Priority issues	Action plan	Non-financial KPIs	Target values	Scope	FY2023 Actual record
Safe, reliable infrastructure	• 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				
Safe, reliable infrastructure	• Improve the quality of customs clearance services	Rate of customs errors	About 0.1% maintained, which is lower than the industry average (0.3%)	Hankyu Hanshin Express	0.06%
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

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Governance

6 Robust governance



Policies

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

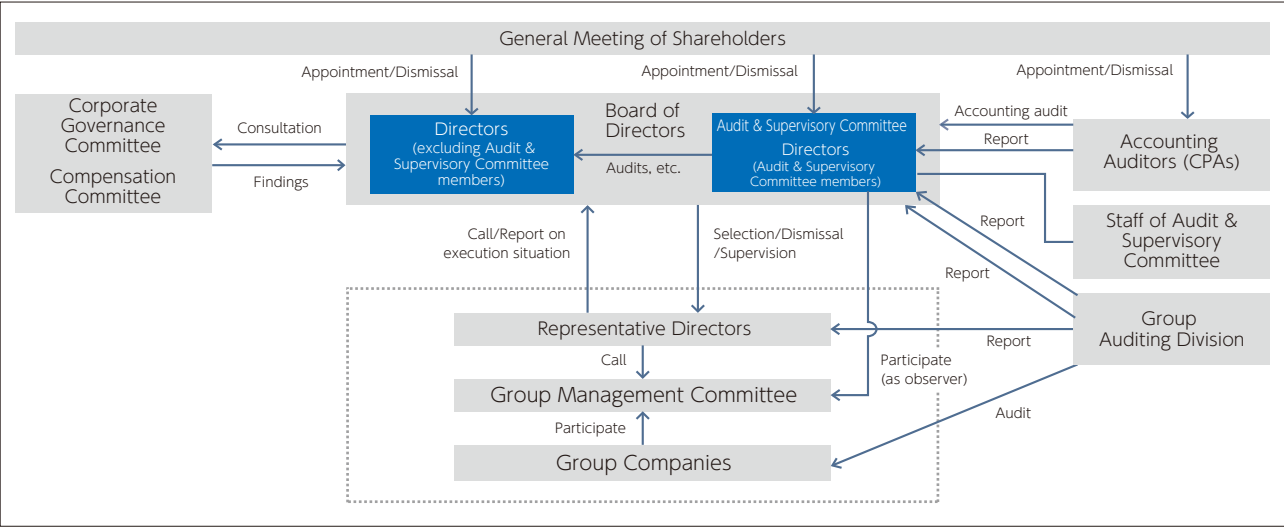
Basic Approach

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.

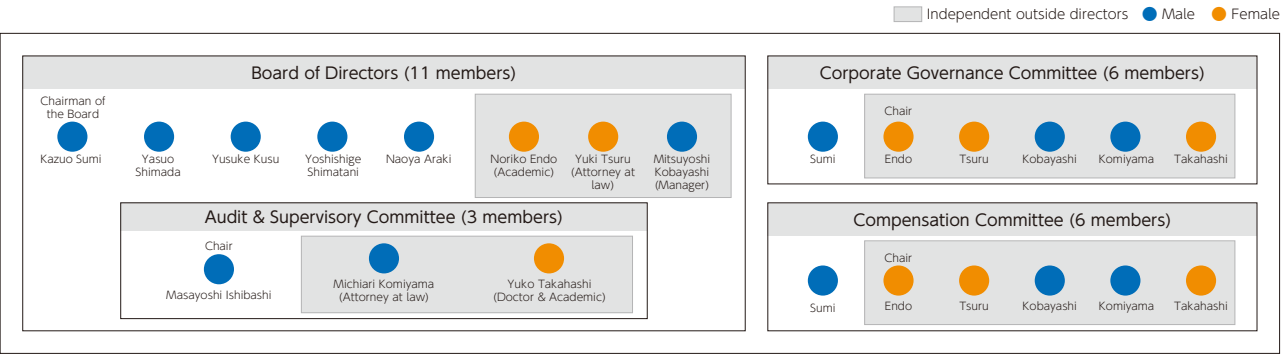
Reflecting this basic approach, the Company has established the policies below with a view to adhering to the principles of our Corporate Governance Code, sustaining growth, and enhancing corporate value over the medium to long term.

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



(See pages 83–84 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.

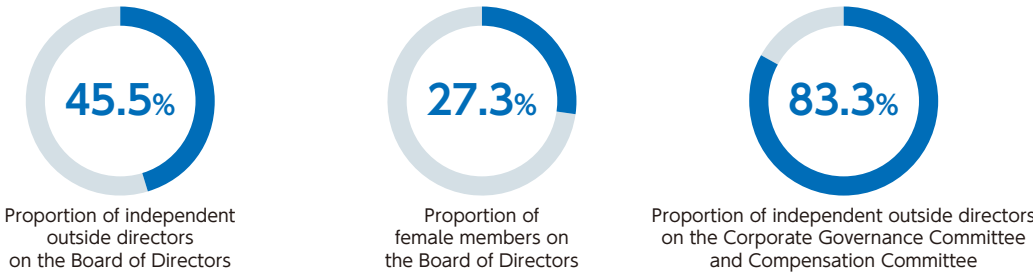
Further, to ensure transparency in the appointment and dismissal of the Company's directors and to facilitate coordination with outside directors, the Group has established the Corporate Governance Committee, which comprises the chairman of the board (or the president, in the chairman's absence or unavailability) 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 chairman of the board (or the president, in the chairman'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	<b>Corporate Governance Committee established</b> • Charged with ensuring transparency of corporate director appointments and dismissals and facilitating coordination with outside officers. (Held twice a year)
FY2017	<b>Evaluation of the Board of Directors' effectiveness</b> • 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	<b>Abolition of senior advisors system</b>
FY2019	<b>Abolition of anti-takeover measures and Compensation Committee established</b> • Charged with ensuring that the objectivity and transparency of procedures relating to decisions regarding board members' remuneration, including amounts. (Held once a year)
FY2020	<b>Review of compensation system</b> • Stock-based, performance-linked stock compensation system (paid into trust) introduced for the chairman 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	<b>Change in legal status regarding audit function</b> • 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	<b>Outside directors made chairs of both the Corporate Governance Committee and Compensation Committee</b>

FY2024 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 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 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.

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 (FY2023)

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	9/9	—	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	13/13	Instructive comments from a compliance perspective
Yuko Takahashi	Director and Audit & Supervisory Committee member	9/9	10/10	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.

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 chairman of the board (or the president, in the chairman'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 2023, the Corporate Governance Committee met three times.

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 chairman of the board (or the president, in the chairman's absences 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 2023, the Compensation Committee met twice.

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 2023, 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 2023 that take into account past analysis and evaluation results

As it was suggested that information sharing about issues facing core businesses and current circumstances could be improved, information given to directors about results and financial during the fiscal year via reports has been enhanced. Other efforts include thorough explanations of the background, etc., for agenda items to deepen understanding. The members of the board also visit sites to enhance their understanding of the Group's different businesses.

Analysis and evaluation process for fiscal 2023

A summary of the process and results of an evaluation of the effectiveness of the Board of Directors conducted in fiscal 2023 is as shown below.

1. Evaluation process

In fiscal 2023, all directors evaluated the adequacy of the board's composition and operations as a way of determining its effectiveness.

Timeline

February 2023	Individual questionnaires
April 2023	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 2023 were deemed to be adequate, and the evaluation concluded that the board was effective and generally administered appropriately.

Conversely, it was suggested that information sharing about periodic follow-ups about the progress and results of the Group's investments, as well as indicators that show the current status of core businesses, could be improved.

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 chairman of the board (or the president, in the chairman'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](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

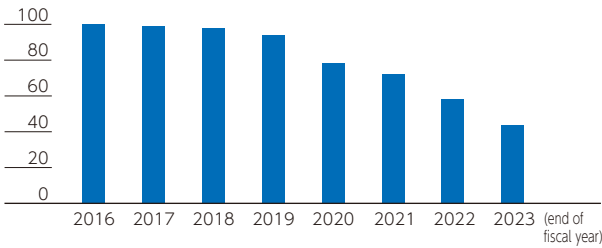
The Company acquires shares held for strategic reasons with a view to building relationships of trust with various stakeholders and enhancing corporate value over the medium to long term by maintaining business relationships or strengthening collaborations with partner companies and maintaining relationships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



Robust governance

Strategic Shareholdings Held (Taking FY2016 final levels as 100)



Abolition of anti-takeover measures

After considering recent trends related to such measures and changes in the business environment, the Company has decided to abolish anti-takeover measures that have already been set to expire at the conclusion of the General Meeting of Shareholders held in June 2018.

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 (see below for more details).

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 Hankyu Hanshin Holdings and its Group companies.

To create a structure for ensuring appropriate operations, the Group vests auditors of each Group company with 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 Principles) and various fundamental policies and regulations that we have put in place.

Of those, the Board of Directors reviews adherence to the Principles every two years, based on employee questionnaires. As necessary, it also carries out periodic evaluations and investigations into the effectiveness of the Principles. 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 is distributed to all the Group's officers and employees and makes it clear that violations of law or social norms, or actions that betray customer trust, are prohibited, and provides handy examples of likely 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—anonously—behavior that violates (or may violate) laws or regulations, or is otherwise unethical (including corruption or human rights breaches includes 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 2023 it received sixty-nine reports from throughout the whole Group.

Should a risk become apparent through the desk, and it be considered significant, the Risk Management Committee is convened to discuss and decide on appropriate responses.

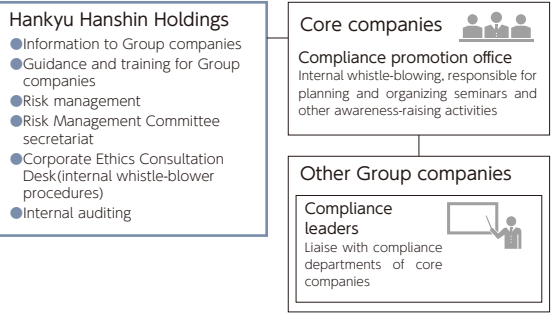
Corporate Ethics Consultation Desk consultation flow



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

We have established a risk management structure to help maintain the health of the Group's management by preventing risks from becoming reality, and at minimizing the damage if they do. This structure is being constructed with reference to ISO 31000.

Evaluating risk

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\*. An appropriate response is then determined for each, after an assessment of its likelihood and impact, and hypothetical scenario analysis.

\*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.

Risk Management Committee and Group management systems

We have set an executive officer in charge of risk management, who acts as the person with responsibility for risk management. With the aim of strengthening the effectiveness of our risk management, the Risk Management Committee meets twice a year. The committee is chaired by the president, and attended by full-time directors including the executive officer in charge of risk management (excluding directors who are members of the Audit and Supervisory Committee), executive officers, and representatives of core businesses. This allows the Group as a whole to confirm the status of countermeasures and initiatives for different kinds of risks: significant risks that are common to the whole Group (selected via the risk evaluations detailed above and addressed across core business boundaries), significant risks specific to individual companies (for different group companies), and significant risks that become apparent due to changes in the external environment—shifts in socioeconomic circumstances, etc. The committee also discusses risks that have a large effect on Group management, and deepens its understanding of these.

The Risk Management Committee reports to the Board of Directors each year on its analysis of risks—including ESG-related risks—and the operational status of risk countermeasures. The Board of Directors, then, oversees management of risks that are important to the Group's management, again including ESG-related risks, and as and when necessary, reviews the effectiveness of risk management processes.



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, a Crisis Response Team, headed by the president, is formed to respond quickly and appropriately to contain the damage spreading and minimize the fallout.

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, and PR 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 110 individual interviews with institutional investors and analysts from Japan and abroad in fiscal 2023.

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, executive summaries or content in line with the themes above are added to financial briefing documents. We are striving to make improvements, such as enhancing these documents, to help further raise understanding by shareholders.

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 45), 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 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.

Acting on Feedback from Experts

The priority issues relating to sustainable management set forth in the Materiality Matrix (see page 45) reflect the diverse views provided by a broad variety of experts, including professors, civic groups, and investors.

Taxation Transparency (Tax Policy)

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
FY2021	19.4	0.3	19.8
FY2022	-11.1	0.9	-10.1
FY2023	9.6	2.3	11.9

\*Tax paid is a combined figure for both national and regional taxes. The figures given 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.



Directors and Audit & Supervisory Committee Members

As of June 16, 2023

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



**Kazuo Sumi**  
Chairman 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 Chairman, Hankyu Corporation  
2017 Chairman, 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. (Current position)  
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, Graduate School of Media and Governance, Keio University  
2019 Director, Hankyu Hanshin Holdings, Inc. (Current position)  
2020 Project professor at the Keio University Global Research Institute (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, H:O RETAILING CORPORATION  
2017 Director, Hankyu Hanshin Holdings, Inc. (Current position)  
2020 President and Representative Director, H:O RETAILING CORPORATION (Current position)  
2020 Chairman, Hankyu Hanshin Department Stores, Inc. (Current position)

Directors, Audit & Supervisory Committee Members



**Masayoshi Ishibashi**  
Director, Audit & Supervisory Committee  
Member (Full-time)

1979 Joined Hanshin Electric Railway Co., Ltd.  
2013 Standing auditor, Hanshin Electric Railway Co., Ltd. (Current position)  
2013 Standing auditor, Hankyu Hanshin Holdings, Inc.  
2020 Director, Audit & Supervisory Committee Member (Full-time), Hankyu Hanshin Holdings, Inc. (Current position)



**Michiari Komiyaama** 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 Komiyaama, 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. Komiyaama, 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	<span>Outside</span> <span>Independent</span>				◎ Public policy Environment/Energy [E]
Yuki Tsuru	<span>Outside</span> <span>Independent</span>			◎	
Mitsuyoshi Kobayashi	<span>Outside</span> <span>Independent</span>	◎			◎ DX
Yoshishige Shimatani		◎			
Naoya Araki		◎			
Masayoshi Ishibashi	Audit & Supervisory Committee member	●	●		
Michiari Komiyaama	Audit & Supervisory Committee member <span>Outside</span> <span>Independent</span>			◎	
Yuko Takahashi	Audit & Supervisory Committee member <span>Outside</span> <span>Independent</span>				◎ 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.



Outside Directors and Chairman  
Roundtable  
Discussion

Kazuo Sumi

Chairman and  
Representative Director,  
Group Chief Executive  
Officer

Yuki Tsuru

Outside Director

Noriko Endo

Outside Director

Sustainable management:  
present and future as seen by outside directors

Two of our outside directors spoke to our chairman, Kazuo Sumi, about the sustainable management we promote in line with our Sustainability Declaration, and exchanged ideas based on its current state and issues from their perspectives as outside directors.

Duty as a company to work toward a  
carbon-neutral society

**Sumi** Thinking back to the fierce heat we had this summer, it is impossible to say where the impact of global warming will end. I would like to ask you, Ms. Endo, as an expert in environmental and energy policy, how do you think companies should respond to climate change?

**Endo** Developed nations, in particular, are positioning reducing greenhouse gas emissions as a major issue. Hankyu Hanshin Holdings has taken on board the Japanese government's targets to achieve the goals of the Paris Agreement, and is actively promoting efforts to reduce its

CO<sub>2</sub> emissions.

**Sumi** In our Long-Term Vision, which we updated in May 2022, with the aim of ensuring the 1.5°C temperature rise scenario found in the Paris Agreement comes to pass, we announced a new our CO<sub>2</sub> emissions reduction target to net zero by fiscal 2051, and—as a stepping stone toward that—revised our target for fiscal 2031 to a 46% reduction from fiscal 2014 levels.

**Endo** As a company rooted in its community, but well-known across Japan, having Hankyu Hanshin Holdings push this kind of initiative has real meaning for society.

On the other hand, sustainably enhancing corporate value by increasing profit is another important duty. In the past, it

was common for companies to emphasize carbon-neutral initiatives as purely as a social responsibility, if anything they thought of it as just another cost. Going forward, though, as we progress toward carbon neutrality, we need to think of it as a business opportunity, and take the viewpoint that it can encourage innovation and lead to profit. I would like the Company to be more proactive in publicizing these kinds of initiatives to investors and society. I think we stand at a turning point where the relationship between making society carbon neutral and companies is shifting from a mere cost to be borne, to new business chances.

**Sumi** As well as investors, financial institutions have also started strictly assessing efforts toward carbon neutrality, and the pace seems to have picked up overnight.

**Endo** Yes, it is certainly true that ratings and requests from investors and funding institutions concerning equity and debt are becoming more stringent. But we should not be actively reacting to this just because it is our duty, we need to take the approach of using carbon neutrality as a springboard to growth.

**Tsuru** That's right. In 2023, the Company introduced internal carbon pricing (ICP). With this we can visualize costs, and aim to improve business performance, but it can also lead to rising corporate value.

**Endo** Yes, ICP allows companies to quantify costs, including for the carbon taxes that may be introduced in the future. I think it's also an effective motivational tool for encouraging businesses to invest more in reducing CO<sub>2</sub>. Hankyu Hanshin Holdings is actively incorporating new methods like this and is disclosing its Scope 3 emissions, and I think it's fair to say the Company is leading the industry in terms of contributing to carbon neutrality. From the standpoint of governance, too, there are regular reports about the status of sustainable management initiatives, which include actions toward carbon neutrality. I think we are succeeding, through discussions and similar, in sharing the Company's direction.

Issues standing in the way of becoming a  
global company

**Sumi** Speaking of governance, I think that risk management is an important issue. For example, for risks related to human rights, I have seen example of even Japanese companies actively working on human rights due diligence. I think that it

I'd like to see  
the Company use  
carbon neutrality as  
a springboard to  
corporate value.

is a topic that is gaining a great deal of interest from society.

**Tsuru** I agree. In Europe, companies' efforts to tackle human rights problems are becoming much stronger, and they enforce strict checks on the possibility of human rights infringements or child labor throughout the entire supply chain, right from the contract stage. This trend may well expand worldwide, so I think that the fact the Company has reviewed its basic policy can be seen as a way of accurately grasping the way in which the times are changing.

**Sumi** You're talking about the Basic Philosophy on Respect for Human Rights and Basic Policy on Respect for Human Rights (see page 89), which we revised in April 2023 to take into account the UN's Guiding Principles on Business and Human Rights.

**Tsuru** Yes. While there are lots of companies in Japan that look at human rights problems from a domestic standpoint, I think efforts like that, which take a more global perspective, are a big first step.

**Endo** Hankyu Hanshin Holdings already operates an international transportation business, and is looking to expand its overseas real estate business. I think the Company does, therefore, have to look at things from a global perspective. It has always been a company rooted in its community, though, and I think there have been few chances for it to really advocate global management. This is something the Company will have to overcome, and I hope it will push forward with initiatives as a global company.

**Sumi** We theorize various different risks, and of those, preventing the risk of human rights infringements before they occur is something that requires more efforts. In terms of actual business affairs, we need to work steadily one step at a time, and work our way up to a global level as best we can.

**Tsuru** Quite so. This is something that includes workplace responses and fostering awareness, and so cannot be achieved in a short time. The Company identifies major risks



and issues, and I too think that is important to address these one by one.

**Sumi** A different risk that also needs to be addressed is corruption. In March 2022, we formulated our Anti-Corruption Policy, and then in September this year we put in place rules and operational guidelines to prevent corruption. Between these and other measures, we are working to further strengthen the initiatives we already have.

**Tsuru** The ban on corruption is clearly defined in law, but personally I think that there is a need for a fight against corruption that does not end with legal breaches, but prevents corruption in a much wider sense. Companies with ethical problems, even if they do not formally break the law, cannot survive in the business world. In Europe or North America, many contracts already feature clauses covering corruption prevention. The Company too, in the basic policy you touched on earlier, is sufficiently aware of the problem of corrupt behavior. In the future, I have great expectations for even more effective initiatives, that take a more global perspective.

**Sumi** What do you think we need to do to raise the effectiveness of our efforts to prevent corruption?

**Tsuru** As well as educating employees about the issue, I think you need adequate communication with business partners. If the Company can build relationships of trust through dialogue, such things are one-way demands for suppliers will become unnecessary. The importance of dialogue does not end with preventing corruption. Proactive, generous communication through various channels will build those relationships of trust, and if the Company can do this it will lead to improper conduct being prevented, and a better governance system.

**People power drives forward sustainable growth**

**Endo** When it promotes its sustainable management, the Company properly involves its business and employees in its initiatives, through means such as setting original, non-financial KPIs for each of its business areas, that match the characteristics of a company that has expanded into varied businesses, and by linking these in to its Medium-Term Management Plan.

**Sumi** Of the various KPIs we use, the one I'm most focused on is employee satisfaction. Happier employees lead to products and services that make customers happy. Employee

Relationships of trust, forged through communication, are the foundation of good governance.

energy is the spark from which corporate value comes, and so I believe our responsibility as managers is to do what we can to improve employee engagement.

In fiscal 2024, Hankyu Hanshin Holdings added sustainability targets to the scripts for interviews where employees talk about their targets each year. Each employee considers what sustainable management really means, and what they themselves can do. Having them put this into words is helping to clarify awareness and attitudes towards sustainable management.

**Tsuru** That sounds like a good opportunity, where employees can understand it for themselves, rather than being told to think.

**Sumi** Before they suddenly have to consider it themselves, I would like them to properly understand how it stands in Japan. For example, the phenomenon of low birthrates and a rising average age is steadily worsening. I want to share the sense of danger that one day the workforce will be far less than is needed, and for everyone in the Group to join me in understanding that companies have to face societal problems like these head-on. It should go without saying, but the solution lies in greater female participation and improved productivity.

**Endo** The management here does not just pursue higher share values and profits, I get the impression that it earnestly confronts more substantial societal issues, and thinks seriously about what the Company can do, and acts accordingly. I think that it feels the weight of its long history on its shoulders.

**Tsuru** In actuality, the Company has many active female managers; I can feel the long history of working toward diversity. I do think, though, that there is still room for improvement, and I would like the Company to continue developing fields and environments in which women can be more active.

**Endo** There's the term "HeForShe." It refers to men taking an active role in fighting for gender equality and female empowerment, and I think it somewhat mirrors the approach to female participation that the Company takes. By taking on the principles of the HeForShe movement, companies can enhance their corporate value as advocates for gender equality, and at the same time raise employee satisfaction and motivation.

**Sumi** One of the missions of any company is to put in place environments where anyone, regardless of gender, can fulfill their potential. It is also the key to sustainable growth, which is linked to engagement and corporate value. In fact, even on the Board of Directors, you two are just some of the women actively helping to run the Company.

Board of Directors operations that look to ensure fairness and transparency

**Endo** The Board of Directors provides a space where everyone, including us, can speak our minds freely.

**Tsuru** I think so, too. Of course, discussions are open-minded, and there is a positive sense of urgency to proceedings. The content of those discussions too is interesting and engaging, and we too can voice our opinions—it is very rewarding. Each time we meet, necessary documents are collated in an easy-to-understand manner, and we are able to have effective debates.

**Sumi** Ms. Endo as chair of the Corporate Governance Committee and the Compensation Committee, what do you aim to do?

**Endo** The role of both committees is to raise the transparency of the Company's personnel affairs and remuneration systems, and I think that having an outside director, in this case myself since fiscal 2023, as chair for both has helped to enhance transparency and fairness. I honestly believe that to improve governance, sharing information and ensuring transparency is vital. As chair, I want to continue placing importance on objective perspectives, devoid of prejudgments, as I manage the committees.

**Sumi** Lastly, do you both have anything you would like to say to our investors?

**Endo** This is a company with layers of tradition, and that continues to maintain significant brand value. But as well as treasuring that history, it is boldly taking on the challenges posed by societal issues such as Japan's shrinking

population, and energetically expanding internationally. Surely by fusing the significance of its history, with the energy of innovation, the Company will be able to take a great leap forward. I think my responsibility as a director is to provide what knowledge I have to help it grow to become an exemplar of a global company, not just a Japanese company.

**Tsuru** I did my legal training in Osaka, and at that time I had real fondness for the Hankyu Department Store and the Hotel Hankyu International. Likewise, when I visited Kyoto, I would take Hankyu trains. So, when I was offered the position of director here, I really felt it was a great honor to be associated with this kind of company.

After taking up the role, I got to experience for myself the emotions of the Takarazuka Revue and the passion of Hanshin Koshien Stadium, and I was reminded anew of the appeal that the Group holds, which it can do because it is an entertainment pro, but also a company that makes people's lives richer, through trains, shopping, and even hotels and real estate. The entertainment business in particular, has expanded with a focus on Japan, but the content works internationally so surely demand will grow even further.

In the future, I would like to see the Company publicize its dreams and excitement for the world. There are many obstacles in the path to becoming a truly global company, but as a director, I will use my specialist knowledge and try to lead discussions with the goal of keeping risks to a minimum and maintaining compliance.

**Sumi** I am extremely reassured by what you have said; I have great hopes for both of you.

The source of corporate value is people power. One of the responsibilities of a management team is to improve employee engagement.



Social

4 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	FY2023 result
Employee satisfaction	Always better than in previous survey (conducted biennially)	Hankyu Hanshin Holdings and the six major companies*	3.57 (on a five-point scale) (FY2022 results)
Percentage of women in management positions	Improved to around 10% in FY2031	Hankyu Hanshin Holdings and the six major companies	5.6%
Percentage of women among new hires	Always 30% or more	Hankyu Hanshin Holdings and the six major companies	34.6%
Specific health guidance implementation rate	60% or more in FY2026	Hankyu Hanshin Holdings and the six major companies	55.8%
Smoking prevalence	15% or less in FY2026	Hankyu Hanshin Holdings and the six major companies	18.7%
Paternity leave uptake rate	100% in FY2026	Hankyu Hanshin Holdings and the six major companies	94.8%
Employment rate of people with disabilities	Always at or above statutory employment rate	19 special subsidiaries	3.05%
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	100%

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

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 47 onward.

Three Human Resources Strategies

- 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

Basic philosophy and policy on respect for human rights revised

At the Hankyu Hanshin Holdings Group, we work hard to ensure across-the-board respect for human rights. 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, and we will continue to implement human rights due diligence and work to avoid and reduce negative impacts on human rights.

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

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 highest award (the Minister’s 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 2023, we have hosted over 19,000 children across 459 programs so far.



Creating a cable TV program

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.

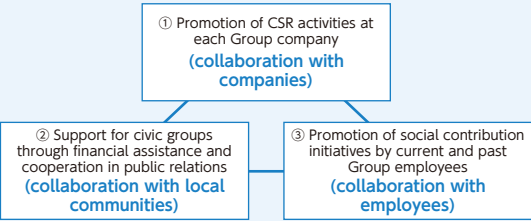
Priority Fields

Sustainable Community Development—  
Developing communities sustainably

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

Main activities

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



① Collaboration with companies

We promote the CSR activities of our Group companies through public relations, sponsorships, and additional contributions. In fiscal 2023, 107 initiatives were carried out groupwide (105 in fiscal 2022).

For example, the One-million Candle Night event as part of Nishiumeda Night in Osaka City, and the Hankyu Hanshin Dreams and Communities of the Future Challenge Troop (see page 89).

② Collaboration with local community

We subsidize citizen’s groups in the Hankyu Hanshin service area through donations raised by our employees and additional contributions from the Company via the Hankyu Hanshin Dreams and Communities of the Future Fund. By the end of fiscal 2023, 183 institutions have received a total of 109.06 million yen. This local support program has led to our working with civic groups as urban environment-building partners through various projects.

③ Collaboration with Group employees

As a support for current and past employees to join or continuously engage in community activities voluntarily, we distribute information through Group magazines and mail magazines and provide opportunities for volunteering inside and outside the Company. In fiscal 2023, the number of participants in volunteer activities reached 5,861.

Case study Dreams and Communities of the Future SDGs Trains

To commemorate a decade of these project initiatives, in May 2019, we launched the Dreams and Communities of the Future SDGs Trains, which disseminate a variety of messages to help achieve the SDGs. We have been running these trains in cooperation with governments, municipalities, companies, civic groups, and other bodies. The external appearance of the trains features illustrations inspired by the SDGs, while inside the trains posters and stickers are also all related to the 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, as well as other initiatives.

In December 2020, these linked efforts were well-received and presented with a Special Award (SDGs Partnership Award) at the 4th Japan SDGs Award.

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 2022

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

5

7

12

# 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

Non-Financial KPIs	Target value	Scope	FY2023 result
Rate of CO <sub>2</sub> emissions* cuts	FY2031: 46% reduction compared to FY2014 FY2051: Net zero CO <sub>2</sub> emissions	Hankyu Hanshin Holdings and its subsidiaries' Japanese worksites	41.3% reduction compared to FY2014

\*Scope 1 and 2 equivalent

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

Cut greenhouse gas (CO<sub>2</sub>) emissions

**Changes in CO<sub>2</sub> Emissions (See Page 14)**

In the Long-Term Vision announced in May 2022, we set out a target of achieving net zero CO<sub>2</sub> 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 CO<sub>2</sub> emissions.

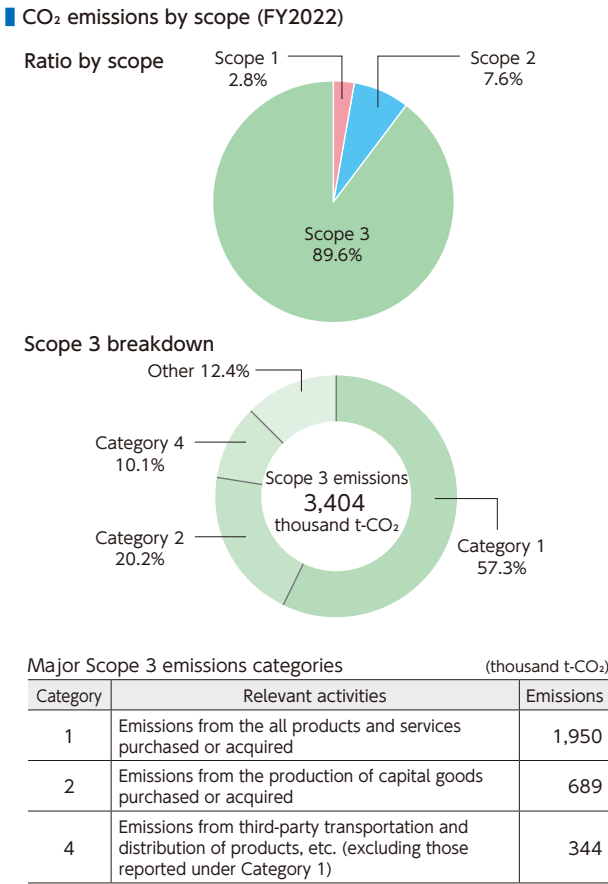
In our railway operation business, our efforts to reduce energy consumption include the systematic introduction of an increased number of new rolling stock with better energy efficiency, as well as the introduction of LED lighting in railway stations, commercial facilities, hotels, etc., and our CO<sub>2</sub> emissions\* in fiscal 2023 were 41.3% (362,000 t-CO<sub>2</sub>) less than in fiscal 2014.

\*Scope 1 and 2 equivalent

**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



Aim for more eco-friendly buildings

Alongside energy-saving measures, we are promoting activities to introduce renewable energy, attain ZEB/ZEH-standard environmental performance, and acquire environmental acquisition.

**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



**Environmentally Friendly Homes**

For some time, all of Hankyu Hanshin's Geo condominiums\*<sup>1</sup> for sale have featured laminated low-emissivity glass, LED lights (common and exclusively owned areas), EV charging facilities, etc. In this way, we have proactively striven to create home that consider the environment. In order to raise environmental performance, from fiscal 2025 all of our condominiums\*<sup>1</sup> offered for sale or lease will be ZEH-M Oriented\*<sup>2</sup> or better.

Moreover, utilizing wooden materials produced in Japan (in principle for local consumption of local production), in places such as common-area washrooms, is expected to help with replenishing water sources\*<sup>3</sup> and improve carbon capture\*<sup>4</sup>, as well as being effective in preserving biodiversity. It will also contribute to conserving local forest environments.

For our Geo Garden detached home developments too, our target is to make 50% or more of our detached homes for sale in fiscal 2026 either ZEH or Nearly ZEH standard, and, in principle, all of them ZEH (ZEH, Nearly ZEH, or ZEH Oriented)\*<sup>5</sup> by fiscal 2031.

\*1 Excluding some buildings, such as those developed jointly with other companies  
\*2 Condominium with 20% or more reduced overall primary energy consumption (energy consumed for heating, cooling, ventilation, lighting and hot water heating) from current energy-efficiency standards, including for common areas  
\*3 By improving surface vegetation, rainwater is collected on the leaves of such vegetation, and their roots make the terrain spongier, so rainwater does not combine into a single, powerful flow. Retaining water in forest terrain in this way enhances water resource environments.  
\*4 Forest thinning opens up the space between trees, allowing the remaining trees to grow bigger and stronger, and thereby capture a greater amount of CO<sub>2</sub>.  
\*5 ZEH: Condominiums with 100% or more reduced overall primary energy consumption (energy consumed for heating, cooling, ventilation, lighting and hot water heating) from current energy-efficiency standards; Nearly ZEH: 75% or more reduction; ZEH Oriented: 20% or more reduction.

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 Shimajima, and the assistance of our customers, we are using recycled plastic cups in which draft beer and other drinks are sold at the stadium 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.





In fiscal 2023, we were recognized for reusing materials for government-specified garbage, which has expanded their use other than within the stadium, and we are promoting cooperation with local authorities to reduce the amount of resources that are used.

In addition, in collaboration with Asahi Soft Drinks, we have implemented a “bottle to bottle” initiative that uses the plastic from plastic bottles recycled with the help of our customers at Hanshin Koshien Stadium to produce recycled plastic bottles used at the summer 2023 National High School Baseball Championship of Japan.

Recycling Food Waste in the Hotel Business

Hankyu Hanshin Hotels has set food waste as a non-financial KPI (see page 63) and by putting in place systems related to making effective use of, and measuring, waste materials produced during food processing, is working to control how much food waste is generated. Also, some hotels strive to use resources more effectively by properly separating scraps and repurposing some as compost or feed on a pig farm.

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

We have set thriving communities as one of our priority themes and so as an initiative to put in place quality living environments, we are promoting activities connected to the natural environment and biodiversity throughout the Group.

Supporting Citizen Groups with the Hankyu Hanshin Community Future Fund

In our Hankyu Hanshin Dreams and Communities of the Future Project, a priority area is Sustainable Community Development and so we are working to conserve biodiversity. Part of that has involved collecting donations from employees, to which we have then added an identical amount, and using that to support citizen groups in areas along our railway lines as the Hankyu Hanshin Community Future Fund. This fund has helped to support civic groups who survey and conserve biodiversity in the local mountains and rivers.



Mushugawa River Area Nature Protection Association

Protecting Biodiversity at the Rokko Alpine Botanical Garden

Rokko Alpine Botanical Garden, a member of the Japan Association of Botanical Gardens since its inception in 1947 serving as a local outpost, is devoted to preserving biodiversity; around 1,500 varieties of alpine and cold-region plants from around the world, as well as plants native to Rokko, and endangered species are all cultivated in near-natural conditions.

Since 2021, we have also provided *Hemerocallis esculenta* (a type of daylily) to Itami City Museum of Insects, a facility that is trying to protect the agapanthia beetle (*Agapanthia japonica*)—which is listed in the endangered section of the Ministry of the Environment’s Red List. In 2022, the museum was the first facility in Japan to successfully breed the beetles in captivity.




Hemerocallis esculenta

Participation in Initiatives and External Evaluation

The Group has joined the following international initiatives, is accelerating ESG-related initiatives, and has undergone evaluations and certification procedures for ESG indices (Socially Responsible Investment Indices; as of July 2023).

In June 2023, we were selected for inclusion in the FTSE 4Good Index Series and FTSE Blossom Japan Index, indices that comprise companies with excellent ESG ratings, for the first time. The FTSE Blossom Japan Index is actually used as an ESG index for the Government Pension Investment Fund (GPIF), one of the world’s largest pension funds.

Our selection for the FTSE Blossom Japan Index means that we have also been selected for all six Japanese ESG indices\*1 that the GPIF uses. This actually means that we are—as of July 2023—the only railway company or company in a railway group, to be selected for all these indices.

Initiatives	
	<b>Task Force on Climate-related Financial Disclosures (TCFD)</b> 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.
	<b>United Nations Global Compact</b> 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.
Inclusion in the ESG Indices	
	<b>FTSE 4Good Index*2</b> This index is compiled by FTSE Russell from a selection of major global companies that excel in terms of ESG perspectives. The Company was originally added to this index in 2023.
	<b>FTSE Blossom Japan Index*2</b> This index is compiled by FTSE Russell from a selection of Japanese companies with particularly high ESG ratings. The Company was originally added to this index in 2023.
	<b>FTSE Blossom Japan Sector Relative Index*2</b> This ESG index is compiled by FTSE Russell from a selection of Japanese companies with high ESG ratings in their respective industries. The Company was originally added to this index in 2022.
	<b>MSCI Japan ESG Select Leaders Index*3</b> 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 from various industrial sectors. The Company was included in this index when it was first formed in 2017.
	<b>MSCI Japan Empowering Women Index (WIN)*3</b> This is an index that selects Japanese companies that lead the industry in terms of gender diversity according to MSCI’s data on the employment and promotion of women as well as information disclosure on diversity initiatives. The Company was originally added to this index in 2020.
	<b>S&amp;P/JPX Carbon Efficiency Index</b> 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 was included in this index when it was first formed in 2018.
ESG Evaluation and Certification	
	<b>MSCI’s ESG RATINGS*3: Achieved the Highest Ranking of AAA</b> 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 The six ESG indices of Japanese shares that the GPIF uses are: the FTSE Blossom Japan Index, MSCI Japan ESG Select Leaders Index, MSCI Japan Empowering Women Index (WIN), FTSE Blossom Japan Sector Relative Index, S&P/JPX Carbon Efficiency Index, and Morningstar Japan ex-REIT Gender Diversity Tilt Index  
\*2 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.  
\*3 MSCI <https://www.msci.com/our-solutions/esg-investing>

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

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Consolidated Eleven-Year Summary

Fiscal Year	2013	2014	2015	2016 <sup>7</sup>	2017	2018 <sup>8</sup>	2019	2020	2021	2022 <sup>9</sup>	2023	
<b>Result of Operations (Millions of yen):</b>												
Revenues from operations	¥ 682,439	¥ 679,157	¥ 685,906	¥ 746,792	¥ 736,763	¥ 760,252	¥ 791,427	¥ 762,650	¥ 568,900	¥ 746,217	¥ 968,300	
Operating income	87,921	91,828	94,026	110,293	104,058	105,211	114,937	95,170	2,066	39,212	89,350	
EBITDA <sup>1</sup>	145,100	149,200	150,100	166,500	159,300	160,800	171,400	154,100	60,300	100,700	153,700	
Ordinary income (loss)	74,914	81,191	85,590	104,479	100,607	103,774	110,543	88,795	(7,623)	38,450	88,432	
Income (loss) before income taxes	62,192	83,542	77,620	96,087	100,805	101,410	88,562	86,746	(41,013)	38,592	75,012	
Net income (loss) attributable to owners of the parent	39,702	46,352	54,201	69,971	71,302	66,361	65,476	54,859	(36,702)	21,418	46,952	
Comprehensive income	54,081	55,941	71,034	63,842	79,288	73,991	66,565	44,292	(22,803)	17,251	51,991	
Capital expenditure	59,512	80,722	68,115	66,639	86,212	86,404	114,368	81,090	108,472	120,302	63,039	
Depreciation and amortization	54,540	54,474	53,143	53,701	52,800	53,276	54,172	56,542	55,733	59,107	62,037	
<b>Cash Flows (Millions of yen):</b>												
Cash flows from operating activities	¥ 127,655	¥ 146,991	¥ 131,881	¥ 124,838	¥ 115,633	¥ 135,821	¥ 126,035	¥ 123,086	¥ (32,501)	¥ 81,844	¥ 132,091	
Cash flows from investing activities	(58,923)	(45,517)	(52,529)	(78,843)	(84,845)	(88,351)	(116,160)	(128,498)	(102,151)	(96,442)	(113,216)	
Cash flows from financing activities	(69,195)	(105,079)	(81,746)	(47,278)	(30,595)	(43,242)	(11,171)	964	134,631	15,141	(8,981)	
Increase (decrease) in cash and cash equivalents	817	(1,840)	(1,125)	(1,978)	(480)	4,588	(1,848)	(4,454)	(375)	1,983	11,797	
Cash and cash equivalents at end of year	25,581	24,497	23,497	22,363	22,530	27,501	27,589	23,526	25,222	29,422	41,375	
<b>Financial Position (Millions of yen):</b>												
Total assets	¥2,281,007	¥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	
Total net assets	573,154	617,598	679,482	724,237	804,659	866,512	915,381	937,672	909,985	915,363	980,940	
Interest-bearing debt	1,126,633	1,032,307	955,828	916,570	899,523	866,758	877,055	903,480	1,063,048	1,095,965	1,106,351	
<b>Per Share Data (Yen)<sup>2</sup>:</b>												
Net income attributable to owners of the parent	Basic	¥ 31.48	¥ 36.76	¥ 42.98	¥ 277.88	¥ 285.11	¥ 267.91	¥ 266.86	¥ 225.69	¥ (151.72)	¥ 88.89	¥ 194.88
	Diluted <sup>3</sup>	31.47	36.75	42.95	277.67	284.86	267.81	266.86	—	—	88.83	194.78
Net assets	443.63	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	
Dividend	5.00	6.00	6.00	35.00	35.00	40.00	40.00	50.00	50.00	50.00	50.00	
<b>Ratios:</b>												
Operating income margin (%)	12.9	13.5	13.7	14.8	14.1	13.8	14.5	12.5	0.4	5.3	9.2	
ROA (%) <sup>4</sup>	3.3	3.6	3.7	4.6	4.3	4.4	4.5	3.6	(0.3)	1.4	3.2	
ROE (%) <sup>5</sup>	7.4	8.0	8.6	10.3	9.4	8.2	7.6	6.1	(4.1)	2.5	5.3	
Interest-bearing debt/EBITDA (Times)	7.8	6.9	6.4	5.5	5.6	5.4	5.1	5.9	17.6	10.9	7.2	
Equity ratio (%)	24.5	26.3	29.1	31.0	33.5	34.8	35.9	36.4	33.1	32.0	31.6	
Debt/equity (D/E) ratio (Times) <sup>6</sup>	2.0	1.7	1.4	1.3	1.1	1.0	1.0	1.0	1.2	1.3	1.2	
<b>Others:</b>												
Number of outstanding shares (Thousands)	1,271,406	1,271,406	1,271,406	254,281	254,281	254,281	254,281	254,281	254,281	254,281	254,281	
Number of employees	20,751	20,913	21,037	21,607	21,860	22,152	22,654	22,800	23,192	22,869	22,527	

1. EBITDA = operating income + depreciation expenses + amortization of goodwill  
EBITDA figures are rounded to the nearest ¥100 million.

2. 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.

3. 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.

4. ROA = ordinary income / total assets (average of period-start and period-end totals)

5. ROE = net income attributable to owners of the parent / equity (average of period-start and period-end totals)

6. D/E ratio = interest-bearing debt / equity

7. Regarding transactions related to such items as the export of mixed cargo of the International Transportation Business, 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.

8. 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.

9. 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 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, 2023. These risks do not include all of the risks that the Group could face.

1 Natural Disasters and Accidents

1.1 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 Business through effects such as a declining number of passengers on railways and other means of transportation; in the Real Estate Business 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 Business through the cancellation of and attendance restrictions on professional baseball games and performances of the Takarazuka Revue; and in the Travel Business through the cancellation of overseas and domestic tours.

Since the spread of COVID-19, the Group has been impacted as described above. Although impacts remain in fiscal 2022, a degree of recovery is seen in many business segments.

With the recovery of domestic and international economic activity to a significant degree expected as the influence of the pandemic subsides, the Group will get back onto a pre-Covid growth track through the implementation of the medium-term management plan, and will push forward with the implementation of strategies to realize its Long-Term Vision: *Toward 2040*.

1.2 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.

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, human errors 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 various basic policies on respect for human rights, prevention of corruption (bribery, etc.), tax affairs, and so on, as well as internal regulations, such as a code of corporate ethics, thoroughly implementing business operations in line with these.

In particular, the Group believes that respect for human rights is the foundation for 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, and is undertaking due diligence 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 and employees to raise their awareness of compliance and improve 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 2023 on a consolidated basis was ¥1,106,351 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 light of this situation, the Group will progress with measures in line with the strategies outlined in its Long-Term Vision: *Toward 2040* formulated in May 2022, respond to changes in socioeconomic and business environments, and take into account people's needs and preferences to offer a range of products and services, thereby continuously improving the corporate value of the Group.

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 these risks and opportunities related to climate change, CO<sub>2</sub> 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 as well, 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 and economic conditions to incidents of conflict, dispute or terrorism and 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, 2022 and 2023

	Millions of yen	
	2022	2023
Assets:		
Current assets:		
Cash and deposits	¥ 31,331	¥ 42,876
Trade receivables (Note 8.1)	112,568	120,067
Land and buildings for sale	166,331	193,607
Finished products and merchandise	2,372	2,897
Work in progress	2,131	2,461
Materials and supplies	5,464	5,790
Other	46,018	61,237
Allowance for doubtful receivables	(408)	(856)
Total current assets	365,811	428,082
Noncurrent assets:		
Property and equipment:		
Buildings and structures-net (Note 8.4)	646,407	633,990
Machinery, equipment and vehicles-net (Note 8.4)	60,314	57,804
Land (Notes 8.4 and 8.6)	973,012	1,010,609
Construction in progress	218,215	252,908
Other-net (Note 8.4)	25,023	25,678
Total property and equipment (Notes 8.2 and 8.3)	1,922,974	1,980,991
Intangible assets:		
Goodwill	9,655	7,334
Other (Notes 8.3 and 8.4)	27,856	28,155
Total intangible assets	37,512	35,489
Investments and other assets:		
Investment securities (Notes 8.4 and 8.5)	316,231	342,659
Deferred tax assets	7,218	7,272
Net defined benefit asset	18,505	18,590
Other (Note 8.4)	54,917	52,583
Allowance for doubtful receivables	(329)	(258)
Total investments and other assets	396,544	420,846
Total noncurrent assets	2,357,030	2,437,328
Total assets	2,722,841	2,865,410

	Millions of yen	
	2022	2023
Liabilities:		
Current liabilities:		
Trade payables	¥ 40,699	¥ 42,024
Accrued expenses	16,853	23,182
Short-term borrowings (Note 8.4)	145,737	187,982
Commercial paper	50,000	10,000
Current portion of bonds	7,000	30,000
Lease obligations	3,834	4,251
Income taxes payable	6,380	10,029
Provision for bonuses	3,682	4,337
Other (Notes 8.1 and 8.4)	152,471	187,877
Total current liabilities	426,659	499,684
Non-current liabilities:		
Long-term debt (Note 8.4)	649,476	634,613
Bonds	230,000	230,000
Lease obligations	9,916	9,503
Deferred tax liabilities	176,516	181,831
Deferred tax liabilities related to land revaluation (Note 8.6)	5,182	5,182
Net defined benefit liability	62,795	61,916
Long-term deferred contribution for construction	117,561	132,580
Other	129,369	129,156
Total non-current liabilities	1,380,818	1,384,785
Total liabilities	1,807,477	1,884,470
Net assets:		
Shareholders' equity:		
Common stock	99,474	99,474
Capital surplus	147,358	147,343
Retained earnings	645,212	680,040
Less treasury stock, at cost	(48,713)	(48,748)
Total shareholders' equity	843,332	878,110
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	18,756	20,930
Deferred gains or losses on hedges	7	(78)
Revaluation reserve for land (Note 8.6)	5,499	5,499
Foreign currency translation adjustments	435	908
Cumulative adjustments related to retirement benefit plans	2,317	1,433
Total accumulated other comprehensive income	27,016	28,692
Non-controlling interests (Note 8.6)	45,014	74,137
Total net assets	915,363	980,940
Total liabilities and net assets	2,722,841	2,865,410



Consolidated Statements of Income

Years ended March 31, 2022 and 2023

	Millions of yen	
	2022	2023
Revenues from operations (Note 9.1)	¥ 746,217	¥ 968,300
Costs of revenues from operations:		
Operating expenses and cost of sales of transportation	679,865	849,136
Selling, general and administrative expenses (Note 9.2)	27,139	29,813
Total costs of revenues from operations (Note 9.3)	707,005	878,949
Operating income	39,212	89,350
Non-operating income:		
Interest income	179	314
Dividend income	928	957
Equity in income of affiliates	7,167	8,325
Miscellaneous income	2,609	2,547
Total non-operating income	10,885	12,145
Non-operating expenses:		
Interest expenses	8,516	8,768
Loss on retirement of noncurrent assets	1,034	1,784
Miscellaneous expenses	2,097	2,510
Total non-operating expenses	11,648	13,063
Ordinary income	38,450	88,432
Extraordinary income:		
Gain on contributions for construction	28,239	2,530
Gain on sales of noncurrent assets (Note 9.4)	366	1,394
Gain on sales of investment securities	3,702	1,942
Other	10,661	2,060
Total extraordinary income	42,969	7,927
Extraordinary loss:		
Loss on reduction of noncurrent assets	28,302	4,986
Impairment losses (Note 9.5)	631	12,672
Other	13,892	3,689
Total extraordinary loss	42,827	21,348
Income before income taxes	38,592	75,012
Income taxes – current	9,963	18,249
Income taxes – deferred	3,292	5,173
Total income taxes	13,256	23,422
Net income	25,335	51,589
Net income attributable to non-controlling interests	3,916	4,636
Net income attributable to owners of the parent	21,418	46,952

Consolidated Statements of Comprehensive Income

Years ended March 31, 2022 and 2023

	Millions of yen	
	2022	2023
Net income	¥ 25,335	¥ 51,589
Other comprehensive income:		
Valuation difference on available-for-sale securities	(8,633)	1,860
Deferred gains or losses on hedges	4	(86)
Foreign currency translation adjustments	2,191	(1,340)
Remeasurements of defined benefit plans	(1,754)	(759)
Share of other comprehensive income of associates accounted for using equity method	108	727
Total other comprehensive income (Note 10)	(8,084)	402
Comprehensive income	17,251	51,991
Comprehensive income attributable to:		
Owners of the parent	15,837	48,955
Non-controlling interests	1,413	3,036

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2022 and 2023

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	Total shareholders' equity
Balance as of March 31, 2021	¥99,474	¥146,772	¥636,095	¥(48,701)	¥833,640
Cumulative effects of changes in accounting policies			(277)		(277)
Restated balance	99,474	146,772	635,818	(48,701)	833,363
Changes in items during the period:					
Dividends from surplus			(12,126)		(12,126)
Net income attributable to owners of the parent			21,418		21,418
Reversal of revaluation reserve for land			8		8
Purchase of treasury stock				(47)	(47)
Disposal of treasury stock			(0)	36	36
Change in equity of parent arising from transactions with non-controlling interest shareholders		465			465
Changes in equity due to purchase of treasury stock of consolidated subsidiaries					—
Changes in equity due to capital increase of consolidated subsidiaries		122			122
Change in scope of consolidation		(0)	93		92
Changes in equity in affiliates accounted for by equity-method treasury stock				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes in items during the period	—	586	9,394	(12)	9,969
Balance as of March 31, 2022	¥99,474	¥147,358	¥645,212	¥(48,713)	¥843,332
Cumulative effects of changes in accounting policies					—
Restated balance	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
Changes in equity due to purchase of treasury stock of consolidated subsidiaries		(26)			(26)
Changes in equity due to capital increase of consolidated subsidiaries					—
Change in scope of consolidation					—
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



Consolidated Statements of Cash Flows

Years ended March 31, 2022 and 2023

	Millions of yen							
	Accumulated other comprehensive income						Non-controlling interests	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		
Balance as of March 31, 2021	¥24,600	¥3	¥5,483	¥(615)	¥4,038	¥33,511	¥42,834	¥909,985
Cumulative effects of changes in accounting policies						—	(7)	(284)
Restated balance	24,600	3	5,483	(615)	4,038	33,511	42,826	909,701
Changes in items during the period:								
Dividends from surplus								(12,126)
Net income attributable to owners of the parent								21,418
Reversal of revaluation reserve for land								8
Purchase of treasury stock								(47)
Disposal of treasury stock								36
Change in equity of parent arising from transactions with non-controlling interest shareholders								465
Changes in equity due to purchase of treasury stock of consolidated subsidiaries								—
Changes in equity due to capital increase of consolidated subsidiaries								122
Change in scope of consolidation								92
Changes in equity in affiliates accounted for by equity-method treasury stock								(0)
Net changes in items other than shareholders' equity	(5,843)	3	15	1,050	(1,721)	(6,494)	2,188	(4,306)
Total changes in items during the period	(5,843)	3	15	1,050	(1,721)	(6,494)	2,188	5,662
Balance as of March 31, 2022	¥18,756	¥7	¥5,499	¥435	¥2,317	¥27,016	¥45,014	¥915,363
Cumulative effects of changes in accounting policies						—		—
Restated balance	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
Changes in equity due to purchase of treasury stock of consolidated subsidiaries								(26)
Changes in equity due to capital increase of consolidated subsidiaries								—
Change in scope of consolidation								—
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

	Millions of yen	
	2022	2023
Cash flows from operating activities:		
Income before income taxes	¥ 38,592	¥ 75,012
Depreciation and amortization (Note 12.2)	59,945	62,223
Impairment losses	631	12,672
Amortization of goodwill	2,366	2,326
Equity in (income) losses of affiliates	(7,167)	(8,325)
Increase (decrease) in net defined benefit liability	(1,242)	(2,105)
Increase (decrease) in allowance for doubtful receivables	128	377
Interest and dividend income	(1,108)	(1,272)
Interest expenses	8,516	8,768
Loss on reduction of noncurrent assets	28,302	4,986
Loss (gain) on sales of noncurrent assets	(290)	(1,394)
Gain on contributions for construction	(28,239)	(2,530)
Loss (gain) on sales of investment securities	(3,680)	(1,937)
Decrease (increase) in trade receivables	(38,870)	(7,652)
Decrease (increase) in inventories	(2,560)	(29,286)
Increase (decrease) in trade payables	11,561	1,308
Other	13,433	41,781
Subtotal	80,318	154,951
Interest and dividends received	3,148	3,795
Interest paid	(8,557)	(8,626)
Income taxes (paid) refunded	6,934	(18,029)
Net cash provided by operating activities	81,844	132,091
Cash flows from investing activities:		
Purchases of noncurrent assets	(131,491)	(92,775)
Proceeds from sales of noncurrent assets	681	320
Purchases of investment securities	(5,142)	(21,672)
Proceeds from sales of investment securities	9,187	4,733
Purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 12.3)	—	(28,636)
Receipt of contributions for construction	31,242	22,680
Other	(920)	2,132
Net cash used in investing activities	(96,442)	(113,216)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(14,797)	5,180
Net increase (decrease) in commercial paper	20,000	(40,000)
Proceeds from long-term debt	30,360	60,210
Repayment of long-term debt	(44,971)	(54,337)
Proceeds from new bonds issued	49,712	29,841
Redemption of bonds	(10,000)	(7,000)
Purchases of treasury stock	(47)	(53)
Dividends paid	(12,126)	(12,125)
Dividends paid to non-controlling shareholders of consolidated subsidiaries	(564)	(853)
Proceeds from non-controlling shareholders associated with establishment of consolidated subsidiaries	—	14,756
Other	(2,424)	(4,600)
Net cash used in financing activities	15,141	(8,981)
Effect of exchange rate changes on cash and cash equivalents	1,441	1,904
Increase (decrease) in cash and cash equivalents	1,983	11,797
Cash and cash equivalents at beginning of year	25,222	29,422
Increase in cash and cash equivalents from newly consolidated subsidiary	2,215	—
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	155
Cash and cash equivalents at end of year (Note 12.1)	29,422	41,375



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, 2023 (April 1, 2022 to March 31, 2023) 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, it 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—99.

The names of primary consolidated subsidiaries are listed on page 139. From the consolidated fiscal year ended March 31, 2023, CPM Assets Japan and PT CPM ASSETS INDONESIA have been included in the scope of consolidation through its founding and share acquisition, respectively. Additionally, during the consolidated fiscal year ended March 31, 2023, Hankyu Kanko Bus Co., Ltd. was excluded from the scope of consolidation as it was dissolved in an absorption-type merger with Osaka Kuko Kotsu K. K. to become the surviving company as of July 1, 2022. Osaka Kuko Kotsu K. K., changed its name to Hankyu Kanko Bus Co., Ltd. on the same date.

2.1.2 Names of major nonconsolidated subsidiaries

Hankyu Mediax 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—10.

The names of the primary companies are listed on page 139. In the current consolidated fiscal year, Nikkei Culture Inc. was excluded from the scope of equity method application due to the completion of liquidation.

2.2.2 Names of nonconsolidated subsidiaries and affiliates for which the equity method is not applied

The nonconsolidated subsidiaries including Hankyu Mediax Co., Ltd., and affiliates including OS 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 closing date of PT CPM ASSETS INDONESIA, HANKYU HANSHIN EXPRESS (USA) INC. and 24 other companies is December 31, and that of Nihon Protec Co., Ltd. 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 by 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, 2023.

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.

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 obligation 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. Aside from travel business, the Company provides facility management and other services under contract to public offices and local government agencies. For these services, the Company recognizes revenue over the contract period with the customer, based on the judgment that performance obligation will be fulfilled over a certain period of time.

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 Method and period of amortization of goodwill  
Goodwill is amortized, in general, in equal amounts over 5 years. The goodwill resulting from the management integration with Hanshin Electric Railway Co., Ltd. in the fiscal year ended March 31, 2007 is being amortized in equal amounts over 20 years.

2.4.9 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.

2.4.10 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, 2022  
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, 2022 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, 2022  
Deferred tax assets of 59,531 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, 2022  
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, 2022  
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.

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.

3.2 Recoverability of deferred tax assets  
3.2.1 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)

3.2.2 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.

3.3 Impairment of noncurrent assets  
3.3.1 Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2023  
As described in "Notes (to 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 business amounted to 1,058,617 million yen.

3.3.2 Other information that contributes to user understanding with consolidated financial statements regarding 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 “3.2 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.

4. Changes in Accounting Policies

4.1 Application of Implementation Guidance on Accounting Standard for Fair Value Measurement

The Group began applying “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter “Fair Value Measurement Accounting Standard Implementation Guidance”) at the beginning of the current consolidated fiscal year. The Group has decided to apply new accounting policies outlined in the “Fair Value Measurement Accounting Standard Implementation Guidance”

for the foreseeable future pursuant to the transitional treatments stipulated in Paragraph 27-2 of the same Guidance. This change in accounting policies has no impact on consolidated financial statements.

Regarding notes on investment trusts, which are included in matters regarding the breakdown of financial instruments by each fair value level in notes on “Financial Instruments,” pursuant to Paragraph 27-3 of the “Fair Value Measurement Accounting Standard Implementation Guidance,” notes concerning the previous consolidated fiscal year are not stated.

5. Standards and Guidance Not Yet Adopted

5.1 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)

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.

5.1.2 Effective date

The guidance is to be effective from the beginning of the fiscal year ending March 31, 2025.

5.1.3 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.

6. Changes in presentation method

6.1 Consolidated Statements of Income

Employment adjustment subsidies and COVID-19-related losses, which were separately recorded under extraordinary income and extraordinary loss, respectively, in the fiscal year ended March 31, 2022, are included in “Other” under “Extraordinary income” and in “Other” under “Extraordinary loss,” respectively, in the fiscal year ended March 31, 2023, due to their decreased significance.

As a result of the above, in the Consolidated Statements of Income for the fiscal year ended March 31, 2022, ¥9,234 million in “Employment adjustment subsidies” under “Extraordinary income” and ¥9,518 million in “COVID-19-related losses” under “Extraordinary loss” have been reclassified as “Other” under “Extraordinary income” and “Other” under “Extraordinary loss,” respectively.

7. Additional Information

7.1 Performance-based stock compensation plan for directors, etc., of the Company

7.1.1 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.

7.1.2 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, 2022 were 1,575 million yen and 399,468 shares, and at the year ended March 31, 2023 were 1,475 million yen and 374,149 shares, respectively.

8. Consolidated Balance Sheets

8.1 Balances of receivables, contract assets and contract liabilities originating from contracts with customers are as follows:

	Millions of yen	
	2022	2023
Receivables from contracts with customers	¥ 104,967	¥ 108,741
Contract assets	6,586	10,539
Contract liabilities	41,573	63,754

8.3 Accumulated contributions for construction directly deducted from the acquisition cost of noncurrent assets

Millions of yen	
2022	2023
¥ 474,732	¥ 476,082

8.2 Accumulated depreciation of property and equipment

Millions of yen	
2022	2023
¥ 1,217,145	¥ 1,255,057

8.4 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			
	2022		2023	
Property and equipment:				
Buildings and structures	¥ 206,416	¥ (206,416)	¥ 221,142	¥ (205,499)
Machinery, equipment and vehicles	49,797	(49,797)	48,279	(48,279)
Land	240,971	(240,971)	277,721	(240,864)
Other	2,014	(2,014)	2,640	(2,640)
Intangible assets:				
Other	109	(109)	109	(109)
Investments and other assets:				
Investment securities	159	(—)	93	(—)
Other	524	(—)	592	(—)
Total	499,994	(499,310)	550,579	(497,393)

In addition to the above, the Company pledged investment securities (fiscal year ended March 31, 2022: 800 million yen, fiscal year ended March 31, 2023: 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			
	2022		2023	
Current liabilities:				
Short-term borrowings	¥ 18,531	¥ (18,531)	¥ 11,267	¥ (11,049)
Other	123	(—)	81	(—)
Non-current liabilities:				
Long-term debt	117,050	(117,050)	147,175	(131,134)
Total	135,705	(135,582)	158,524	(142,184)

8.5 The following table shows the securities of nonconsolidated subsidiaries and affiliates.

Millions of yen		
	2022	2023
Investment securities	¥ 258,898	¥ 286,144

8.6

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		
	2022	2023
Difference between the market value as of March 31 of the lands for which revaluation was made and the book value after reevaluation	¥ (6,040)	¥ (5,911)

8.7 Contingent liabilities

The Company and its subsidiaries have provided liability guarantees for loans of the companies, etc., listed below.

Fiscal year ended March 31, 2022

Millions of yen	
Nishi-Osaka Railway Co., Ltd.	¥ 15,525
Overseas affiliates	8,992
Borrowers on loans for purchases of land and buildings	8,089
Other (three companies)	512
Total	33,120

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

In addition to the above, a subsidiary of the Company submitted letters of awareness for management guidance (fiscal year ended March 31, 2022: 1,459 million yen, fiscal year ended March 31, 2023: 1,531 million yen) in connection with the fund procurement of overseas affiliates.

9. Consolidated Statements of Income

9.1 Breakdown of revenue from operations is as follows:

Millions of yen		
	2022	2023
Revenue from contracts with customers	¥ 668,522	¥ 881,410
Revenue from other sources	77,694	86,889
Total	746,217	968,300

9.2 Breakdown of selling, general and administrative expenses is shown below.

Millions of yen		
	2022	2023
Personnel expenses	¥ 13,381	¥ 14,160
Expenses	9,205	10,977
Taxes	1,075	1,103
Depreciation and amortization	1,110	1,245
Amortization of goodwill	2,366	2,326
Total	27,139	29,813

9.4 Gain on sales of noncurrent assets

Fiscal year ended March 31, 2022

Information is omitted as significance was negligible.

Fiscal year ended March 31, 2023

Gain on sales of noncurrent assets is largely attributable to sales of land.

9.5 Impairment losses

Fiscal year ended March 31, 2022

Information is omitted as significance was negligible.

Fiscal year ended March 31, 2023

The Group recorded an impairment loss for the asset groups shown below.

Millions of yen			
Use	Type	Region	Amount
Real estate leasing business assets, etc. (24)	Buildings and structures, etc.	Osaka, etc.	¥ 12,672

9.5.1 Method of asset grouping

Our Group includes each business or property as group assets for account management purposes.

9.5.2 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.

9.5.3 Breakdown of loss on impairment

Millions of yen	
Buildings and structures	¥ 11,395
Other	1,276
Total	12,672

9.5.4 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.

9.3 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		
	2022	2023
Retirement benefit expenses	¥ 6,285	¥ 6,154
Provision for bonuses	3,854	4,467



10. Consolidated Statements of Comprehensive Income

Reclassification adjustments and tax effects related to other comprehensive income

	Millions of yen	
	2022	2023
Valuation difference on available-for-sale securities:		
Increase (decrease) during the year	¥ (7,834)	¥ 5,434
Reclassification adjustments	(3,680)	(1,908)
Subtotal, before tax	(11,515)	3,525
Tax (expense) or benefit	2,881	(1,665)
Valuation difference on available-for-sale securities	(8,633)	1,860
Deferred gains or losses on hedges:		
Increase (decrease) during the year	5	(128)
Reclassification adjustments	—	—
Subtotal, before tax	5	(128)
Tax (expense) or benefit	(1)	42
Deferred gains or losses on hedges	4	(86)
Foreign currency translation adjustments:		
Increase (decrease) during the year	2,191	(1,340)
Reclassification adjustments	—	—
Subtotal, before tax	2,191	(1,340)
Tax (expense) or benefit	—	—
Foreign currency translation adjustments	2,191	(1,340)
Remeasurements of defined benefit plans:		
Increase (decrease) during the year	(1,764)	(162)
Reclassification adjustments	(918)	(873)
Subtotal, before tax	(2,682)	(1,035)
Tax (expense) or benefit	928	276
Remeasurements of defined benefit plans	(1,754)	(759)
Share of other comprehensive income of associates accounted for using equity method:		
Increase (decrease) during the year	310	713
Reclassification adjustments	(202)	14
Share of other comprehensive income of associates accounted for using equity method	108	727
Total other comprehensive income	(8,084)	402

11. Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2022

11.1 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, 2021	Increase in number of shares	Decrease in number of shares	Number of shares as of March 31, 2022
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)	13,327	13	9	13,332
Total	13,327	13	9	13,332

Notes:

1. The number of shares of treasury stock at the end of the fiscal year ended March 31, 2022 included 399,468 shares in the Company owned by the officer's compensation BIP trust.

(Overview of reasons for fluctuations)

2. The increase of 13 thousand shares of treasury stock of common stock consisted of 13 thousand shares acquired upon the purchase of odd-lot shares.
3. The decrease of 9 thousand shares of treasury stock of common stock consisted of 8 thousand shares delivered by the officer's compensation BIP trust, 0 thousand shares due to the sale of odd-lot shares and 0 thousand shares due to a change in the equity ratio against affiliates to which the equity method is applicable.

11.2 Items concerning stock acquisition rights

There is no relevant item.

11.3 Items related to dividends

11.3.1 Dividends paid

(Resolution)	Type of shares	Dividends paid	Dividend per share	Record date	Effective date
		(Millions of yen)	(Yen)		
June 16, 2021 Annual General Meeting of Shareholders	Common stock	¥ 6,063	¥ 25	March 31, 2021	June 17, 2021
October 29, 2021 Board of Directors	Common stock	6,062	25	September 30, 2021	December 1, 2021

Notes:

1. The dividends by a resolution at the Annual General Meeting of Shareholders on June 16, 2021 included 10 million yen of dividends for the shares in the Company owned by the officer's compensation BIP trust.
2. The dividends by a resolution of the Board of Directors on October 29, 2021 included 9 million yen of dividends for the shares in the Company owned by the officer's compensation BIP trust.

11.3.2 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 15, 2022 Annual General Meeting of Shareholders	Common stock	¥ 6,062	Retained earnings	¥ 25	March 31, 2022	June 16, 2022

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, 2023

11.4 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, 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.

11.5 Items concerning stock acquisition rights

There is no relevant item.

11.6 Items related to dividends

11.6.1 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.

11.6.2 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 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.

12. Consolidated Statements of Cash Flows

12.1 Relationship between cash and cash equivalents at fiscal year-end and amounts shown on consolidated balance sheets

	Millions of yen	
	2022	2023
Cash and deposits in the consolidated balance sheets	¥ 31,331	¥ 42,876
Deposits with maturities over 3 months	(1,909)	(1,501)
Cash and cash equivalents in the cash flow statements	29,422	41,375

12.2

Depreciation and amortization include depreciation costs recorded as "COVID-19-related losses" (as "Other" under "Extraordinary loss").

12.3 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 for shareholders	29,766
Cash and cash equivalents	(1,130)
Net: Expenditures for acquisition	28,636

13. Lease Transactions

<As lessee>

Future lease payments for noncancelable leases in connection with operating lease transactions

	Millions of yen	
	2022	2023
Due within one year	¥ 7,008	¥ 6,929
Due after one year	59,896	60,541
Total	66,905	67,470

<As lessor>

Future lease receivables for noncancelable leases in connection with operating lease transactions

	Millions of yen	
	2022	2023
Due within one year	¥ 3,939	¥ 3,914
Due after one year	27,173	24,470
Total	31,113	28,385



14. Financial Instruments

14.1 Matters regarding financial instruments

14.1.1 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 our policy to refrain from speculative transactions.

14.1.2 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."

14.1.3 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.

14.2 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					
	2022			2023		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Assets						
(1) Investment securities	¥ 46,857	¥ 46,856	¥ (0)	¥ 46,402	¥ 46,401	¥ (0)
Liabilities						
(2) Short-term borrowings	91,466	91,466	—	96,650	96,650	—
(3) Bonds (Current portion is included)	237,000	232,907	(4,093)	260,000	249,779	(10,220)
(4) Long-term debt (Current portion is included)	703,747	725,827	22,080	725,944	728,526	2,581
(5) Derivative transactions	38	38	—	(39)	(39)	—

Notes:

- "Cash and deposits," "Trade receivables," "Trade payables," and "Commercial paper" 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	
	2022	2023
Non-listed equity securities, etc.	¥ 6,109	¥ 4,847
Investments in limited liability investment partnerships and similar investments*	4,366	5,264

\* This item is not subject to the disclosure of fair value in accordance with Paragraph 27 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019) for the previous fiscal year and Paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) for the current fiscal year.

- 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, 2022

	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	¥ 31,331	¥ —	¥ —	¥ —
Trade receivables	112,568	—	—	—
Investment securities:				
Available-for-sale securities with maturities (government bonds, etc.)	65	94	—	300
Total	143,965	94	—	300

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

6. Amount of planned redemption and repayment of bonds and long-term debt after the consolidated closing date

Fiscal year ended March 31, 2022

	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	¥ 7,000	¥ 85,000	¥ 70,000	¥ 75,000
Long-term debt	54,271	311,710	248,879	88,886
Total	61,271	396,711	318,879	163,886

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

14.3 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.

14.3.1 Financial instruments reported on the consolidated balance sheets at fair value

Fiscal year ended March 31, 2022

Classification	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Assets				
Investment securities				
Available-for-sale securities				
Equity securities, other	¥ 31,902	¥ —	¥ —	¥ 31,902
Government bonds	159	—	—	159
Derivative transactions				
Currency	—	38	—	38

Note: Fair values for investment trusts to which the transitional treatments stipulated in Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019) have been applied are not included in the above table. The amount of investment trusts reported on the consolidated balance sheets is 14,784 million yen.

Fiscal year ended March 31, 2023

Classification	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Assets				
Investment securities				
Available-for-sale securities				
Equity securities, other	¥ 30,629	¥ —	¥ —	¥ 30,629
Government bonds	93	—	—	93
Derivative transactions				
Currency	—	(39)	—	(39)

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 amount of investment trusts reported on the consolidated balance sheets is 15,668 million yen.

14.3.2 Financial instruments other than those reported on the consolidated balance sheets at fair value

Fiscal year ended March 31, 2022

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	—	91,466	—	91,466
Corporate bonds	—	232,907	—	232,907
Long-term debt	—	725,827	—	725,827

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

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:

Fiscal year ended March 31, 2023

	Millions of yen
Beginning balance	¥ 14,784
Net income (loss) or Other comprehensive income	
Recorded as Net income (loss)	—
Recorded as Other comprehensive income*	884
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

\* 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.



15. Securities

15.1 Available-for-sale securities

Millions of yen							
		2022			2023		
	Classification	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Securities with book value exceeding acquisition cost	(1) Equity securities, etc.	¥ 30,611	¥ 19,375	¥ 11,235	¥ 29,913	¥ 17,407	¥ 12,505
	(2) Bonds	159	158	1	93	93	(0)
	Subtotal	30,770	19,533	11,236	30,006	17,500	12,506
Securities with book value not exceeding acquisition cost	Equity securities, etc.	16,076	18,293	(2,217)	16,385	17,565	(1,179)
	Subtotal	16,076	18,293	(2,217)	16,385	17,565	(1,179)
Total		46,847	37,827	9,019	46,392	35,065	11,326

Note: Equity securities, etc., without market prices (10,476 million yen for the previous consolidated fiscal year, 10,112 million yen for the current consolidated fiscal year) are not included in the above table.

15.2 Available-for-sale securities sold

Fiscal year ended March 31, 2022

Millions of yen			
Classification	Amount sold	Total amount of gain on sales	Total amount of loss on sales
Equity securities	¥ 9,187	¥ 3,702	¥ 21

Fiscal year ended March 31, 2023

Millions of yen			
Classification	Amount sold	Total amount of gain on sales	Total amount of loss on sales
Equity securities	¥ 4,659	¥ 1,942	¥ 4

16. Derivatives

16.1 Derivative transactions for which hedge accounting has not been applied

There is no relevant item.

16.2 Derivative transactions for which hedge accounting has been applied

16.2.1 Currency

Fiscal year ended March 31, 2022

		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		¥ 168	¥ —	¥ 1
	Buy contract	Trade payables			
	Japanese yen		1,289	—	(18)
Designation of forward exchange contracts, etc.	US dollar		46	—	(1)
	Singapore dollar		1	—	(0)
	Forward exchange contracts				
	Buy contract	Trade payables (forecast transactions)	905	—	58
	US dollar				
	Forward exchange contracts				
	Sell contract	Trade receivables	147	—	
	US dollar				
	Buy contract	Trade payables	1,172	—	
	US dollar		244	—	(Note)
Designation of forward exchange contracts, etc.	Thai baht				
	Euro		213	—	
	Hong Kong dollar		109	—	
	Pound sterling		36	—	
	Singapore dollar		10	—	
	Swiss franc		7	—	
	Total		4,352	—	38

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)	4,426	—	42
	Euro				
	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	59	—	
	US dollar				
	Buy contract	Trade payables	812	—	
	US dollar		163	—	
	Euro		102	—	(Note)
Designation of forward exchange contracts, etc.	Thai baht				
	Hong Kong dollar		98	—	
	Pound sterling		24	—	
	Swiss franc		21	—	
	Singapore dollar		15	—	
	New Zealand dollar		10	—	
	Australian dollar		3	—	
Total			11,897	—	(39)

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

16.2.2 Interest rates

Fiscal year ended March 31, 2022

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	¥ 124,700	¥ 108,200	¥ (4,932)
Total			124,700	108,200	(4,932)

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	(3,076)

17. Retirement Benefits

17.1 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.

17.2 Defined benefit plans

17.2.1 Table of movement in retirement benefit obligations

	Millions of yen	
	2022	2023
Balance at the beginning of the year	¥ 132,057	¥ 130,623
Service cost	8,109	7,951
Interest cost	261	264
Actuarial loss (gain)	(412)	(219)
Retirement benefits paid	(9,625)	(10,119)
Other	232	17
Balance at the end of the year	130,623	128,517

Note: Amounts in the table above include the retirement benefit obligations of consolidated subsidiaries using simplified methods.

17.2.2 Table of movement in plan assets

	Millions of yen	
	2022	2023
Balance at the beginning of the year	¥ 89,352	¥ 86,334
Expected return on plan assets	1,294	1,225
Actuarial loss (gain)	(2,176)	(381)
Contribution paid by the employer	3,005	2,922
Retirement benefits paid	(5,211)	(4,908)
Other	69	—
Balance at the end of the year	86,334	85,192

Note: Amounts in the table above include the plan assets of consolidated subsidiaries using simplified methods.

17.2.3 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	
	2022	2023
Funded retirement benefit obligations	¥ 68,282	¥ 67,020
Plan assets	(86,334)	(85,192)
	(18,051)	(18,171)
Unfunded retirement benefit obligations	62,341	61,497
Total net defined benefit liability and asset	44,289	43,325
Net defined benefit liability	62,795	61,916
Net defined benefit asset	(18,505)	(18,590)
Total net defined benefit liability and asset	44,289	43,325

Note: Amounts in the table above include the retirement benefit obligations and plan assets of consolidated subsidiaries using simplified methods.

17.2.4 Breakdown of retirement benefit expenses

	Millions of yen	
	2022	2023
Service cost	¥ 8,109	¥ 7,951
Interest cost	261	264
Expected return on plan assets	(1,294)	(1,225)
Amortization of actuarial differences	(778)	(748)
Amortization of past service cost	(139)	(138)
Other	86	8
Retirement benefit expenses	6,245	6,111

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: 51 million yen in the fiscal year ended March 31, 2022, and 12 million yen in the fiscal year ended March 31, 2023, were recorded as extraordinary loss.

17.2.5 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	
	2022	2023
Past service cost	¥ (139)	¥ (138)
Actuarial differences	(2,542)	(896)
Total	(2,682)	(1,035)

17.2.6 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	
	2022	2023
Unrecognized past service cost	¥ (623)	¥ (485)
Unrecognized actuarial differences	(3,395)	(2,498)
Total	(4,019)	(2,983)

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

17.2.7 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:

	2022	2023
Bonds	36%	36%
Equity securities	34	34
Cash and deposits	2	2
General accounts of life insurance	26	26
Other	2	2
Total	100	100

Note: The retirement benefits trust established for the Company's pension plan constituted 8% 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.

17.2.8 Items relating to actuarial assumptions

Major actuarial assumptions

	2022	2023
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 2.1%

17.3 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 39 million yen in the fiscal year ended March 31, 2022 and 73 million yen in the fiscal year ended March 31, 2023.



18. Deferred Tax

18.1 Significant components of the Company's deferred tax assets and liabilities

Millions of yen		
	2022	2023
Deferred tax assets:		
Gain on donations by related companies for tax purposes	¥ 55,122	¥ 55,122
Tax loss carryforwards (Note 1)	32,468	21,704
Net defined benefit liability	14,493	14,098
Loss on revaluation of real estate for sale	8,823	8,870
Loss on impairment of fixed assets	7,643	7,626
Loss on adjustment of gain or loss on transfer	6,589	6,440
Unrealized gain or loss on assets	5,568	6,032
Allowance for loss on withdrawal of property and equipment	2,345	2,345
Provision for bonuses	1,635	2,051
Enterprise taxes and business office taxes	1,074	1,361
Other	10,495	11,844
Subtotal of deferred tax assets	146,259	137,499
Valuation allowance for tax loss carryforwards (Note 1)	(8,901)	(7,835)
Valuation allowance for the total of future deductible temporary differences	(77,826)	(78,614)
Subtotal of valuation allowance	(86,727)	(86,450)
Less amounts offset against deferred tax liabilities	(52,312)	(43,777)
Total deferred tax assets	7,218	7,272
Deferred tax liabilities:		
Gain on reversal of difference from land revaluation (Note 2)	(131,388)	(131,388)
Revaluation of assets on consolidation	(77,630)	(73,504)
Net unrealized holding gains on securities	(12,520)	(12,488)
Reserve for reduction of noncurrent assets	(3,339)	(3,295)
Gain on valuation of properties of business reorganization	(1,702)	(1,683)
Other	(2,248)	(3,248)
Subtotal of deferred tax liabilities	(228,829)	(225,608)
Less amounts offset against deferred tax assets	52,312	43,777
Total deferred tax liabilities	(176,516)	(181,831)
Net deferred tax liabilities	(169,297)	(174,559)

Notes:

1. Tax loss carryforwards, and the related valuation allowance and net deferred tax assets by expiration periods

Fiscal year ended March 31, 2022

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	¥ 2,201	¥ 123	¥ 41	¥ 190	¥ 23	¥ 29,888	¥ 32,468
Valuation allowance	(991)	(115)	(7)	(189)	(15)	(7,583)	(8,901)
Deferred tax assets	1,210	8	34	0	8	22,304	23,566*2

\*1 Tax loss carryforwards were calculated by multiplying the statutory tax rate.

\*2 Of the total tax loss carryforwards of 32,468 million yen (multiplied by the statutory effective tax rate), deferred tax assets of 23,566 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, 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."

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.

18.2 Reconciliation of significant differences between the statutory tax rate and the effective tax rate reflected in the accompanying consolidated statements of income

	2022	2023
Statutory tax rate	30.6%	—%
(Adjustment)		
Elimination of dividends received from consolidated subsidiary companies, etc.	12.8	—
Valuation allowance	8.1	—
Amortization of goodwill	1.9	—
Per capita portion of inhabitants tax	1.0	—
Nondeductible expenses	0.7	—
Nontaxable income	(13.0)	—
Profit or loss from investments in equity-method affiliates	(5.7)	—
Difference in tax rates from those of Parent Company	(0.1)	—
Other	(1.9)	—
Effective tax rate	34.4	—

Note: Note is omitted because the difference between the statutory tax rate and effective tax rate was less than 5/100 of the statutory tax rate.

18.3 Accounting for income taxes and local income taxes or tax effect accounting for these taxes

Beginning from the fiscal year ended March 31, 2023, 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).

19. Asset Retirement Obligations

Omitted as the significance was negligible.

20. Rental Property

Some consolidated subsidiaries own rental property, such as office buildings and commercial facilities for lease in Kita Ward, Osaka and other areas in Japan and overseas (primarily in Indonesia). Rental profits and losses related to the rental property in the fiscal year ended March 31, 2022 were 27,072 million yen (major rental revenues are recorded in revenues from operations and major rental expenses are recorded in costs of revenues from operations). 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 costs of revenues from operations). Impairment losses were 12,291 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		
	2022	2023
Book value (Note 1):		
Balance at beginning of the year	¥ 653,108	¥ 849,119
Increase/Decrease (Note 2)	196,011	29,371
Balance at the end of the year	849,119	878,490
Fair value at the end of the year (Note 3)	1,379,880	1,410,856

Notes:

- Amounts recorded on the consolidated balance sheet represent the acquisition cost less the accumulated depreciation and accumulated impairment losses.
- As for the increases/decreases during the fiscal year ended March 31, 2022, the main increase was the completion of buildings under construction at 184,704 million yen, and the main decrease was depreciation of 15,602 million yen. As for the increases/decreases during the fiscal year ended March 31, 2023, the main increase was the change in scope of consolidation at 58,764 million yen, and the main decreases were depreciation of 17,520 million yen and impairment losses of 12,291 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, 2022 and 2023 were 32,777 million yen and 47,140 million yen, respectively.

21. Revenue Recognition

21.1 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	
	2022	2023
Urban Transportation	¥ 161,623	¥ 185,581
Railway operations	118,539	134,472
Automobile	34,098	40,159
Retailing	10,921	11,969
Urban Transportation - Other businesses	8,696	8,913
Adjustment	(10,633)	(9,933)
Real Estate	246,584	282,049
Leasing	112,468	126,227
Real estate sales and other businesses	135,484	140,692
Hotel	25,554	44,175
Adjustment	(26,922)	(29,046)
Entertainment	62,864	72,289
Sports	29,432	38,363
Stage	33,364	33,858
Adjustment	67	66
Information and Communication Technology	59,181	60,355
Travel	60,419	191,400
International transportation	143,296	163,269
Other businesses	51,666	55,649
Adjustment	(39,417)	(42,295)
Total	746,217	968,300

Notes: 1. In addition to "Revenue from contracts with customers," the above figures include "Revenue from other sources" (77,694 million yen for the fiscal year ended March 31, 2022, and 86,889 million yen for the fiscal year ended March 31, 2023). "Revenue from other sources" mainly consists of rental income in the real estate leasing business.

2. Beginning from the fiscal year ended March 31, 2023, the Company has changed its reportable segments from the previous seven segments of "Urban Transportation," "Real Estate," "Entertainment," "Information and Communication Technology," "Travel," "International Transportation," and "Hotels" to the six segments of "Urban Transportation," "Real Estate," "Entertainment," "Information and Communication Technology," "Travel" and "International Transportation." Information on disaggregated revenue from contracts with customers from the previous fiscal year has been prepared based on segments after the change.

21.2 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."

21.3 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

21.3.1 Balances of contract assets and contract liabilities

	Millions of yen	
	2022	2023
Receivables from contracts with customers (balance at beginning of year)	¥ 65,826	¥ 104,967
Receivables from contracts with customers (balance at end of year)	104,967	108,741
Contract assets (balance at beginning of year)	6,459	6,586
Contract assets (balance at end of year)	6,586	10,539
Contract liabilities (balance at beginning of year)	33,276	41,573
Contract liabilities (balance at end of year)	41,573	63,754

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.

21.3.2 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.

22. Segment Information

22.1 Segment information

22.1.1 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 and other businesses, 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

22.1.2 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.



22.1.3 Information regarding totals for revenues from operations, income (loss), assets and other items by reportable segment  
Fiscal year ended March 31, 2022

	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	¥ 157,128	¥ 238,070	¥ 61,485	¥ 48,638	¥ 60,102	¥ 143,229	¥ 37,153	¥ 408	¥ 746,217
II. Intersegment	4,494	8,513	1,378	10,542	317	67	14,512	(39,826)	—
Total	161,623	246,584	62,864	59,181	60,419	143,296	51,666	(39,417)	746,217
Segment income (loss)	5,629	19,425	9,263	5,867	(5,748)	8,019	2,385	(5,628)	39,212
Segment assets	833,681	1,449,581	112,522	68,338	46,154	69,188	42,004	101,369	2,722,841
Other items:									
Depreciation and amortization	27,222	21,816	3,487	4,775	912	1,592	396	(1,095)	59,107
Increase in property and equipment and intangible assets	30,274	77,521	5,102	5,104	738	2,474	364	(1,276)	120,302

Notes:  
1. The “Other” segment refers to a business segment not included in reportable segments and includes the construction business, etc.  
2. 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 9,511 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.  
3. Segment profit and loss is reconciled to operating income in the consolidated statements of income.

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:  
1. The “Other” segment refers to a business segment not included in reportable segments and includes the construction business, etc.  
2. 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.  
3. Segment profit and loss is reconciled to operating income in the consolidated statements of income.

22.1.4 Matters regarding changes in reportable segments, etc.  
Beginning from the fiscal year ended March 31, 2023, the Company's reportable segments have been changed from the previous seven segments of “Urban Transportation,” “Real Estate,” “Entertainment,” “Information and Communication Technology,” “Travel,” “International Transportation,” and “Hotels” to the six segments of “Urban Transportation,” “Real Estate,” “Entertainment,” “Information and Communication Technology,” “Travel” and “International Transportation.”  
This change was made with the hotel business positioned as a category in real estate business after integrating the hotel business into the real estate business, based on the partial revision of the core business structure undertaken since fiscal 2022.  
Segment information on the previous fiscal year has been prepared based on segments after the change.

22.2 Related information

Fiscal years ended March 31, 2022 and 2023

22.2.1 Information about product and service  
Information about product and service categories is the same as that described in Note 22.1.3, “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.

22.2.3 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.

22.3 Information regarding impairment loss on noncurrent assets for each reportable segment

Fiscal year ended March 31, 2022

Omitted as the significance was negligible.

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

22.4 Information regarding amortization of goodwill and the balance of unamortized goodwill by reportable segment

Information is omitted as the significance was negligible.

22.5 Information regarding gain on bargain purchase by reportable segment

Information is omitted as the significance was negligible.

23. Related-party Transactions

23.1 Related-party transactions

23.1.1 Transactions between the company submitting the consolidated financial statements and related parties  
No items

23.1.2 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, 2022

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, 2022 (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	¥30,598

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

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, 2022

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, 2022 (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
Close relative of Major Subsidiary's Auditor	Close relative of Toshiro Kuroki	—	—	Close relative of Auditor of Hanshin Electric Railway Co., Ltd.	None	Sales of condominiums	Sales of condominiums	49	—	—

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					

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.  
Terms and conditions for sales of condominiums are rationally determined after negotiations, taking into consideration the actual market value. Mr. Toshiro Kuroki retired from the position of Audit & Supervisory Board Member of Hanshin Electric Railway Co., Ltd. on September 28, 2021, and the above information pertains to his term of office. In addition, Mr. Junzo Ishii and one of his close relatives have signed a joint purchase agreement in their names.

23.2 Notes about parent company and major affiliated companies

23.2.1 Parent company information  
There is no relevant item.

23.2.2 Condensed consolidated financial information of important affiliates  
In the consolidated fiscal year ended March 31, 2023, 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, 2022 (Note)	Consolidated fiscal year ended March 31, 2023
Total current assets	¥ —      ¥ 171,104
Total noncurrent assets	—      280,929
Total current liabilities	—      111,293
Total noncurrent liabilities	—      41,645
Total net assets	—      299,095
Revenues from operations	—      122,924
Income before income taxes	—      38,156
Net income	—      28,122

Note: From the fiscal year ended March 31, 2023, Toho Co., Ltd. has been classified as an important affiliated company in view of its increased materiality.



24. 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.

	2022	2023
(1) Net assets per share (Yen)	¥ 3,612.17	¥ 3,764.17
(Basis for the calculation)		
Total net assets (Millions of yen)	¥ 915,363	¥ 980,940
Amount to be deducted from total net assets (Millions of yen)	¥ 45,014	¥ 74,137
(Of the amount, non-controlling interests) (Millions of yen)	¥ [45,014]	¥ [74,137]
Net assets at the end of the fiscal year related to common shares (Millions of yen)	¥ 870,348	¥ 906,802
Common shares issued (Thousands of shares)	254,281	254,281
Treasury stock shares (Thousands of shares)	12,170	12,158
Common shares held by consolidated subsidiaries and equity-method affiliates (Thousands of shares)	1,161	1,219
Common shares used to calculate net assets per share (Thousands of shares)	240,949	240,903
(2) Net income per share (Yen)	¥ 88.89	¥ 194.88
(Basis for the calculation)		
Net income attributable to owners of the parent (Millions of yen)	¥ 21,418	¥ 46,952
Amount not belonging to common stockholders (Millions of yen)	¥ —	¥ —
Net income attributable to owners of the parent related to common share (Millions of yen)	¥ 21,418	¥ 46,952
Average number of common shares during term (Thousands of shares)	240,951	240,927
(3) Diluted net income per share (Yen)	¥ 88.83	¥ 194.78
(Basis for calculation)		
Adjustment of net income attributable to owners of the parent (Millions of yen)	¥ (14)	¥ (24)
(Of this, equity in income of affiliates) (Millions of yen)	¥ [(14)]	¥ [(24)]
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, 2022 was 399,468, and 374,149 as of March 31, 2023. 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, 2022 was 402,583, and 385,835 for the fiscal year ended March 31, 2023.

25. Subsequent Events

25.1 Stock repurchase

At the Board of Directors meeting held on May 15, 2023, 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.

25.1.1 Purpose of stock repurchase

To enhance shareholder return and to improve capital efficiency

25.1.2 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 600,000 shares (0.25% of the total number of shares of common stock outstanding [excluding treasury stock])
III. Total amount of purchase	Up to 2,000,000,000 yen
IV. Period of purchase	From May 24, 2023 to June 23, 2023
V. Purchase method	Market buying on Tokyo Stock Exchange

26. Consolidated Supplementary Statements

26.1 Corporate bond statements

Company	Name	Issue date	Millions of yen		Interest rate	Security	Redemption date
			Balance as of April 1, 2022	Balance as of March 31, 2023			
Hankyu Hanshin Holdings, Inc.	Series 41 unsecured corporate bonds	Sep 22, 2010	¥ 7,000	¥ —	1.720%	None	Sep 22, 2022
Hankyu Hanshin Holdings, Inc.	Series 46 unsecured corporate bonds	Oct 25, 2013	10,000	10,000 (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	20,000 (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	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	0.489	None	Dec 15, 2027
Hankyu Hanshin Holdings, Inc.	Series 66 unsecured corporate bonds	Dec 15, 2022	—	15,000	0.729	None	Dec 15, 2032
Total	—	—	237,000	260,000 (30,000)	—	—	—

Notes:  
1. The figures in parentheses for the balances as of March 31, 2023 are the amounts payable within one year of the total outstanding and are listed as current liabilities in the consolidated balance sheets.  
2. The amounts of bonds scheduled to be redeemed within five years subsequent to March 31, 2023 are as follows.

	Millions of yen
Due within one year	¥ 30,000
Due after one year through two years	15,000
Due after two years through three years	30,000
Due after three years through four years	10,000
Due after four years through five years	15,000

26.2 Statements of loans payable

Item	Millions of yen		Average interest rate	Repayment deadline
	Balance as of April 1, 2022	Balance as of March 31, 2023		
Short-term borrowings	¥ 91,466	¥ 96,650	0.339%	—
Current portion of long-term debt	54,271	91,331	0.825	—
Current portion of lease obligations	3,834	4,251	—	—
Long-term debt (excluding current portion)	649,476	634,613	0.963	2024-2043
Lease obligations (excluding current portion)	9,916	9,503	—	2024-2032
Other interest-bearing debt	50,000	10,000	0.000	—
Commercial paper (to be repaid within one year)				
Total	858,964	846,350	—	—

- 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, 2023.
  - 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, 2023 is as follows.

26.3 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, 2023

Cumulative period	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues from operations (Millions of yen)	¥ 228,993	¥ 467,160	¥ 716,444	¥ 968,300
Income before income taxes for quarter of the fiscal year (Millions of yen)	25,759	48,651	78,373	75,012
Net income attributable to owners of the parent for quarter of the fiscal year (Millions of yen)	16,826	31,050	51,051	46,952
Net income per share for quarter of the fiscal year (Yen)	69.84	128.87	211.89	194.88

Accounting period	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Net income (loss) per share for quarter of the fiscal year (Yen)	¥ 69.84	¥ 59.03	¥ 83.02	¥ (17.02)



Major Group Companies

Consolidated Subsidiaries (As of March 31, 2023)

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.
	PT CPM Assets Indonesia
Hotel	Hankyu Hanshin Hotels Co., Ltd.
	Hanshin Hotel Systems Co., Ltd.
	Arima View Hotel 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.
	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.
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.

Equity-Method Affiliates (As of March 31, 2023)

Main business	Name of company
Department store	H <sub>2</sub> O 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)
Commercial broadcasting	Kansai Television Co., Ltd.

Company Overview and Investor Information

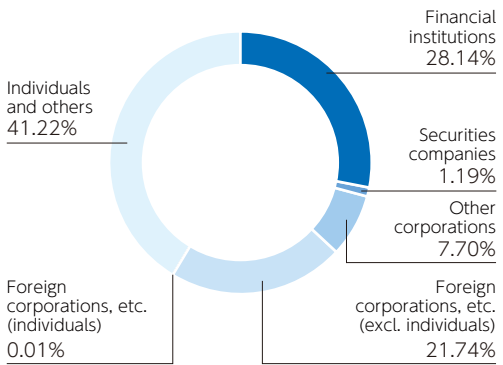
Hankyu Hanshin Holdings, Inc. (As of March 31, 2023)

Head Office	Paid-in Capital	¥99,474 million
1-16-1, Shibata, Kita-ku, Osaka 530-0012, Japan	Fiscal Year-End	March 31
Phone: +81-6-6373-5001	Number of Employees	22,527 (consolidated)
(IR Office, Corporate Communication Dept., Group Planning Div.)	Authorized Shares	640,000,000
Fax: +81-6-6373-5042	Issued Shares	254,281,385
Tokyo Office (Personnel and General Affairs Div.)	Number of Shareholders	78,317
17F Toho Hibiya Bldg. 1-2-2, Yurakucho, Chiyoda-ku,	Unit of Trading	100 shares
Tokyo 100-0006, Japan	Stock Exchange Listing	Tokyo
Phone: +81-3-3503-1568	Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation
Fax: +81-3-3508-0249		

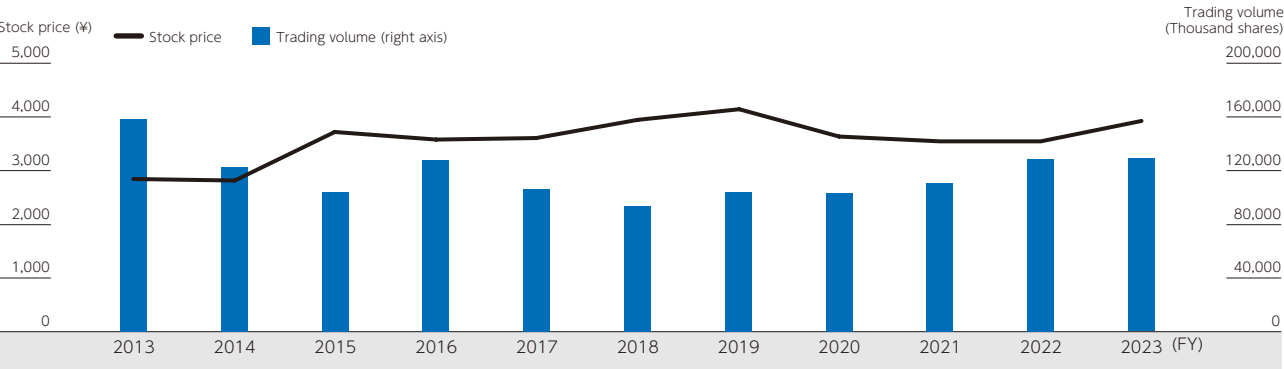
Principal Shareholders

Name	Number of shares (Thousands)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	37,076	15.29
Custody Bank of Japan, Ltd. (Trust account)	13,393	5.52
Nippon Life Insurance Company (Standing Proxy: The Master Trust Bank of Japan, Ltd.)	5,224	2.15
STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing Proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Division)	4,683	1.93
H <sub>2</sub> O RETAILING CORPORATION	4,207	1.74
JP MORGAN CHASE BANK 385781 (Standing Proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Division)	2,913	1.20
Sumitomo Mitsui Banking Corporation	2,181	0.90
STATE STREET BANK AND TRUST COMPANY 505103 (Standing Proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Division)	2,105	0.87
Custody Bank of Japan, Ltd. (Trust account 4)	1,989	0.82
SSBTC CLIENT OMNIBUS ACCOUNT (Standing Proxy: HSBC Tokyo)	1,977	0.82

Ownership Breakdown



Stock Price and Annual Trading Volume (Tokyo Stock Exchange)



Notes:  
1. 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).  
2. 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.

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**Hankyu Hanshin Toho Group**