



KEIHAN GROUP
INTEGRATED REPORT
2023

Keihan Holdings Co., Ltd.

Integrated Report Editorial Office
Management Strategy Group, Corporate Planning Office
1-7-31 Otemae, Chuo-ku, Osaka 540-6591
Phone: +81-(0)6-6945-4585 Fax: +81-(0)6-6947-3724
<https://www.keihan-holdings.co.jp/>

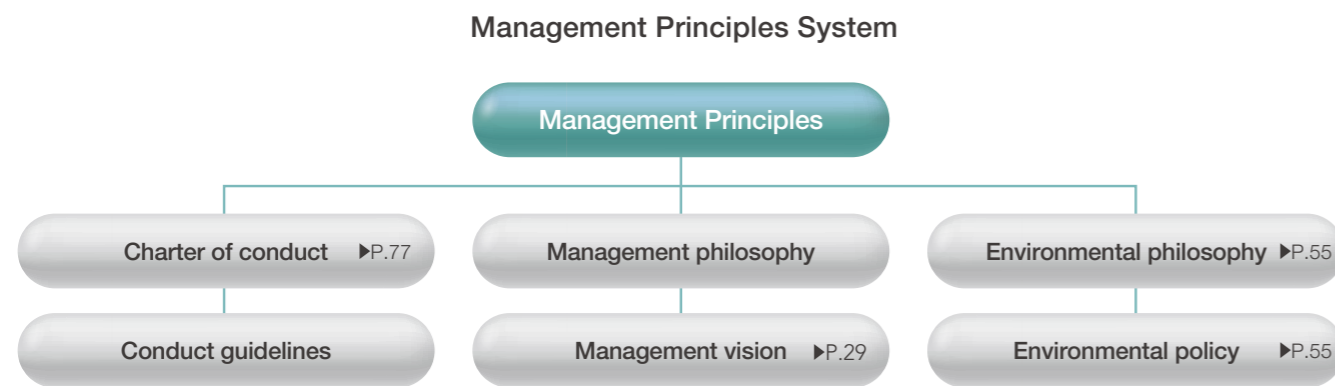
Management Principles

The Keihan Group will create a comfortable living environment and contribute to society by establishing a network of dreams, hope, and trust.

About the Keihan Group's Management Principles

With the aim of being a corporate group that continues to shine and prosper in the 21st century, the Keihan Group established the Management Principles in July 1998 in order to clearly communicate to stakeholders within and outside the group its social mission and responsibilities. While the Management Principles serve as the overarching concept, we have also established the charter of conduct as a basic policy for putting the Management Principles into practice in one's day-to-day conduct, the management philosophy as the basic premise for management decision-making to increase our corporate value, and the environmental philosophy that outlines our approach to becoming an environmentally friendly company.

Also, to give tangible shape and form to each of the aforementioned components of the Management Principles, we established the conduct guidelines, management vision, and environmental policy.



Spirit of the founder of the Keihan Group



Eiichi Shibusawa

(Photo: Shibusawa Memorial Museum)

A business should fulfill both “morality,” which is responsible for the prosperity of the nation and the whole of humanity, and “economy,” which is the pursuit of corporate profit

“Harmony between morality and economy,” a doctrine passed down across generations

Keihan Holdings Co., Ltd. (formerly Keihan Electric Railway Co., Ltd.) was established in 1906 by the so-called father of Japanese capitalism, Eiichi Shibusawa, as the chairman of the organization committee. Shibusawa was also instrumental in the establishment of various enterprises that contributed to the modernization of Japan, including Japan's first bank, the First National Bank, as well as companies in the electricity, gas, shipping, cement, and shipbuilding sectors. Shibusawa was enthusiastic about the establishment of railway companies essential for the modernization of Japan. All up, he was involved in the founding of around 50 companies. Of these, our company was founded based on the noble idea of laying a railway to link the 1,000-year-old ancient capital “Kyoto” with the commercial center “Osaka” through the towns and villages along the former Kyokaido (a main road), aiming not only to generate profits for the Company, but also to contribute to the development of local communities.

Influenced by the ideas in the Analects of Confucius that he avidly read in his childhood, Shibusawa advocated the doctrine of “harmony between morality and economy,” in which the main duty of business is not simply the pursuit of personal gain, but also efforts that are dedicated to the interests of the public. Throughout his life, he made it the cornerstone of his management philosophy. He believed that any business should fulfill both “morality,” which is responsible for the prosperity of the nation and the whole of humanity, and “economy,” which is the pursuit of corporate profit. In a sense, this thinking could be considered a precursor to today's ESG principles and a philosophy that continues to be inherited by the Keihan Group.

Keihan Group brand management

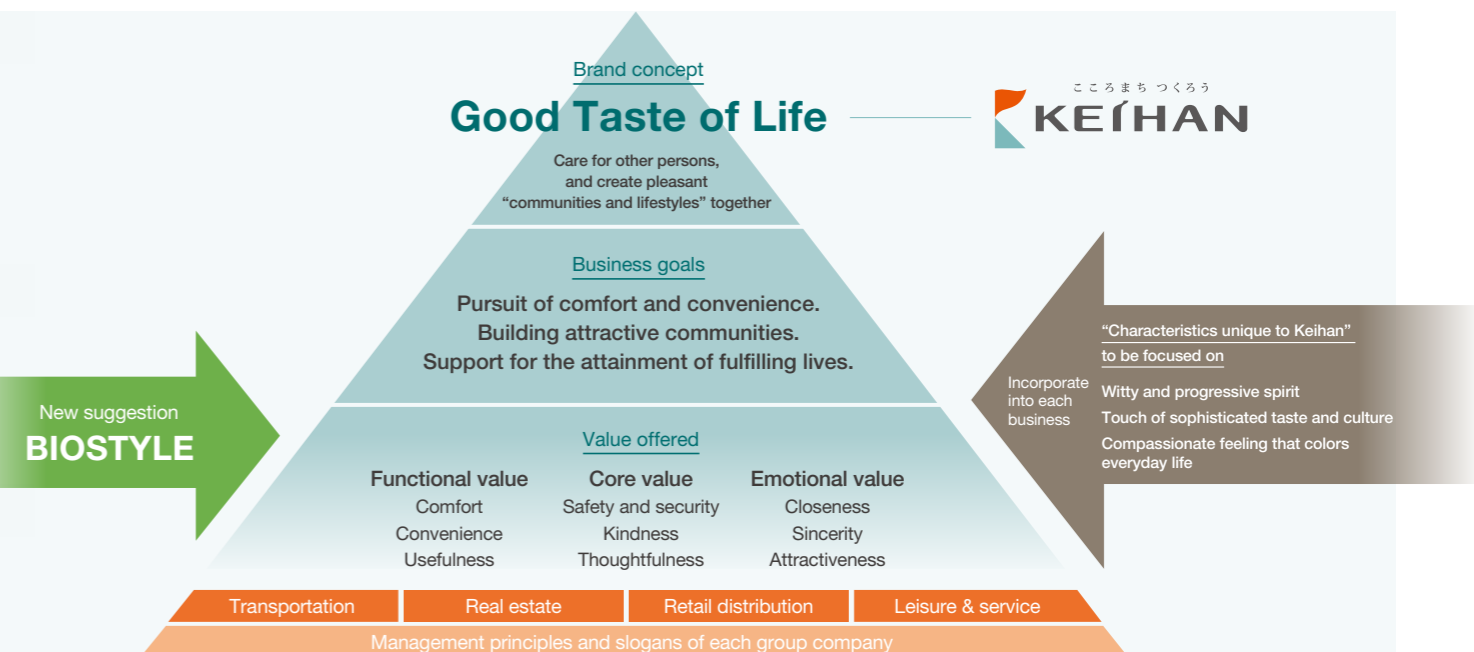
Our brand concept, Good Taste of Life: Care for other persons, and create pleasant “communities and lifestyles” together, represents the value provided by the Keihan Group and is a promise to our customers. It also symbolizes our Management Principles. The business goals are what each business in the group pursues in order to realize the Keihan brand, while the nine values offered are for every employee to understand and reflect in their actions. This creates a positive cycle in which customers choose Keihan as their first choice, leading to an even stronger brand power.

Keihan Group logomark

The letter K in Keihan is used as a motif with the orange triangle on top representing a flag evoking an image of warmth and attractiveness, while the blue-gray triangle below symbolizes the foundation of the Keihan Group: safety and security, kindness, and thoughtfulness. The fluttering flag and the foundation together represents our brand concept: *Care for other persons, and create pleasant “communities and lifestyles” together.*

Keihan Group slogan – Cocoromachi Tsukuro (Creating communities of heartfelt living)

The words of the Keihan Group slogan clearly express our brand concept. Used in conjunction with the logo, they express our determination to create with our customers a corporate group that people can count upon and communities in which people can connect emotionally.



CONTENTS

Keihan Group INTRODUCTION

- 5 History of value creation
- 7 At a glance
- 9 Domestic business area
- 11 Financial and non-financial highlights
- 13 Value creation process
- 15 Four key themes (material issues) and promotion of sustainability

Management message

- 18 COO message
- 23 Discussion: CEO + Outside director

Strategies for value creation

- 29 Overview of long-term management strategy and medium-term management plan "BIOSTYLE: Deepening and Challenge"
- 33 Long-term management strategy: Overview of main strategies
- 36 Special feature
Long-term management strategy
Redevelop Keihan areas
- 37 Business overview and medium-term management plan strategies
 - 37 Transportation
 - 39 Real estate
 - 41 Retail distribution
 - 43 Leisure & service
- 45 Medium-term management plan: Strategy for GOOD NATURE STATION / Strengthening the management base

Achieving sustainable growth

- 48 Material issue 1: Creating businesses that contribute to solving social issues
- 49 KEIHAN BIOSTYLE PROJECT
- 51 BIOSTYLE initiatives
- 53 Keihan's flagship facility for BIOSTYLE
- 55 Material issue 2: Operations that consider the environment and social factors
- 63 Material issue 3: Organization and human resources that continue to grow
- 67 Material issue 4: Sustainable and robust management base

Foundations supporting value creation

- Corporate governance
 - 71 Basic approach
 - 71 Corporate governance system
 - 72 Evaluation of effectiveness of Board of Directors
 - 72 Corporate officer compensation system
 - 73 Corporate officers
 - 76 Executive officers
 - 77 Compliance
 - 79 Risk management
 - 79 Dialogue with shareholders and investors

DATA

- 81 11-year summary of financial and non-financial data
- 83 Financial statements
- 85 Group companies / ESG evaluation / Information disclosure system
- 86 Corporate data / Stock information

Editorial policy

The Keihan Group has published its first Integrated Report in order to communicate its story of medium- to long-term growth potential and value creation to all stakeholders, including investors. This report comprehensively introduces not only the history and business details of the Keihan Group but also the Group's vision and value creation model, long-term management strategy for the fiscal year 2030, and non-financial information such as human capital and the environment.

| | |
|------------------------------|---|
| Coverage | Companies in the Keihan Group |
| Period | FY2023 (April 1, 2022 to March 31, 2023) * Contains some information not included in the above period. |
| Month of issue | December 2023 * The next issue is scheduled to be released in autumn 2024. |
| Guidelines referenced | This report references the IFRS Foundation's International Integrated Reporting Framework, the Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation, and the GRI Standards for sustainability reporting. |

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History of value creation



Eiichi Shibusawa

(Photo: Shibusawa Memorial Museum)

Spirit of the founder passed down throughout the ages

Keihan Holdings Co., Ltd. (formerly Keihan Electric Railway Co., Ltd.) was founded in 1906 by the so-called father of Japanese capitalism, Eiichi Shibusawa, as the chairman of the organization committee. Shibusawa advocated that the main duty of business should not simply be the pursuit of personal gain, but also efforts dedicated to the interests of the public. The project to build a railroad between the 1,000-year-old ancient capital "Kyoto" and the commercial city "Osaka" via the towns and villages along the former Kyokaido (a main road) not only contributed significantly to the economic aspects of the business, but it also played an integral role in the development of local communities. Over the course of the company's history, the spirit of the founder has been handed down, driving development together with society. This spirit is currently shared throughout the group as our Management Principles. We will continue to provide value to society on the basis of the founder's spirit and aim to achieve sustainable development in the future.

1906

Keihan Electric Railway Co., Ltd. established.

1910



Keihan Electric Railway services started (between Temmabashi Station in Osaka and Gojo Station in Kyoto).

First Chrysanthemum Figure Exhibition held at Korien.

1926



Entered the bus transportation business.

1968



First-stage lot sales of Kuzuha Rose Town started.

1982



Lake Biwa cruise boat Michigan commissioned.

1979



Hotel Keihan Osaka (now Temmabashi) opened.

1985



Keihan Department Store (Moriguchi Store) opened.

Business diversification in support of post-war economic growth

In responding to demand for transportation and housing along our railway lines where the population was rapidly increasing, we stepped up efforts to bolster railway transportation capacity and develop housing. By extending the Keihan Main Line to Yodoyabashi, we successfully improved access to the city center of Osaka. We also entered the leased building business in earnest. Moreover, we began operating business hotels and department stores and improved leisure facilities by commissioning cruise boats. By diversifying our business portfolio in this way, we supported Japan's rapid economic growth during this period.

1998



Lot sales of condominium Fine Garden started in Keihan East Rose Town.

2005



KUZUHA MALL opened.

2008



Nakanoshima Line services started (between Temmabashi Station and Nakanoshima Station).

Business restructuring for renewed growth

In response to drastic changes in the business climate, including the economic downturn when Japan's bubble economy burst, we restructured our businesses by, for example, changing the real estate business model with the Keihan Group "Re-Born 21" Plan. We also formulated the management vision, "Our Challenge to 'Keihan as First Choice'," aiming for becoming a large, reputable company. The opening of the Nakanoshima Line helped revitalize the economy in the Kansai region and, in addition to enhancing value along our railway lines with the opening of the KUZUHA MALL, we also expanded our business operations in areas away from our railways by, for example, opening hotels in the greater Tokyo area.

2017



Premium Car (reserved seat carriages) introduced.

2019



THE THOUSAND KYOTO opened.



GOOD NATURE STATION opened.

Toward another 100 years

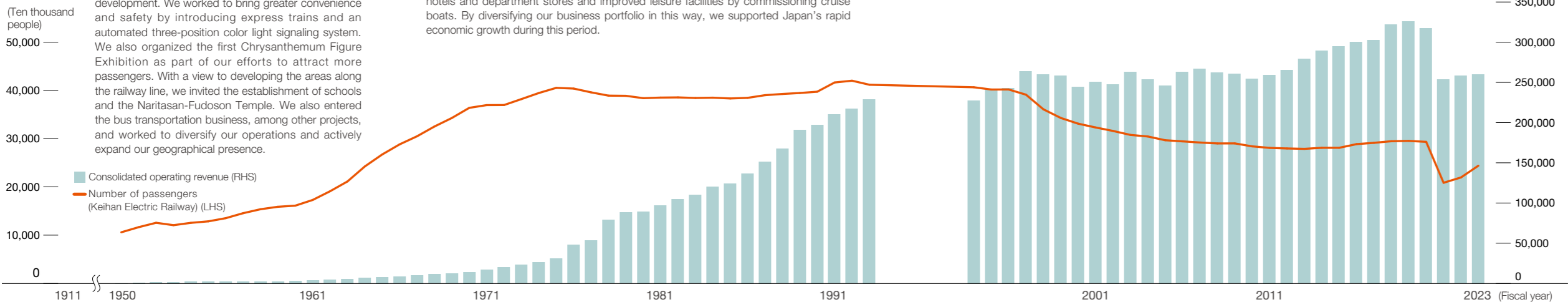
In 2016 we transitioned to a holding company system with the aim of being a corporate group that can continue to achieve growth even in a challenging operating environment characterized by population decline and other factors. In addition to strengthening our four core businesses, we have worked to enhance the value of the areas along our railway lines (our point of origin), tap into the burgeoning inbound tourism market, and create content to enhance the life value of our customers. In May 2018 we formulated a new management vision for 2050. Even in the midst of drastic changes in society, we will continue to challenge ourselves to achieve further growth as a corporate group valued by society.

Founder's spirit For public interest and common good

The challenge of undertaking various business endeavors Enterprising spirit

Longstanding know-how of railway development


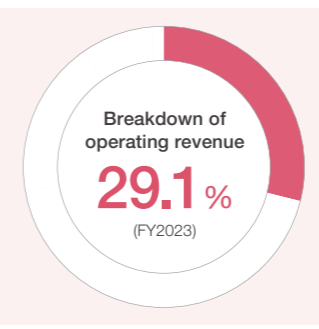
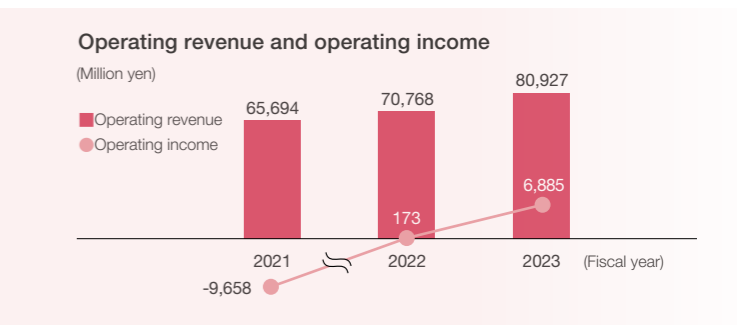
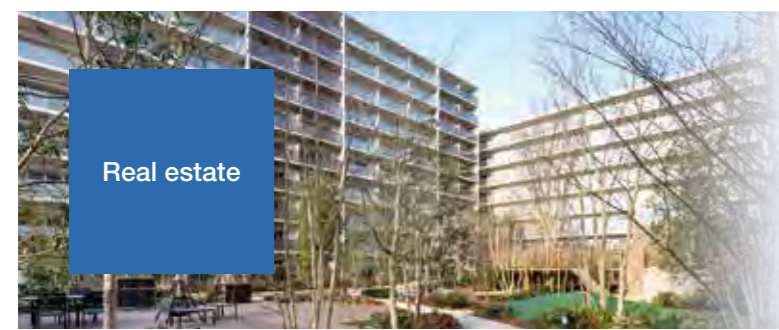
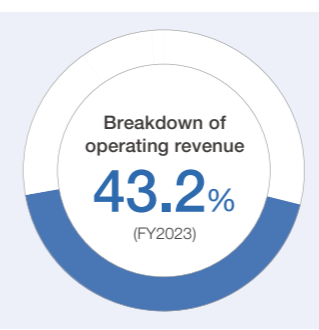
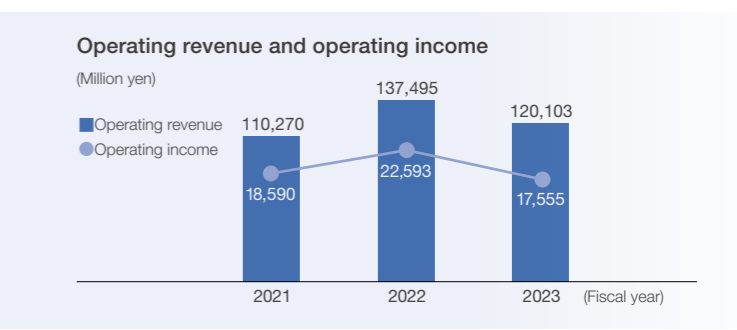

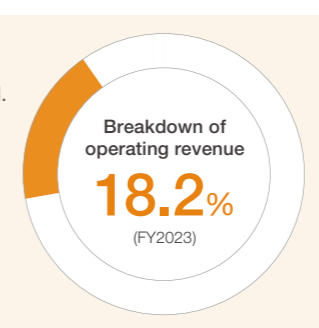
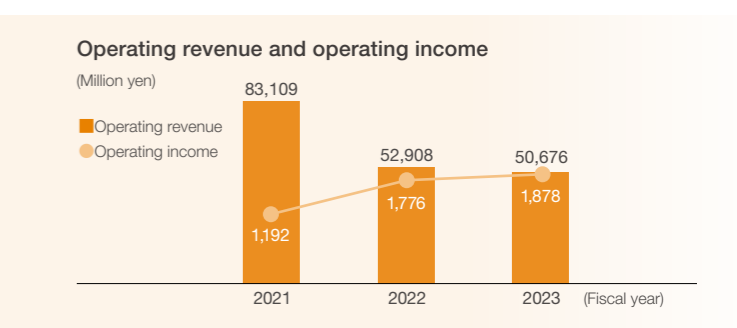
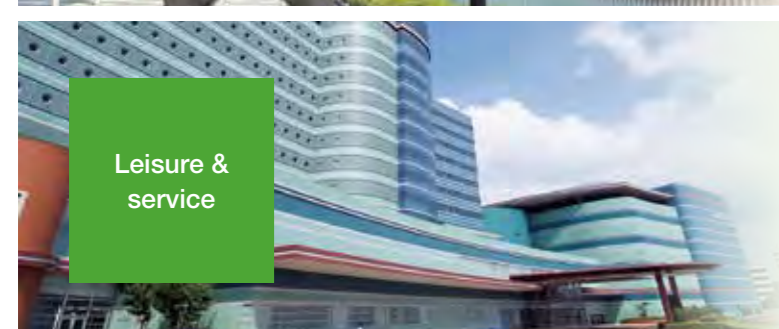
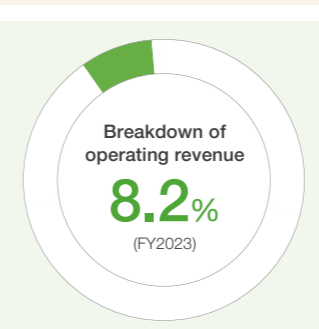
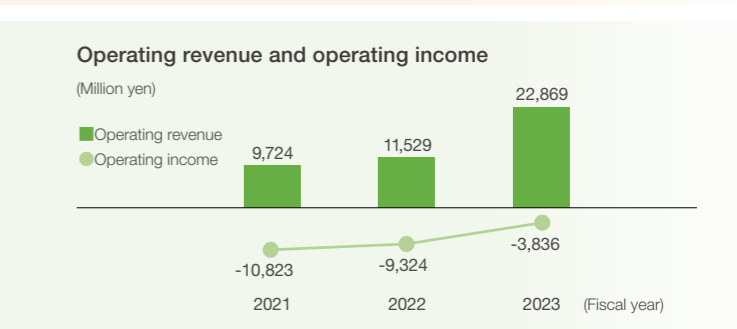
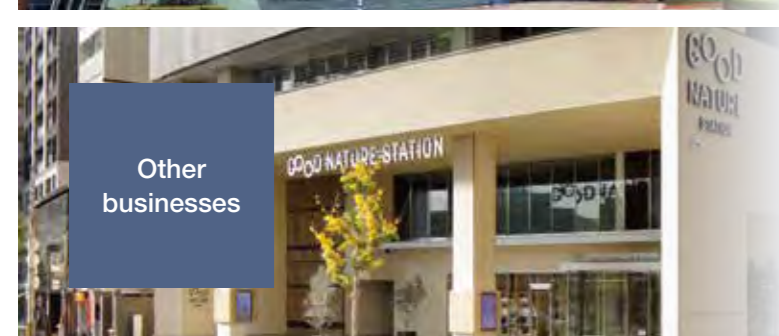
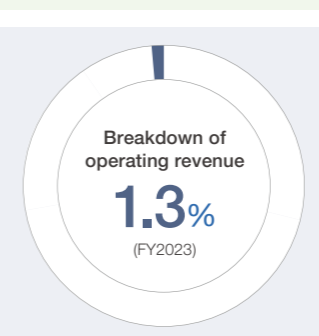
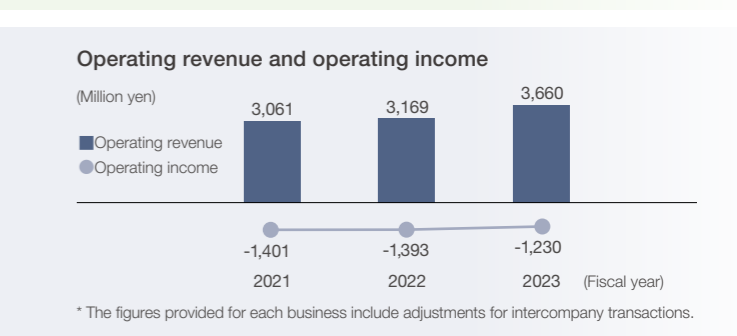
Inheriting the spirit of the founder and actively embracing the challenge of creating new value



Keihan Group INTRODUCTION

At a glance

The Keihan Group operates four core businesses across approximately 50 companies. As stated in our Management Principles, we will “create a comfortable living environment and contribute to society by establishing a network of dreams, hope, and trust” through these businesses that are closely related to everyday life. This commitment is what drives our ongoing efforts.

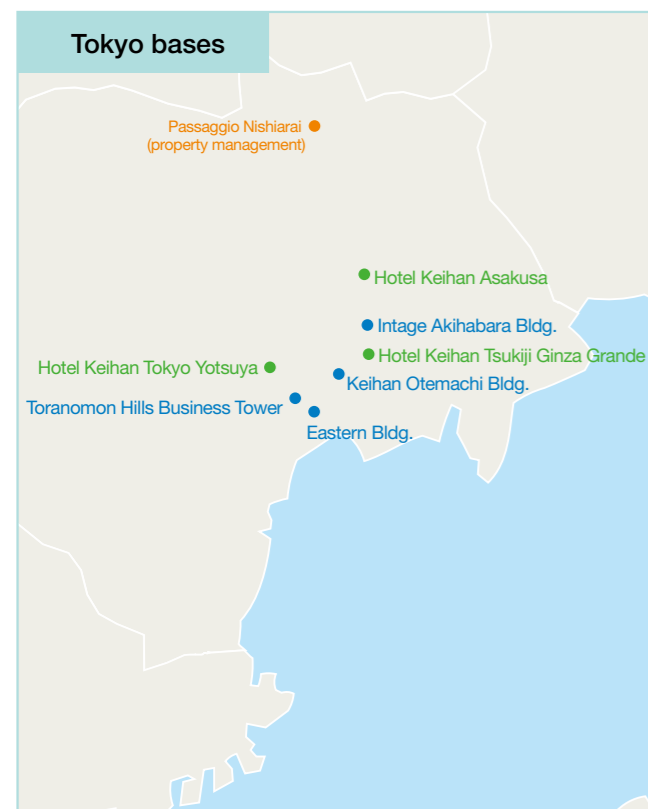
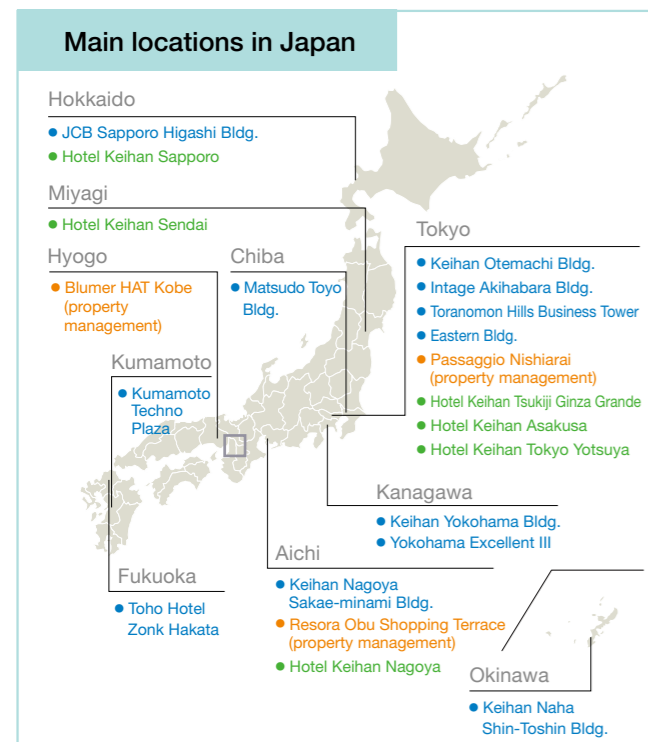
|  <p>Transportation</p> | <p>Business operations</p> <p>We manage various railway services including the Keihan Electric Railway, which provides intercity, regional, and tourism transportation in the three prefectures of Osaka, Kyoto, and Shiga in the Kansai region, as well as Eizan Railway and Keifuku Electric Railroad (Randen). Our offerings also extend to bus services, such as fixed-route buses that support regional transportation, scheduled sightseeing buses, express buses, and limousine buses. Additionally, we oversee Hirakata Park, an amusement park that celebrated its 110th anniversary in 2022.</p> | <p>Key operating companies</p> <ul style="list-style-type: none"> • Keihan Electric Railway Co., Ltd. • Eizan Electric Railway Co., Ltd. • Keifuku Electric Railroad Co., Ltd. • Keihan Bus Co., Ltd. |  | <p>Operating revenue and operating income (Million yen)</p>  <table border="1"> <thead> <tr> <th>Fiscal year</th> <th>Operating revenue</th> <th>Operating income</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>65,694</td> <td>-9,658</td> </tr> <tr> <td>2022</td> <td>70,768</td> <td>173</td> </tr> <tr> <td>2023</td> <td>80,927</td> <td>6,885</td> </tr> </tbody> </table> | Fiscal year | Operating revenue | Operating income | 2021 | 65,694 | -9,658 | 2022 | 70,768 | 173 | 2023 | 80,927 | 6,885 |
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| 2023 | 80,927 | 6,885 | | | | | | | | | | | | | | |
|  <p>Real estate</p> | <p>Business operations</p> <p>In real estate sales, we are engaged in the development of condominiums across the Kansai and Tokyo areas, as well as major regional cities such as Sapporo. We also engage in the sale and brokerage of standalone homes. Our real estate leasing business includes ownership of office buildings such as OMM in the Kansai area and the Keihan Otemachi Building and Keihan Yokohama Building in the Tokyo area. Our operations also extend to landscaping, building maintenance, and construction consulting services.</p> | <p>Key operating companies</p> <ul style="list-style-type: none"> • Keihan Real Estate Co., Ltd. • Keihan Tatemono Co., Ltd. |  | <p>Operating revenue and operating income (Million yen)</p>  <table border="1"> <thead> <tr> <th>Fiscal year</th> <th>Operating revenue</th> <th>Operating income</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>110,270</td> <td>18,590</td> </tr> <tr> <td>2022</td> <td>137,495</td> <td>22,593</td> </tr> <tr> <td>2023</td> <td>120,103</td> <td>17,555</td> </tr> </tbody> </table> | Fiscal year | Operating revenue | Operating income | 2021 | 110,270 | 18,590 | 2022 | 137,495 | 22,593 | 2023 | 120,103 | 17,555 |
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| 2023 | 120,103 | 17,555 | | | | | | | | | | | | | | |
|  <p>Retail distribution</p> | <p>Business operations</p> <p>Our retail presence is significant, with five department stores primarily along the Keihan Railway lines. We operate suburban shopping centers like KUZUHA MALL, the urban shopping centers Keihan Mall and Keihan City Mall, and various other commercial facilities, including Frest supermarkets and our innovative MOYORI ICHI shops, which are located mainly inside and outside stations.</p> | <p>Key operating companies</p> <ul style="list-style-type: none"> • Keihan Department Stores Co., Ltd. • Keihan The Store Co., Ltd. • Keihan Ryutsu Systems Co., Ltd. |  | <p>Operating revenue and operating income (Million yen)</p>  <table border="1"> <thead> <tr> <th>Fiscal year</th> <th>Operating revenue</th> <th>Operating income</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>83,109</td> <td>1,192</td> </tr> <tr> <td>2022</td> <td>52,908</td> <td>1,776</td> </tr> <tr> <td>2023</td> <td>50,676</td> <td>1,878</td> </tr> </tbody> </table> | Fiscal year | Operating revenue | Operating income | 2021 | 83,109 | 1,192 | 2022 | 52,908 | 1,776 | 2023 | 50,676 | 1,878 |
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| 2023 | 50,676 | 1,878 | | | | | | | | | | | | | | |
|  <p>Leisure & service</p> | <p>Business operations</p> <p>Nationally, we own and operate 21 hotels, totaling around 4,800 rooms, in the locations along our railway lines in Osaka, Kyoto, and Shiga, as well as in other areas in Tokyo and Sapporo. Additionally, we manage several facilities that serve as symbols of their region, such as the landmark Kyoto Tower, the sightseeing boats Michigan and Bianca on Lake Biwa, the Garden Museum Hiei, and the Aqua Liner that sails around the waters of Osaka.</p> | <p>Key operating companies</p> <ul style="list-style-type: none"> • Hotel Keihan Co., Ltd. • Keihan Hotels & Resorts Co., Ltd. • Biwako Kisen Steamship Co., Ltd. |  | <p>Operating revenue and operating income (Million yen)</p>  <table border="1"> <thead> <tr> <th>Fiscal year</th> <th>Operating revenue</th> <th>Operating income</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>9,724</td> <td>-10,823</td> </tr> <tr> <td>2022</td> <td>11,529</td> <td>-9,324</td> </tr> <tr> <td>2023</td> <td>22,869</td> <td>-3,836</td> </tr> </tbody> </table> | Fiscal year | Operating revenue | Operating income | 2021 | 9,724 | -10,823 | 2022 | 11,529 | -9,324 | 2023 | 22,869 | -3,836 |
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| 2022 | 11,529 | -9,324 | | | | | | | | | | | | | | |
| 2023 | 22,869 | -3,836 | | | | | | | | | | | | | | |
|  <p>Other businesses</p> | <p>Business operations</p> <p>Our GOOD NATURE STATION is a mixed-use commercial facility conceptualized around the theme of “BIOSTYLE,” which contributes to a recycling-oriented society by realizing a lifestyle that is healthy, beautiful, and brings a high quality of life. We also have our own natural cosmetics brand, NEMOHAMO, as well as the patisserie RAU, among other business ventures, including card services.</p> | <p>Key operating companies</p> <ul style="list-style-type: none"> • Keihan Card Co., Ltd. • Biostyle Co., Ltd. |  | <p>Operating revenue and operating income (Million yen)</p>  <table border="1"> <thead> <tr> <th>Fiscal year</th> <th>Operating revenue</th> <th>Operating income</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>3,061</td> <td>-1,401</td> </tr> <tr> <td>2022</td> <td>3,169</td> <td>-1,393</td> </tr> <tr> <td>2023</td> <td>3,660</td> <td>-1,230</td> </tr> </tbody> </table> | Fiscal year | Operating revenue | Operating income | 2021 | 3,061 | -1,401 | 2022 | 3,169 | -1,393 | 2023 | 3,660 | -1,230 |
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| 2023 | 3,660 | -1,230 | | | | | | | | | | | | | | |

* The figures provided for each business include adjustments for intercompany transactions.

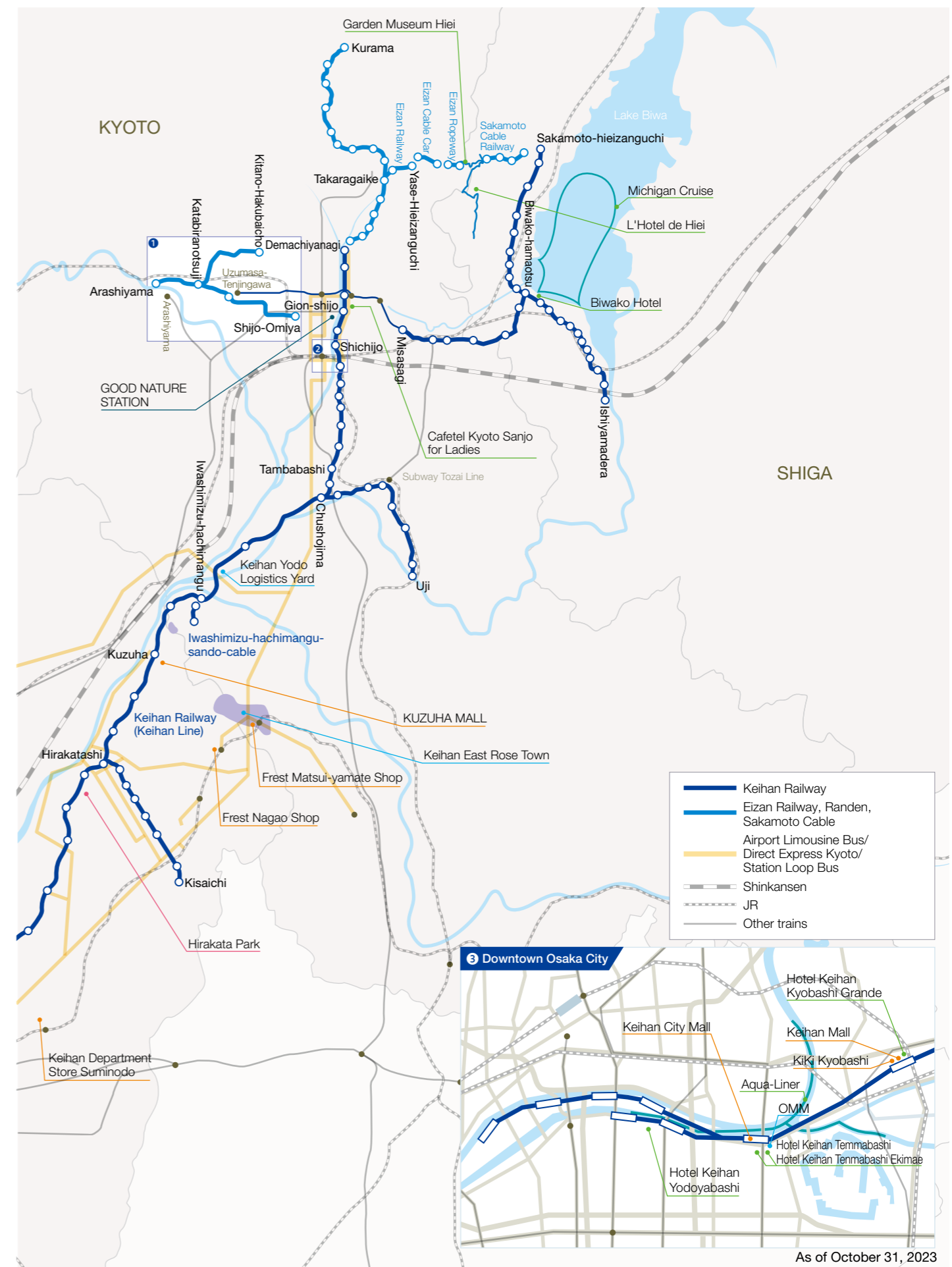
Keihan Group INTRODUCTION

Domestic business area

The Keihan Group offers transportation networks that support the foundation of values such as safety and security, comfort and convenience, while promoting urban development and community building around our railway stations and connecting local communities, thereby expanding our business area and creating value. We will continue to present new value through our business activities in close association with local communities, and achieve sustainable development with the communities and society.



Kinki area railway lines and bases

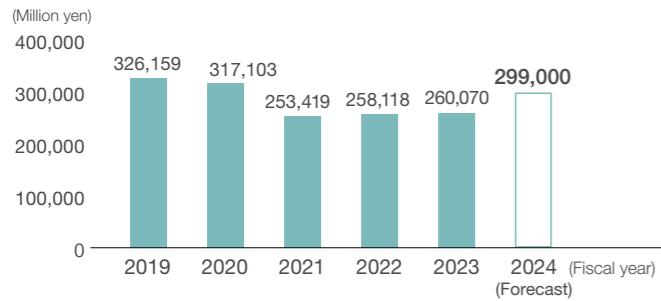


Financial and non-financial highlights

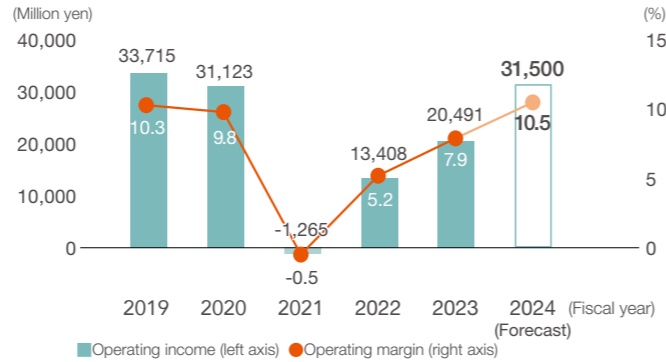
Financial highlights

* Since the start of FY2022, we have been implementing the Accounting Standard for Revenue Recognition and other standards.

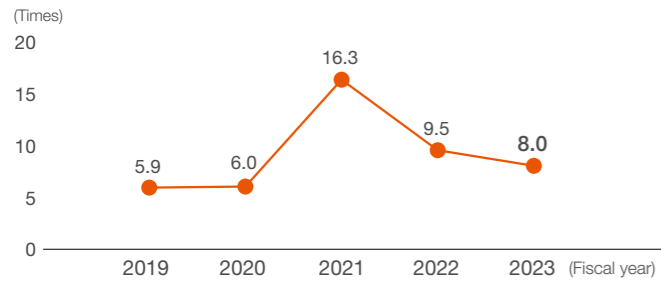
Operating revenue



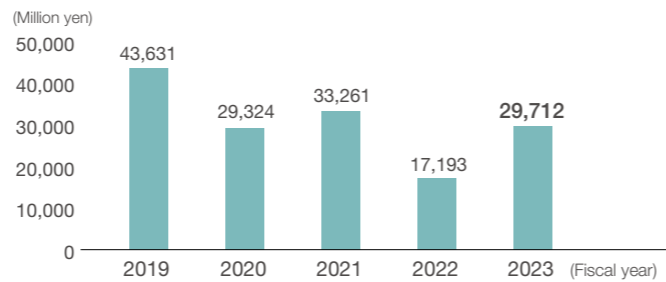
Operating income/operating margin



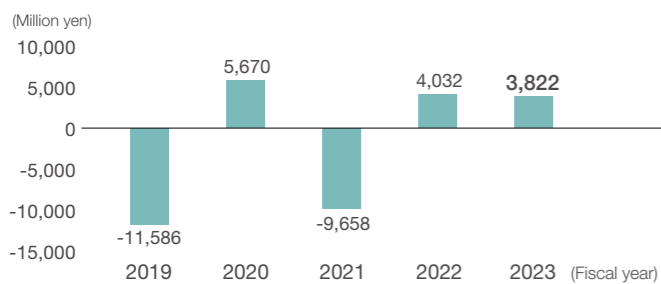
Net interest-bearing debt/EBITDA multiple



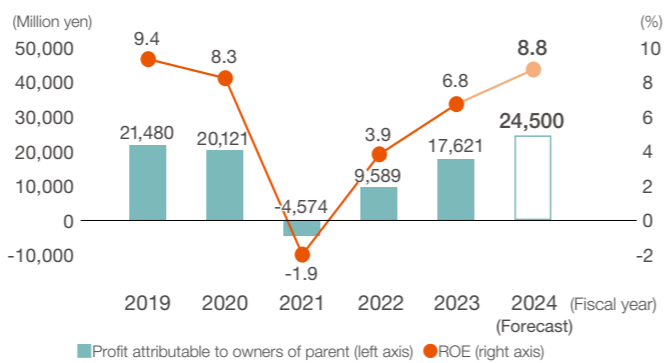
Capital expenditure



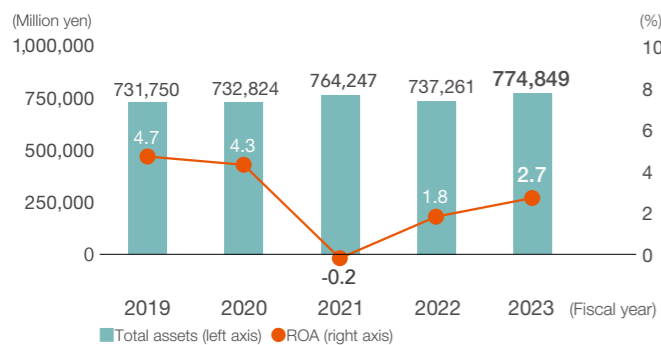
Free cash flow



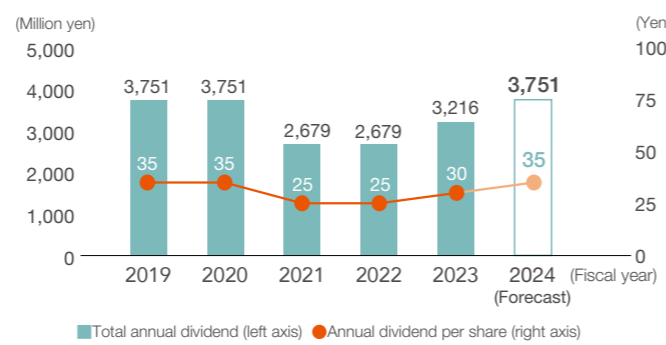
Profit attributable to owners of parent/ROE



Total assets/ROA

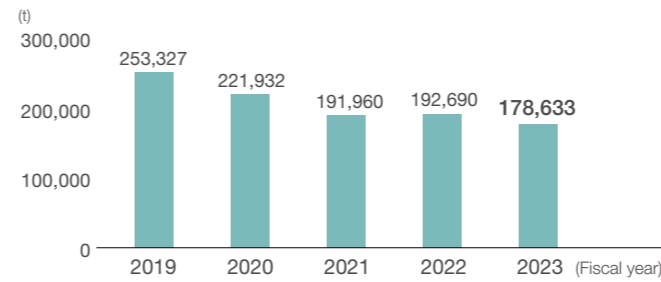


Shareholder returns

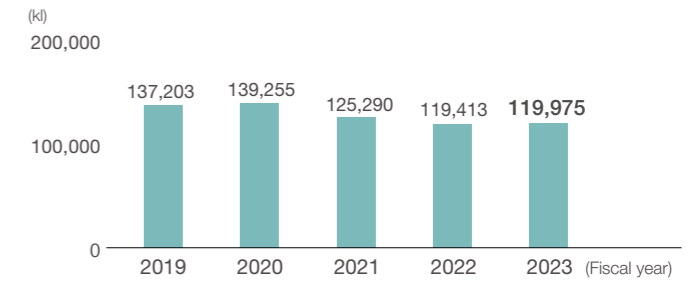


Non-financial highlights

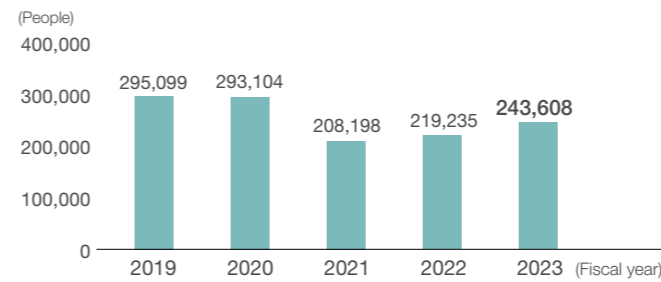
CO₂ emissions



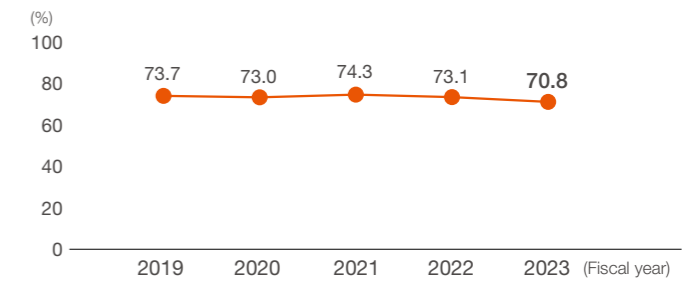
Energy usage



Keihan Railway passengers transported

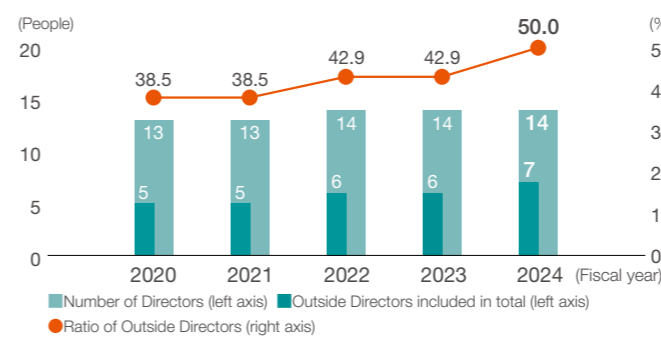


Customer Satisfaction Index*

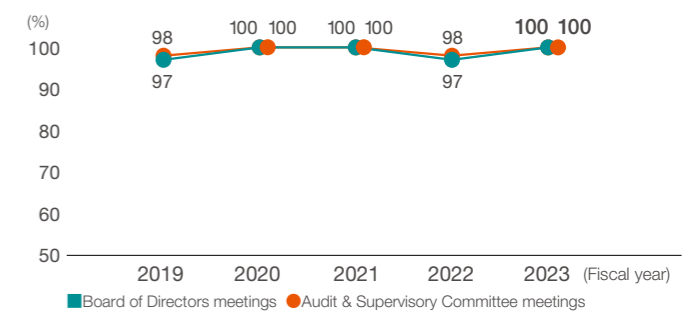


* This is part of Japan's largest customer satisfaction survey conducted by SPRING (Service PRoductivity & INnovation for Growth), part of the Japan Productivity Center. The data is specific to Keihan Railway.

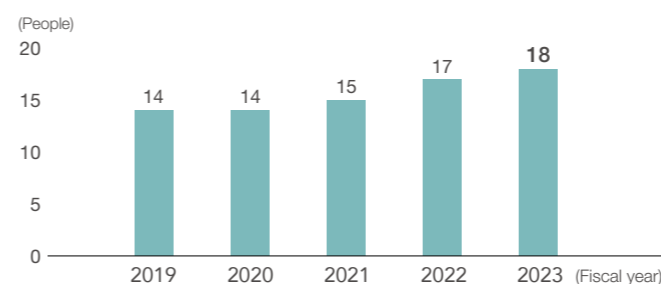
Number of Directors and ratio of Outside Directors



Outside Director attendance rate at Board of Directors meetings/Audit & Supervisory Committee meetings

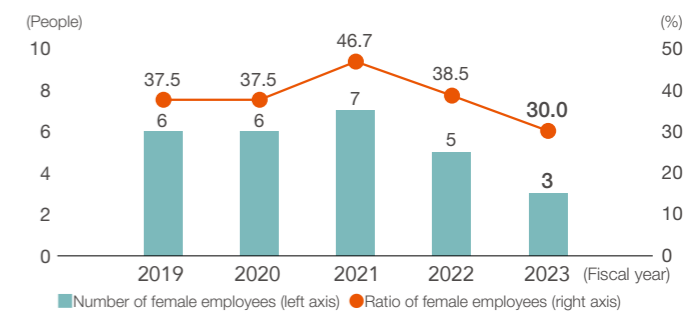


Number of women in leadership positions*



* Leadership positions refers to the Assistant Director level and above
* Pertains to Keihan Holdings Co., Ltd.

Number and ratio of female employees*



* Pertains to general positions at Keihan Holdings Co., Ltd.

Keihan Group INTRODUCTION

Value creation process

Under its Management Principles, the Keihan Group is advancing a long-term management strategy (targeting FY2031) centered around the theme of “promoting ‘BIOSTYLE Management’ that generates both social and economic value.” This strategy is aimed at achieving our management vision (Vision for 2050). Through this, the Keihan Group strives to be a corporate group that continues to grow sustainably into the future while contributing to the creation of a sustainable, recycling-oriented society.

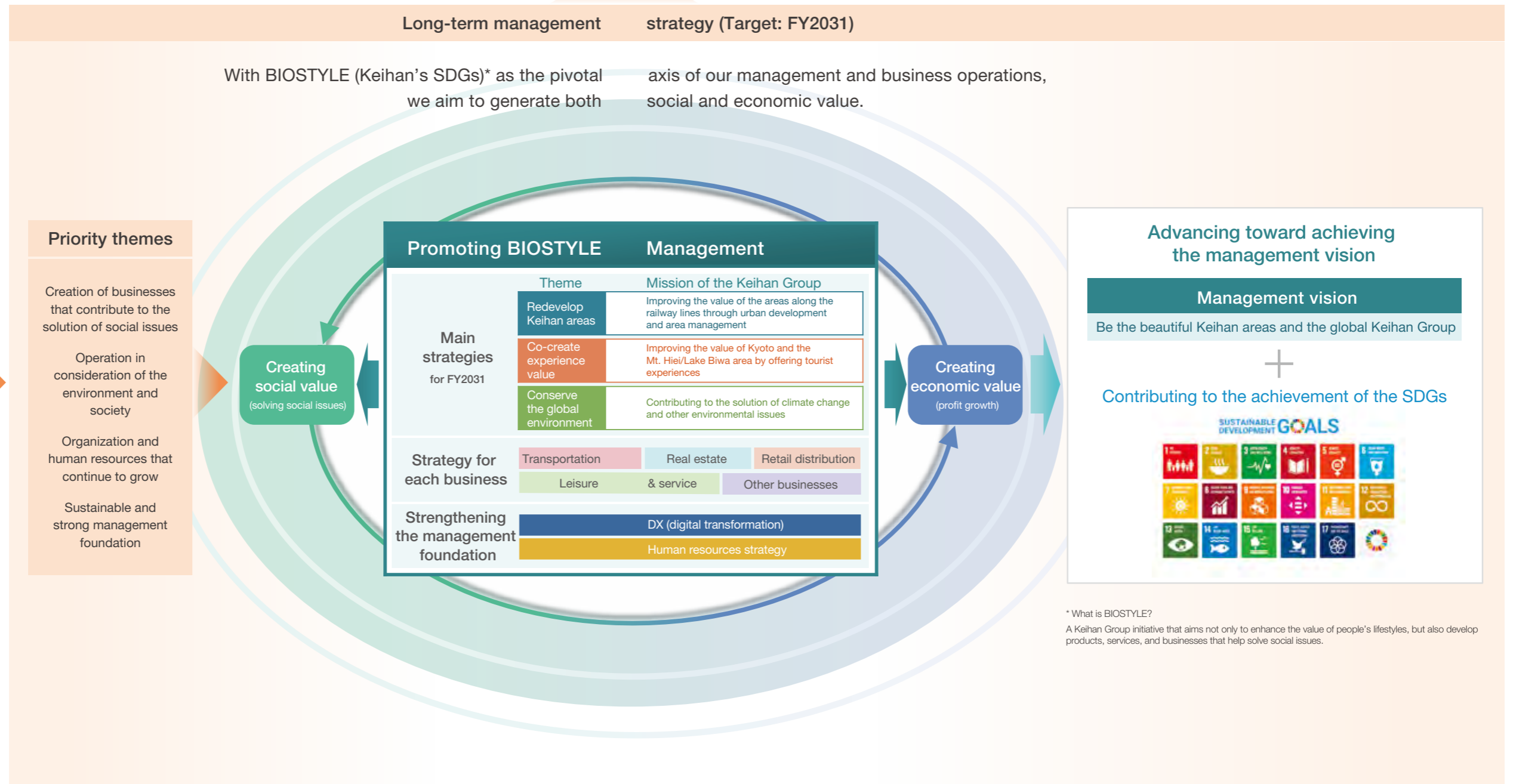


Opportunities and risks

| Opportunities |
|---|
| Increasing demand for products and services that contribute to the solution of social issues |
| Recovery and expansion of tourism demand |
| Acceleration of community building by the private sector through the utilization of public spaces, etc. |
| Increasing demand for new products and services due to changing lifestyles and technological innovations such as AI and IoT |
| Risks |
| Suspension of operations and losses due to intense disasters |
| Decreasing number of customers and labor shortage due to a declining population |
| Local economy shrinkage or its acceleration |
| Impact of changes in lifestyles and work styles on existing business models |

Changes in the external environment

| |
|--|
| Increasing awareness of sustainability |
| Increasing intensity and frequency of natural disasters |
| Aging and declining population |
| Economic and social shrinkage in the areas along the railway lines |
| Diversification of human resources and work styles |
| Growing needs for a safe and secure society |



* What is BIOSTYLE?
A Keihan Group initiative that aims not only to enhance the value of people’s lifestyles, but also develop products, services, and businesses that help solve social issues.

Keihan Group INTRODUCTION

Four key themes (material issues) and promotion of sustainability

Four key themes (material issues)

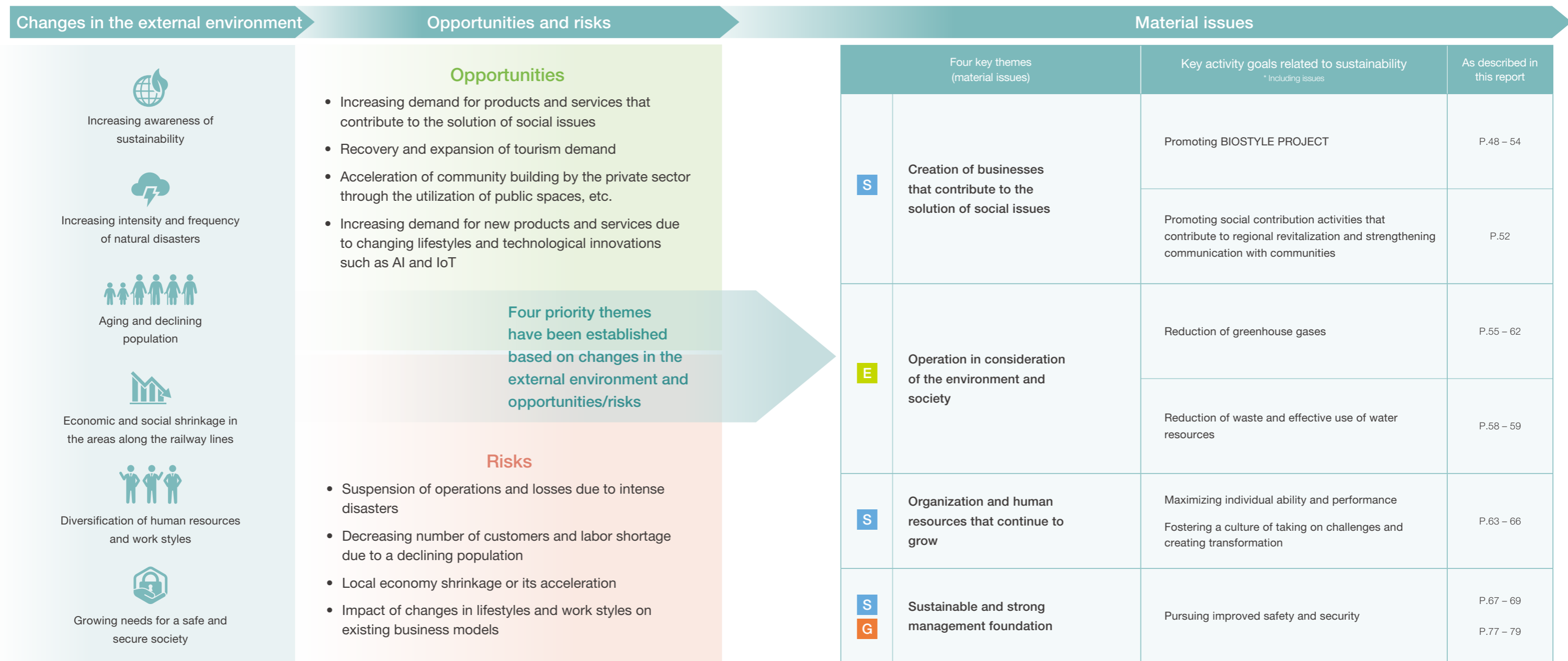
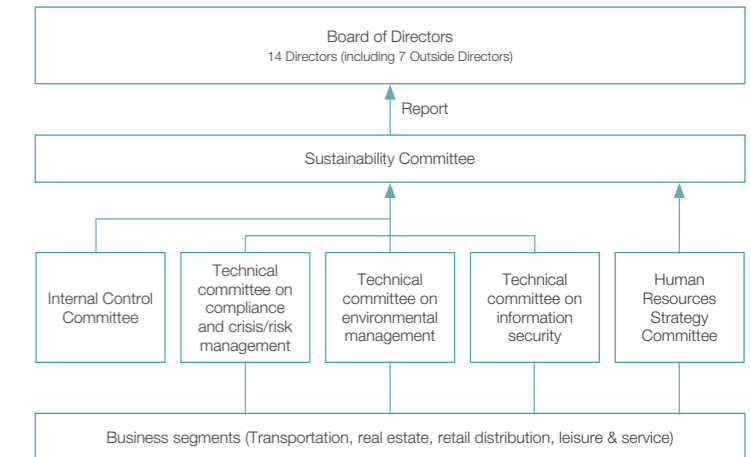
Upon analyzing changes in the external environment the Keihan Group finds itself in, we identified opportunities and risks for management going forward. These formed the basis for the establishment of our four key management themes (material issues). For our long-term management strategy and medium-term management plan, we have formulated core strategies and business-specific strategies based on these four themes.

Sustainability within the Keihan Group

In line with our Management Principles, we believe that sustainability management for the Keihan Group involves addressing social issues through our businesses and aiming for sustainable development alongside society. To promote sustainability management, we have set key activity goals (issues) for the time being in non-financial areas based on the four key themes (material issues).

Sustainability promotion system

With the aim of enhancing the Keihan Group's corporate value in the medium to long term, we have established the Sustainability Committee to deliberate and decide on important policies and measures related to sustainability, manage their progress, and organize internal control and risk management systems. The Sustainability Committee is chaired by the Representative Director & President, COO, and includes Directors who are the General Managers responsible for the transportation, real estate, retail distribution, and leisure & service businesses, among others. The details of the discussions are regularly presented (put on the agenda or reported) to the Board of Directors.



Management message



18 COO message

23 Discussion: CEO + Outside director

COO message



Steering the Company towards a renewed growth trajectory with BIOSTYLE management that creates both social and economic value

石丸昌宏

Masahiro Ishimaru
Representative Director & President, COO
Keihan Holdings Co., Ltd.

Management message

COO message

Responding to COVID-19 and earnings recovery

Under Japanese legislation, COVID-19 has been downgraded to a Class 5 disease, the same category as seasonal influenza. As a result, the COVID-19 prevention measures implemented in Japan, which significantly impacted people's movements, have reached a turning point and social and economic activities are now gradually returning to normal. Nevertheless, Japan's population continues to decline owing to a low birthrate and the aging of society, and the regional economy along the Keihan Railway lines will inevitably shrink if we sit idly by. Addressing this issue has been, and will continue to be, our biggest challenge.

In 2018 we announced a long-term strategic concept for the Keihan Group. In keeping with our management vision for 2050, "Be the beautiful Keihan areas and the global Keihan group," we employed a backcasting approach to formulate a long-term management strategy anchored by the main strategies of "Redevelop Keihan areas," "Co-create tourism opportunity," and "Create relatable content." We also set about implementing our three-year medium-term management plan, "Create Living, Community, and Excitement."

Even though this plan was progressing smoothly and yielding favorable results, the onset of the COVID-19 pandemic led to very few people in the streets and various changes were occurring right before our eyes. Such a situation forced us to prematurely terminate the plan. That is why, starting from the middle of FY2021, we decided that for the time being we would assess the future business direction and rebuild our management base. The first thing we did was to double down on "Safety & Security," including our response to the pandemic. On top of that, we swiftly carried out "Structural Reforms," such as establishing a business management system capable of withstanding dramatic changes in the operating environment. At the same time, we looked ahead to the with/post-COVID-19 era and sought to implement various measures to align with changes in customer values and lifestyle. As a result of our efforts to consciously tackle issues in anticipation of the future, we managed to get earnings back on track to a certain extent in FY2023.

Despite COVID-19 wreaking havoc over the past three years or so, our employees paid meticulous attention to preventing the spread of infection and did everything in their power to keep our businesses running on the frontlines and in the office. I am exceptionally proud of the fact that, thanks to the dedicated efforts of our employees, the entire Keihan Group has been able to fulfill its mission of supporting the local community. It also gave me a renewed appreciation of how the mindset of wanting to contribute to society and enhance social value is well entrenched in each and every employee.

Transitioning to a renewed growth trajectory phase from FY2024

As we have largely completed the establishment of a management system for the future, we have positioned FY2024 as the turning point towards a renewed growth trajectory phase and kicked

off a new long-term management strategy and medium-term management plan.

In our new long-term management strategy, we are targeting FY2031, with the main theme being the promotion of what we call "BIOSTYLE management" that creates both social and economic value. BIOSTYLE, a term that we have been using since 2014, is the Keihan Group's value proposition to create products, services, and businesses that are good for health, the mind, communities, society, and the earth. And especially in light of the heightened awareness of environmental issues following the COVID-19 pandemic, we added a strategy of "Conserve the global environment" to our other main strategies of "Redevelop Keihan areas" and "Co-create experience value." Moreover, our medium-term management plan "BIOSTYLE: Deepening and Challenge" (FY2024–2026) based on this long-term strategy aims to deepen and challenge the BIOSTYLE concept. Our businesses have strong connections to daily life and align very closely with BIOSTYLE, which is why we intend to incorporate its elements into all of our operations in a bid to generate higher added value in existing businesses and create new ones.

Keihan Electric Railway, the original business of the Keihan Group, was established in 1906 by the so-called father of Japanese capitalism, Eiichi Shibusawa, as the chairman of the organization committee. The cornerstone of Shibusawa's management philosophy was that any business should fulfill both "morality" as a responsibility for the prosperity of the nation and the whole of humanity, and "economy," or the pursuit of corporate profit. This philosophy has been ingrained in our DNA since the time of our founding and by practicing BIOSTYLE management, we seek to create both social and economic value.

3 main strategies underpinning BIOSTYLE

• Redeveloping Keihan areas

Here, I would like to touch upon our new main strategies. The first—redeveloping Keihan areas—involves urban development that leverages the local attributes of an area with stations as the focal point, as well as pursuing area management in collaboration with the community. By connecting everything through the transportation network, our strategy aims to enhance the value of areas along our lines and attract more residents and visitors. The Keihan Group has long played a part in modernizing and contributing to the prosperity of the communities along its railway lines by connecting the towns of traditional thoroughfares. However, the time has now come to redevelop and revitalize the areas along the lines that were opened up during Japan's post-war economic growth period. As a young boy myself, I was impressed by the sight of rapid transformation in my neighborhood, especially the train tracks being built overhead and the establishment of new shopping malls. I am confident that all of the projects currently underway will generate plenty of excitement and smiles in the community—something I am eagerly looking forward to seeing.

From FY2024 through FY2026, a series of large-scale projects

along Osaka's east-west axis will be completed. In Nakanoshima, the construction of an international hub for future healthcare will be completed, while in Midosuji, the area's tallest office building incorporating the latest environmentally friendly technology will open its doors. Also, the long-awaited redevelopment project in the Hirakatashi Station area is slated for completion in FY2025, integrating a large commercial facility, offices, a hotel, and a rental residential tower with the station building.

Furthermore, the Osaka IR (integrated resort) is scheduled to open in 2030, so the areas along the Keihan Railway lines will not only welcome tourists from around the world, but they have the potential to offer new employment opportunities and attract foreign companies. We certainly hope to make the most of this opportunity to put into practice our management vision of "Be the beautiful Keihan areas and the global Keihan group."

• Co-creating experience value

In our second main strategy—co-creating experience value—we will look to jointly create captivating experiences together with local communities, promote sustainable tourism, and focus our efforts on developing theme-based tourism to deliver narrative-driven tourist experiences with the overall aim of increasing visitors and repeat visitors from both within Japan and overseas.

For example, we plan to establish a so-called "golden route" for sightseeing in Kyoto, starting in the popular Rakuho district and continuing through Higashiyama to Fushimi and Uji. This route has no shortage of appealing assets, such as traditional industries, art, cuisine, history, and nature. We hope to create experiential value unique to the Keihan Group. As part of this initiative, we are participating in a project spearheaded by teamLab Inc. in an area southeast of Kyoto Station, which involves the opening of a cultural-arts complex in FY2025 designed to connect the local community with the world through art. Also, in the run-up to the World Expo 2025 in Osaka, the utilization of mobility as a service (MaaS) will enable visitors to explore the Kansai region conveniently and comfortably, so we intend to thoroughly communicate the charm of the tourist resources along the Keihan Railway lines during this time.

• Conserving the global environment

Our third main strategy—conserving the global environment—is particularly focused on measures to fight global warming. More specifically, we are endeavoring to reduce our energy consumption by accelerating the adoption of energy-efficient train cars and electric buses and by acquiring environmental certifications and the like for newly developed buildings. We have also started to generate our own energy and procure renewable energy with the use of solar power generation equipment. The GOOD NATURE STATION, a commercial complex in Kyoto, has already been operating essentially with 100% renewable energy since FY2024. Even when developing our products and services, we will continue to think about what aligns with a decarbonized society and provide solutions in step with the times.



Balanced business portfolio

When I joined the Company, the Keihan Group was in the process of diversifying its businesses, but the railway business was still capturing the large share of revenue, to the extent that in extreme terms, the other businesses were nothing more than supplementary to railway operations. However today, even though the railway business is still at the core of the Keihan Group, we have built a well-balanced business portfolio that benefits from synergies between businesses because the transportation, real estate, retail distribution, and leisure & service businesses have all grown and become more independent. The real estate and hotel businesses are expanding their operations not only along the Keihan Railway lines, but also nationwide, guided by the brand image of "Safety & Security" forged by the railway business since the time of our founding. With the stable cash flow from the railway business, plus the revenue generated from real estate and other businesses, we are now getting ready to allocate capital to new growth investments.

Business-specific strategies

Next, I would like to discuss our initiatives in each business. In the transportation business, we will further hone our commitment to "Safety & Security"—the foundation of our existence. We are collaborating with the government on a continuous grade separation project on the Keihan Main Line between Neyagawa City Station and Hirakata City Station. These works will eliminate 21 railroad crossings, prevent accidents and traffic congestion, and improve the safety and comfort of stations for passengers. At the same time, we plan to make effective use of the space under the elevated railway tracks. In addition, we have plans to install platform screen doors at four stations, including Hirakata City, by 2025. Meanwhile, with the aim of generating fresh demand, we plan to increase the number of Premium Cars that offer a high-quality travel experience. To attract overseas tourists, we will make an effort to improve convenience mainly by utilizing

Management message

COO message



MaaS and introducing QR code-based tickets.

Whereas the focus of the real estate business was previously on the Keihan Railway lines, we are now stepping up its expansion beyond those areas. Capitalizing on the sense of security and trust becoming of a railway company group, we add value to properties acquired at fair price and we have accumulated the know-how of recouping investment capital in a relatively short period of time. Going forward, we will expand our business areas beyond the three major metropolitan regions of Japan to regional urban areas, such as Sapporo, and pursue the acquisition of land for built-for-sale condominiums and detached houses, as well as rental properties. Moreover, we are diversifying this business by actively undertaking the development and acquisition of non-residential real estate assets like hotels, office buildings, and logistics facilities. For instance, we have acquired an office building in Kumamoto. Also, to complement our land rezoning projects and large-scale condominium redevelopments, we are considering expanding our operations overseas. Given that we have steadily built up a track record in the real estate business and our profile has increased outside the Kansai region, I sense that momentum for further business growth is building.

In the retail distribution business, we will focus on providing new consumer experiences tailored to diversifying lifestyles. For instance, we are gradually transforming our in-station convenience store "Anthree" into new-style food market that offers unique and quality food called "Moyori-ichi." In fact, our in-house made *bento* boxed lunches and bread products have earned rave reviews already. We will also look to broaden revenue opportunities primarily by developing health-oriented products, expanding mobile supermarket service, and establishing tourism commerce in the Kyoto area, as well as around Mount Hiei and Lake Biwa.

In the leisure & service business, we are working to open new hotels and enhance the added value of existing hotels. The Hotel Keihan Namba Grande, which opened in March 2023, not

only serves as a base for business trips and sightseeing, but it also offers concept rooms in which guests can relax like they would in their own home. Also, at THE THOUSAND KYOTO and Biwako Hotel, we are taking steps to provide more added value by offering special accommodation plans that contribute to the SDGs, as well as various other memorable experiences. In addition, by adopting smart technology in our hotels, we are actively seeking to improve convenience, strengthen digital marketing, and streamline/automate operations.

In other businesses, we will aim to raise awareness and expand sales channels of such brands as GOOD NATURE STATION which embodies our BIOSTYLE concept, the NEMOHAMO line of organic cosmetics, and the patisserie brand RAU. At the same time, we will drive new product development and store openings. In November 2023, we opened the flagship store for the NEMOHAMO brand in Tokyo's Marunouchi district.

Developing workplace environments where employees can work actively

So that we can continue to create new value, it is imperative that we maximize the potential of our diverse workforce, develop workplace environments in which employees can play an active role, and foster a culture conducive to challenges and innovation. We therefore established a Human Resources Strategy Committee in July 2022 to discuss the topics of work engagement and the utilization of a diverse workforce with a view to enhancing the value of human capital. The outcomes of those discussions have been incorporated into the current medium-term management plan as a human resources strategy and will be promoted as one aspect of a stronger management base.

Particularly when it comes to the pursuit of realizing our management vision, we have long upheld the basic policy of ensuring "safety and challenges." Our employees already have a strong awareness of safety and security, therefore, what we want to see from them now is an enterprising spirit, or in other words, boldly taking on new challenges with a broader vision. That said, it will be important to not just encourage employees to take on challenges, but to ensure that the initiatives in each business and division are genuinely challenging. For example, redevelopment projects that hinge on the involvement of a variety of stakeholders could be considered challenging in terms of each undertaking. Moreover, introducing pioneering services, such as our Premium Cars, and communicating to the world our BIOSTYLE concept from GOOD NATURE STATION in the Shijo district of Kyoto, are major challenges for the future of the Keihan Group. As for enhancing the value of human capital, I believe it is crucial for employees to act on their own initiative and participate in challenging projects with an attitude of moving one step, or even half a step, ahead. I feel encouraged by the fact that enthusiasm among employees for taking on challenges is much stronger than in the past.



Targeting record-high profit in FY2026

We forecast inbound tourist demand to surpass pre-COVID levels ahead of the World Expo 2025 in Osaka. We therefore have our sights set on posting record-high operating income of 34 billion yen in FY2026, the final year of the current medium-term management plan, by advancing the main strategies I just mentioned. Also, a sound financial position is essential for effectively executing investments for sustained growth. For the purpose of implementing a management style geared towards maintaining financial soundness and improving capital efficiency, we aim to achieve EBITDA (operating income + depreciation) of 58 billion yen, a net interest-bearing debt/EBITDA ratio of 6.0 level, and ROE of 7%.

In our rough estimate for the allocation of funds, we assume a three-year operating cash flow of 130 billion yen. We plan to allocate a total of 100 billion yen to growth investments, broken down as 70 billion yen to our main strategies and 30 billion yen to such areas as demand creation in the railway business, the development and acquisition of real estate, strengthening the retail distribution business, and enhancing the added value of hotels. In addition, we have earmarked 40 billion yen for M&As, alliances, and other strategic investments, and 60 billion yen for investment in maintenance and renewal. Our basic shareholder returns policy is to keep paying a stable dividend in accordance with financial results. For the fiscal year ending March 31, 2024, we plan to pay a dividend of 35 yen per share (pre-COVID-19 level). We will aim to pay dividends at or above this level in the future.

Also, our FY2031 quantitative targets are operating income of at least 43 billion yen, profit attributable to owners of parent of 30 billion yen or higher, EBITDA of at least 70 billion yen, a net interest-bearing debt/EBITDA ratio of 6.0 level, and an ROE of around 8%.

Our businesses and personnel are much more resilient now than during the period from FY2021 through FY2023 when we bore the brunt of the pandemic, and considering the return of customers, including overseas tourists, our intention is to set about achieving the aforementioned quantitative targets ahead of schedule. The FY2031 ROE of 8% can be considered our minimum target.

Be the beautiful Keihan areas and the global Keihan group

I believe the areas along the Keihan Railway lines are treasure troves of world-class history, culture, and scenery. It is for this reason that I have a particularly strong desire to maximize the value of the towns and sights in this region, with the hope that many people will visit, live in, and invigorate the area. I want to create a virtuous cycle in which the energy of the Keihan Railway makes everyone happy, ultimately increasing the corporate value of the Keihan Group. I also want the Keihan Group to welcome many overseas visitors, connect with the world, and become a corporate group that expands its operations worldwide. This vision remains utterly unchanged from before the onset of the pandemic.

Of all the industries in Japan, the Keihan Group's industry sectors faced some of the most challenging situations during the pandemic, but thanks to the dedicated efforts of our employees and the support of our business partners and numerous other stakeholders, we were able to overcome this unprecedented crisis quickly and move towards a phase of renewed growth. On this occasion I would like to express my heartfelt gratitude to everyone. I hope all stakeholders have strong expectations for the growth of the Keihan Group and I look forward to their continued support in the future.



Deepening
the BIOSTYLE concept
based on
“safety and challenges”

Yoshifumi Kato

Representative Director & Chairman,
CEO, Chairman of the Board
Keihan Holdings Co., Ltd.



Kazutoshi Murao

Director
Keihan Holdings Co., Ltd.



What are the key points in realizing our long-term vision for 2050?

Kato Ever since I became President in 2011, there is something that I have been continually saying, that is: “safety and challenges.” It may seem contradictory at first glance, but given that our founding business is the railway, safety is an eternal topic that we can never compromise on, and something that we will always prioritize before anything else. On top of that, in order to achieve sustained growth, we have continued to diversify our businesses with the aim of being a large, reputable company and becoming “Keihan as First Choice.”

However, Japan’s birth rate is declining and the population is aging and shrinking at an unprecedented speed. Moreover, the innovation of digital technology is dramatically transforming people’s values and lifestyles. To achieve sustained growth of the Keihan Group in the face of this operating environment, I believe competing on substance by, for example, enhancing the added value of our businesses, is far more important than pursuing quantitative growth. And if we are to compete based on substance, it is critical that we do not passively respond to change, but instead create value ourselves in anticipation of change.

In that sense, upon closer consideration, the idea of becoming “Keihan as First Choice” also reflects a passive mindset. If we do nothing, the current market is inevitably going to shrink. I therefore believe that unless we take matters into our own hands and adopt an aggressive approach, we will have no future. Still, I think my repeated calls for employees to challenge themselves have proved worthwhile because I get the feeling that a change in mindset towards proactively creating value has really taken root in the Company.

Murao The Keihan Group’s operations are based in areas that can be aptly described as the treasure trove of Japan; Osaka is a bustling mercantile city, Kyoto is steeped in history and traditions, and Shiga Prefecture and Lake Biwa are rich in natural beauty. The Company has formulated a long-term vision to provide new value to the region’s residents and visitors, and by backcasting from that vision, it has also developed an appropriate management strategy. It also has the brilliant BIOSTYLE concept to help solve social issues—an approach to value creation that gets full marks from me.

In particular, attracting more overseas tourists will be key to the development of the Kansai region economy, and by extension, the Japanese economy, and because the Keihan Group’s contribution impact in this regard can be really significant, I hope it will continue to actively create value for the local areas and tourism along the Keihan Railway lines and communicate the value to the world. In other words, I want to see the group enhance its corporate value in a sustained manner in line with the management vision of “Be the beautiful Keihan areas and the global Keihan group.”

Management message

Discussion: CEO + Outside director

What is your view of the Keihan Group's value creation?

Kato Again, "Safety & Security" is at the root of the Keihan Group's value creation, so our approach is to respond firmly to the demands of society, for example to help prevent global warming, while at the same time maximizing the value of mainly the Keihan Railway lines. In that context, what Mr. Murao just mentioned about enhancing the appeal of the Keihan Railway lines from a global perspective and welcoming many inbound visitors from around the world is a major growth driver for the Keihan Group. That is why it is important that we dare to embrace unprecedented challenges that are not just extensions of past endeavors in order to create new impressions and, in a good sense, new surprises. Fortunately, I think there is more than enough potential for this along the Keihan Railway lines due to the rich tapestry of history, culture, and scenery.

On the other hand, the group's core railway business is an inseparable part of the local community, which is why the Keihan Group tends to be seen as a very domestic corporate group. However, the various businesses that have evolved from the railway are now leveraging their know-how even in other regions and contributing to business growth beyond the Keihan Railway lines. For instance, the real estate business has already established a presence in not only the Kanto region, but also in Sapporo, Nagoya, and Okinawa, and it is even expanding overseas in the US and Asia. While our background is certainly domestic, we are not necessarily limited to certain regions, so for that reason we are seizing on every possible business opportunity.

Murao Even along the Keihan Railway lines the population is in decline, and earnings will taper off if the group continues to rely solely on the railway business, which is why the Keihan Group is significantly transforming itself by focusing on the three main strategies of "Redevelop Keihan areas," "Co-create tourism opportunity," and "Create relatable content." To be honest, before I assumed my position as an outside director, I had an impression that the Keihan Group was dependent on the railway business for the majority of its revenue. However, the fact is that the transportation business accounts for around 25% of operating income, while the real estate business is close to 50%. Despite this, the Keihan Group does not hesitate to invest in safety measures and improvements to convenience in the railway business. It is also leveraging the consideration for people and society, as well as the meticulous standard of service, honed in the railway business and turning them into strengths to further diversify its business portfolio. This, in my opinion, is an aspect of the Keihan Group's value creation that is worth mentioning. I believe that deepening this approach to further evolve the BIOSTYLE concept is the next stage for the group.



Please briefly summarize the initiatives implemented during the so-called emergency response period.

Kato In 2018 we announced our management vision and also kicked off the previous medium-term management plan, "Create Living, Community, and Excitement," as part of the long-term management strategy that we formulated at that time. We made smooth progress on the plan up until FY2020, including the opening of our flagship hotel, THE THOUSAND KYOTO, in front of Kyoto Station. We also achieved most of our earnings targets. However, we were forced to bring the medium-term management plan to an end in FY2021 because people's movements decreased significantly owing to the impact of the COVID-19 pandemic, which also triggered sudden changes in consumer behavior. We therefore designated the period from mid-FY2021 through to FY2023 as a time to urgently respond to the rapid changes occurring in the operating environment. During the period, in addition to "Safety & Security," we narrowed down our projects and emphasized "Structural Reform" to adapt to people's changing behavior. Also, because BIOSTYLE, which we had continued to promote since 2014, had gained traction, we once again placed the concept at the center of our activities to propel various initiatives. To sum up, despite some things coming to a standstill, including the postponement of large-scale projects, I believe we were able to successfully establish a structure with which to launch a counteroffensive during the stage of renewed growth in the with/post-COVID era.

What discussions in particular took place when the new long-term management strategy was being formulated?

Kato A significant amount of time was certainly taken up by discussions on how to incorporate BIOSTYLE into each business. BIOSTYLE is an initiative of the Keihan Group to

create products, services, and businesses that can increase people's life value and solve social issues at the same time. In order to promote it, we have established some action guidelines to question whether our projects are good for health, the mind, communities, society, and the earth. You could say they are a simple representation of the Keihan Group's values. Based on these guidelines and the criteria of whether a project is good for Keihan brand and good for Keihan business, we actively engaged in discussions about whether our current and future undertakings can truly be considered good businesses and whether employees can resonate with the BIOSTYLE concept and proactively take action.

Murao Partly because of my background in telecommunications and the fact that I currently serve as the chair of the Kansai Economic Federation's Digital Transformation Committee, during the discussions about how to deepen the BIOSTYLE concept, I made various comments particularly about the "smartification" of businesses. For instance, I proposed the adoption of a metaverse for a planned shopping mall renovation and a mechanism to guide customers from a virtual shopping mall to brick-and-mortar stores. In addition, I provided advice on a system for the Hotel Keihan Namba Grande, which opened in March 2023, to enable guests to complete hotel check-in, check-out, and other services entirely on a smartphone in anticipation of demand from overseas visitors for consecutive night stays. I also recommended that the Company should look to collaborate with startups and other companies that have innovative ideas instead of going it alone on such ideas and technologies. These proposals of mine have been reflected into the medium-term management plan.

Which key elements of this medium-term management plan are you particularly focused on?

Kato Several large-scale facilities are slated for completion by 2025. In particular, the redevelopment project around Hirakata Station scheduled for completion in 2024 is a long-awaited project at the head office location on the register ever since the company's founding. The refurbishment of Hirakata Station in 2018 was the starting point of this project, underpinned by the thinking that the station is the face of the town, and if the station changes, so too will the town. That is why we aimed to carry out "Community building starting from railway stations." We therefore sought to partner with Ryohin Keikaku Co., Ltd., the retailer of the globally recognized Muji brand, which has a lot in common with the BIOSTYLE concept, for the design of the station renovations. The rebuilding was completed successfully and received widespread acclaim with the integration of the station and commercial facilities projecting the BIOSTYLE image mainly through warm wood-grain flooring and an open skeleton structure.



However, we are not satisfied with this alone. We are considering how to further utilize the station to create value. In actual fact, we have been examining how to effectively use company-owned land for more than 30 years now and we always wanted to build a facility that would become the face of Hirakata, a city with a population of 400,000. This led to the proposal of a redevelopment project from Hirakata City, and as a result, we are now constructing a high-rise mixed use complex with commercial, office, hotel, residential, and government facilities on land we partially own (section 3). I am confident that this building will be embraced as a symbol of the new Hirakata by both local residents and visitors from around the world.

For the residential portion of the complex, our plan is to provide rental apartments instead of built-for-sale condominiums. Even though we could quickly recoup the funds used to finance the project if we would sell the apartments in lots, we were concerned that the facility might be viewed as an investment property. We feel strongly about attracting the younger generation in the working prime of their lives to Hirakata, thereby contributing to the revitalization of the area. Rather than recovering capital in the near term, we want to adhere to the BIOSTYLE concept of doing something "good for locals" and ensure that people live in the apartments.

Murao I think the idea of "Community building starting from railway stations" is a departure from the passive stance mentioned earlier by Mr. Kato and a symbolic initiative through which the Company creates value itself. On top of that, it is not just about attracting more people to the area to generate profits; it is about working closely with the community, building long-term relationships with more people, and sticking to BIOSTYLE management. This project certainly has my full support and captures the essence of what long-term value creation is all about.

Discussion: CEO + Outside director



Mr. Murao, what do you pay particular attention to when monitoring management from an external point of view?

Murao Considering that the railway business consumes a lot of electricity, efforts toward decarbonization and guaranteeing safety are areas that cannot be overlooked.

Kato Trains are an environmentally friendly mode of transport because of their superior energy efficiency compared to other options. However, as you mentioned, the Keihan Group operates commercial facilities and hotels in addition to transportation services such as railways and buses, all of which require a substantial amount of energy. It is our responsibility to contribute to global environmental conservation, not only through the adoption of energy-efficient equipment and renewable energy sources, but also by reducing waste and effectively utilizing water resources. We therefore plan to establish concrete targets, including what to do and when to complete, to address these very important issues.

Murao I also pay close attention to human rights. Violations of human rights are often challenging issues that do not come to the surface so easily. This is because in many cases, people choose to remain silent or pretend not to know. However, the reputational damage when such a culture is exposed is unfathomable. Given that the Keihan Group operates different businesses with a very wide range of business partners, it must remain vigilant about human rights risks. Even if there is no direct involvement, any violation of human rights being left unaddressed in the supply chain could seriously harm the Keihan brand. This is why I examine the entire supply chain to make sure that audits related to human rights are being properly carried out, by checking for abnormally long working hours, for example.

In addition to this kind of risk management, owing to the rapid pace of changes in values and technological innovation, I also question whether the company's current strategies are really appropriate in light of the changes in society, and if a review is necessary. With the World Expo in Osaka approaching in 2025,

the major railway companies in the Kansai region, including Keihan, jointly established the Kansai MaaS Council and recently released a smartphone app called KANSAI MaaS. This app does more than just search for train routes; it has multiple functions to provide users with information about events and experiences happening in different locations. As I have been mentioning, the uptake of smart technology is evolving beyond our imagination in all facets of society, so I believe one of my most important roles is to ensure that the Keihan Group stays abreast of these trends by providing oversight and advice as necessary.

What do you think is most important in order to nurture employees ready to take on challenges?

Murao For the Keihan Group's employees to actively embrace the challenge of creating value, I think workplace environments in which frontline employees can work actively are key, but at the same time, a sense of tension is also required in order to uphold "Safety & Security." This indeed is the balance of "safety and challenges" that Mr. Kato mentioned early on in this conversation and in my opinion, it is highly commendable that the Keihan Group has achieved that balance.

Kato To nurture employees with a mindset for challenges, the Company must first demonstrate that it is ready to take on challenges itself. Essentially, it means showing a willingness to take on challenges with specific projects. In that sense, even in the Hirakata Project we discussed earlier, we engaged in a co-creation initiative with Ryohin Keikaku and undertook numerous other challenges. Beyond that, in all of the various projects the Keihan Group is currently pursuing, we must clarify what kind of future we are envisioning, what the challenges are, and for what purpose. In doing so, we can nurture those that will follow in our footsteps by ensuring they comprehend what we are trying to do.

Strategies for value creation

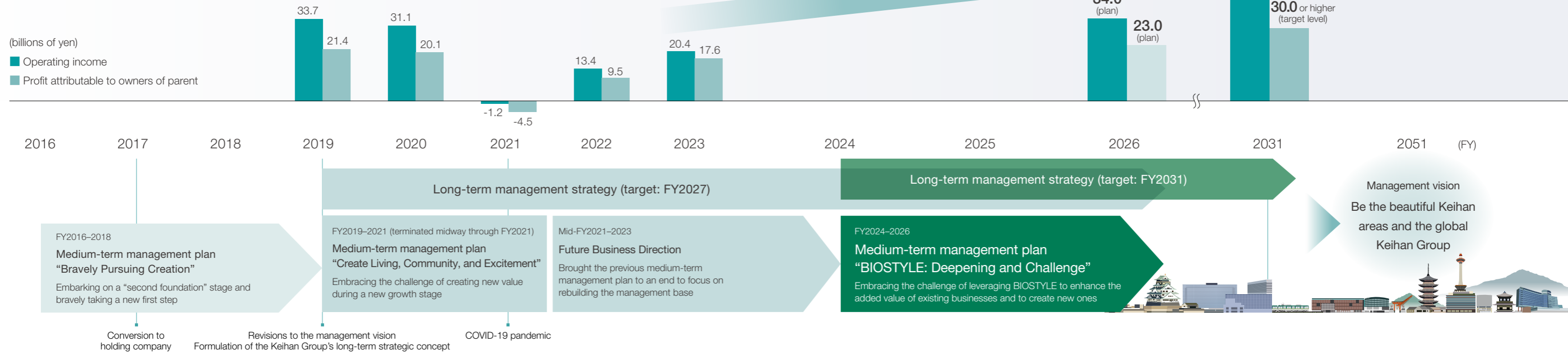


- 29 Overview of long-term management strategy and medium-term management plan "BIOSTYLE: Deepening and Challenge"
- 33 Long-term management strategy: Overview of main strategies
- 36 Special feature
 - Long-term management strategy
 - Redevelop Keihan areas
- 37 Business overview and medium-term management plan strategies
 - 37 Transportation
 - 39 Real estate
 - 41 Retail distribution
 - 43 Leisure & service
- 45 Medium-term management plan:
 - Strategy for GOOD NATURE STATION /
 - Strengthening the management base

Strategies for value creation

Overview of long-term management strategy and medium-term management plan “BIOSTYLE: Deepening and Challenge”

With the aim of being a corporate group that can continue to grow in a sustained manner in the future even after the COVID-19 pandemic, the Keihan Group has formulated, and is currently implementing, a long-term management strategy and medium-term management plan.



Background behind the formulation

May 2018: Formulation of management vision for 2050 and long-term strategic concept

From a long-term point of view, various changes are predicted to significantly impact people’s lifestyles and values, as well as the business of the Keihan Group. For example, the saturation of the domestic market owing to population decline, intensification of competition between global cities, the evolution of IoT, AI, and other technologies, and different kinds of business schemes in the Kansai region, including the planned integrated resort. In this environment, we seek to transform ourselves into a group that can spark qualitative innovation in our businesses, stay one step ahead of changes and seize opportunities, and take on the challenge of creating value and expanding globally. To this end, in May 2018 we adopted a management vision for 2050, “Be the beautiful Keihan areas and the global Keihan group,” and formulated a long-term strategic concept comprising medium- and long-term strategies for realizing the vision.

Management vision for 2050

“Be the beautiful Keihan areas and the global Keihan Group”

- We will create value for towns and tourism and disseminate them to the world so that the areas along Keihan Railway lines which are rich in history, culture, and landscape will be chosen by more people as areas where they want to live and visit beyond countries and generations.
- We will create a beautiful life cycle in areas along Keihan Railway lines that brings fulfillment to the mind and body and contributes to the realization of a sustainable society, thereby expanding the ring of empathy to the world.
- We will attract many inbound tourists to the areas along our lines and take on the challenge to expand our business Asia-wide.

November 2020: Future Business Direction of the Keihan Group

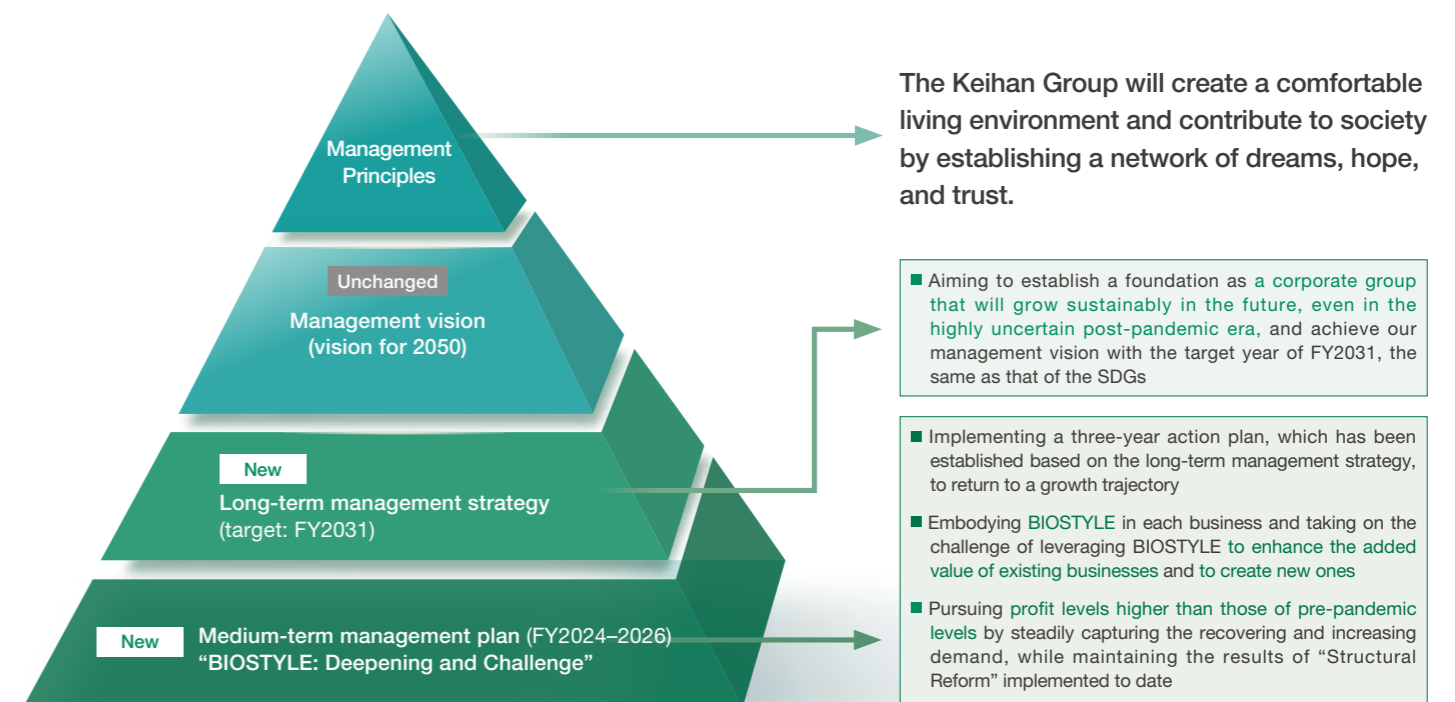
Owing to the COVID-19 pandemic, we decided to prematurely end the medium-term management plan “Create Living, Community, and Excitement” and, for the time being, take stock of the rapidly changing business environment. We focused on rebuilding our management base by implementing measures based on “Safety & Security,” “Structural Reform,” and “BIOSTYLE,” and pressed ahead with the main strategies of the long-term management strategy whilst also reviewing them at the same time.

By FY2023, our structural reform efforts to establish a system capable of responding to changes in demand had been mostly completed and we began to see signs of a normalization in social and economic activities.

March 2023: Formulation of long-term management strategy (target: FY2031) and medium-term management plan “BIOSTYLE: Deepening and Challenge” (FY2024–2026)

The external environment surrounding the Keihan Group is growing more volatile and uncertain, mainly due to increasingly intense natural disasters, Japan’s low birth rate coupled with an aging and shrinking population, and advancements in digitalization, not to mention the diversification of customer values and lifestyles brought about by the COVID-19 pandemic. Under these circumstances, the Keihan Group newly established a long-term management strategy and a medium-term management plan, designating FY2024 as the turning point for shifting from a COVID-19 emergency response phase to a renewed growth trajectory phase, in order to build a foundation for sustained growth with a view to realizing our management vision.

Keihan Group’s long-term strategic concept (FY2024 onward)



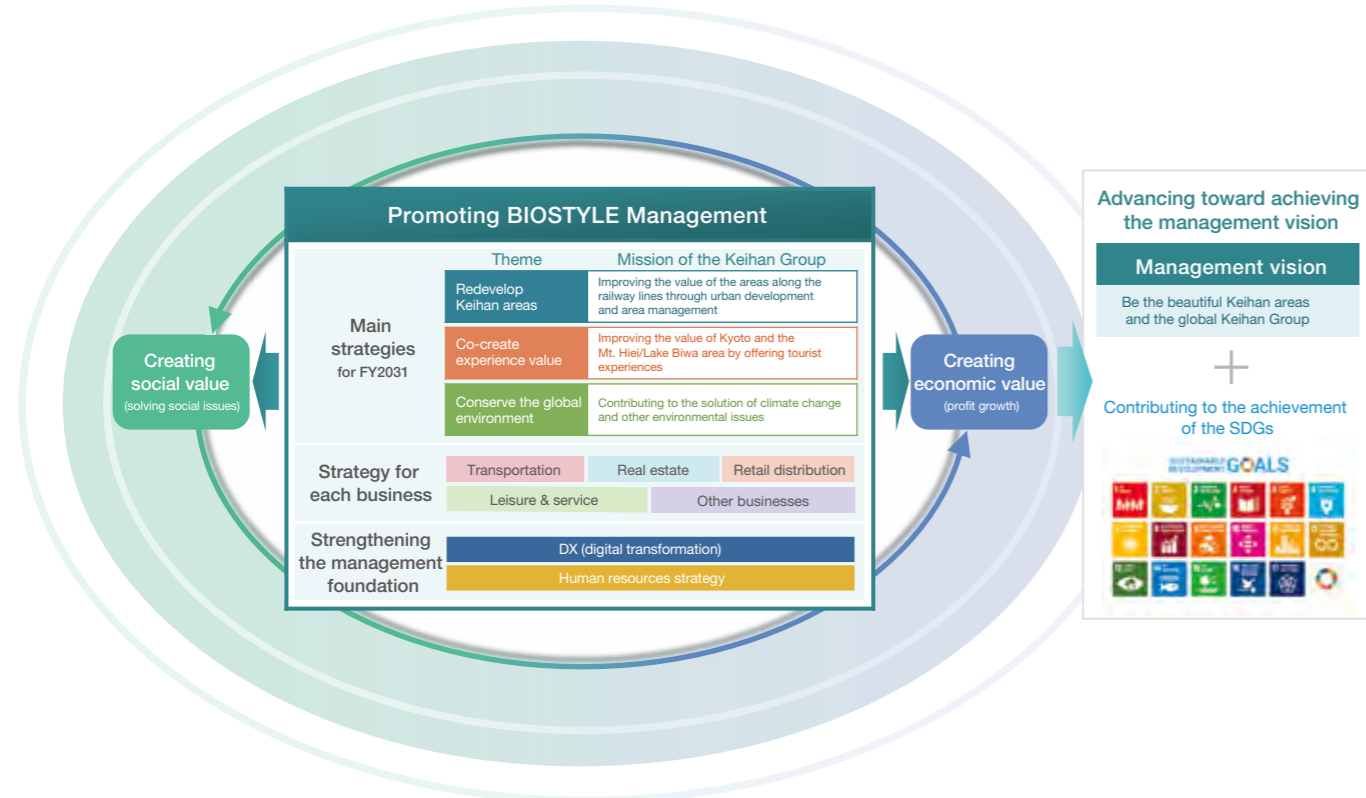
Strategies for value creation

Overview of long-term management strategy and medium-term management plan

“BIOSTYLE: Deepening and Challenge”

Overview of the long-term management strategy

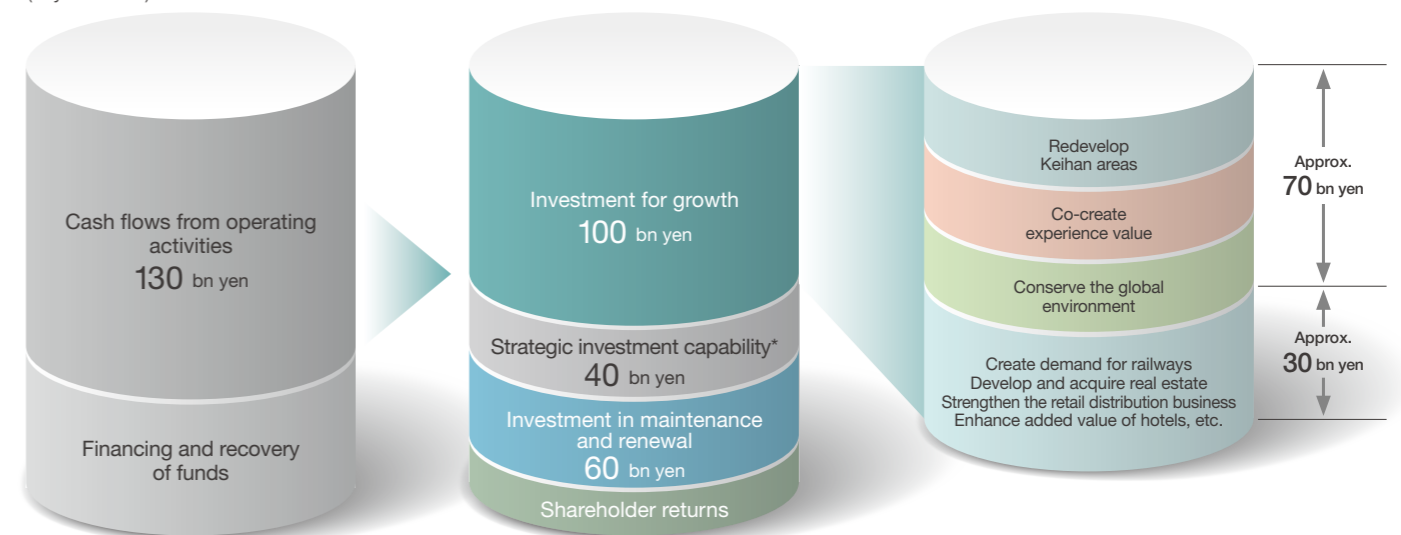
We will place “BIOSTYLE (Keihan version of the SDGs),” which we have been working to establish as the Keihan Group’s new brand for the creation of a sustainable, recycling-oriented society, at the core of management and business activities, and will promote BIOSTYLE management that creates both social and economic value.



Capital allocation in the medium-term management plan

- Aggressively invest in growth that contributes to the enhancement of corporate value and the Keihan brand, centered around the three main strategies of the long-term management strategy.
- For shareholder returns, continue to pay stable dividends in line with financial results and flexibly carry out share buybacks.
 - *Aim for an early resumption of a dividend of 35 yen per share (pre-COVID-19 level) or higher
- Take out loans and issue corporate bonds to secure funds while maintaining a balance with EBITDA.
 - *Targeting a net interest-bearing debt/EBITDA ratio of 6.0 level

(3-year total)



*Investment capability for M&A, alliances, etc.

What is BIOSTYLE?

BIOSTYLE is an initiative of the Keihan Group to create products, services, and businesses that can increase people’s life value and solve social issues at the same time. We started proposing and promoting BIOSTYLE even before the SDGs were set forth as common goals for the international community.

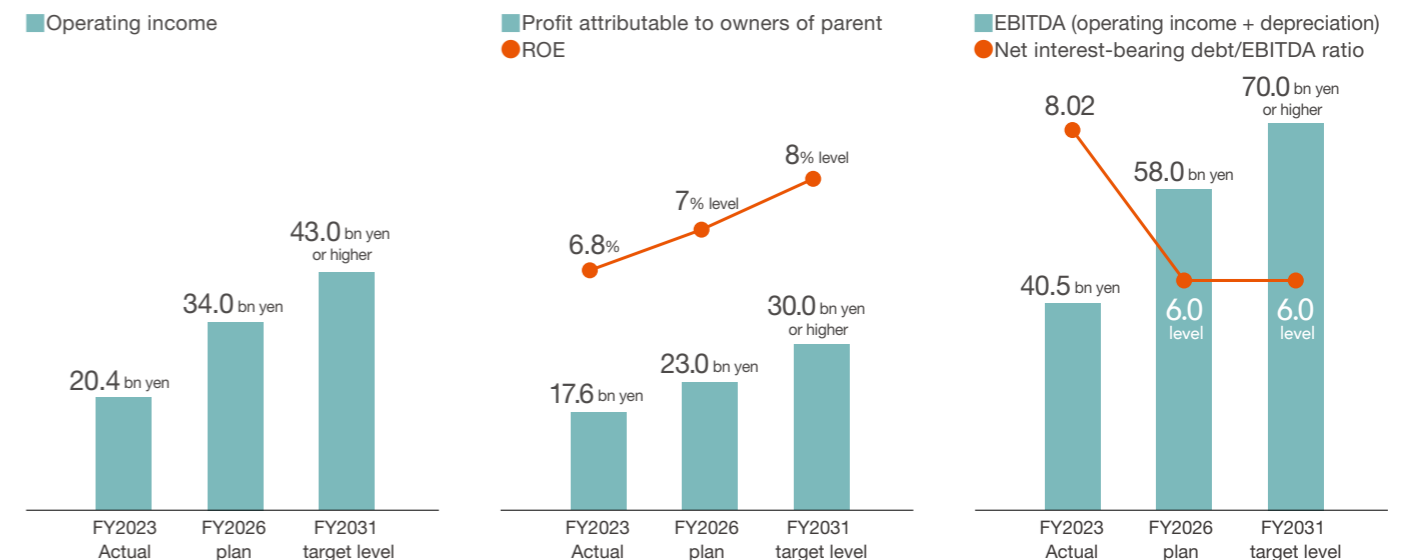
In 2020, we formulated a set of unique guidelines in order to promote the BIOSTYLE PROJECT throughout the group.

BIOSTYLE Guidelines

- GOOD for Health
- GOOD for Minds
- GOOD for Locals
- GOOD for Social
- GOOD for Earth
- GOOD for KEIHAN Brands
- GOOD for KEIHAN Business

Quantitative targets

During the period of the medium-term management plan, we will first aim to post profit levels higher than before the COVID-19 pandemic by reaping the benefits of mainly a recovery in domestic and inbound tourist demand, greater visitor numbers buoyed by the World Expo in Osaka, and the opening of large-scale projects, such as the Nakanoshima, Hirakatashi, and Yodoyabashi developments. Following that, we will aim to generate further growth with our long-term management strategy.



Strategies for value creation

Long-term management strategy: Overview of main strategies

We will promote the following three main strategies with a view to FY2031:

- (1) Redevelop Keihan areas; (2) Co-create experience value; and (3) Conserve the global environment.

Main Strategy **Redevelop Keihan areas**

Basic policy

Centered around railway stations, we will promote urban development featuring the characteristics of local history, culture, and industries, as well as area management involving local communities. By connecting with a traffic network, we will revitalize attractive and beautiful areas along the Keihan Railway lines to increase the value of, and attract more residents and visitors to, these areas.

1 Priority measure **Revitalizing Osaka's east-west axis**

Promoting urban development by taking advantage of regional characteristics along Osaka's east-west axis, from Kyobashi, the gateway to Kyoto and close to Osaka Castle, through Nakanoshima, which is planned to become a hub for regenerative medicine, to the bay area, where the integrated resort (IR) project is underway

A1 Nakanoshima 4-chome International Hub for Medical Innovation Project

Completion: FY2024
Total floor area: Approx. 57,000 m²

Contributing to the industrialization and globalization of medical innovation by developing facilities that promote the "circulation of knowledge" where people involved in medical innovation and cutting-edge information gather



A2 Own site development in Nakanoshima 4-chome

Considering joint development with adjacent landowners in anticipation of the opening of the Naniwasuji Line

B Joint reconstruction of Keihan Midosuji Building and Nittochi Yodoyabashi Building

Opening: Summer 2025
Total floor area: Approx. 73,000 m²

Building a high-standard office building, the highest in the area at 150 meters high, in Yodoyabashi, the gateway to Midosuji, with advanced eco-friendly technology



C Redevelopment of the Kyobashi Station area

Advancing discussions of the launch of development as a critical area for revitalizing Osaka's east-west axis

Redevelopment of the Temmabashi Station area and extension of the Nakanoshima Line

Deepening discussions with a view to 2030 and beyond

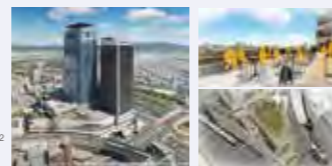


2 Priority measure **Community building starting from railway stations**

Concentrating urban functions around railway stations and continuously carrying out community building by taking advantage of regional characteristics in cooperation with local businesses and the community itself; bringing the station and the community together to create spaces where people gather and new communication arises

D Type-1 urban redevelopment project in Hirakatashi Station area ▶P36

Opening: Around summer 2024
Total floor area: Approx. 94,000 m²



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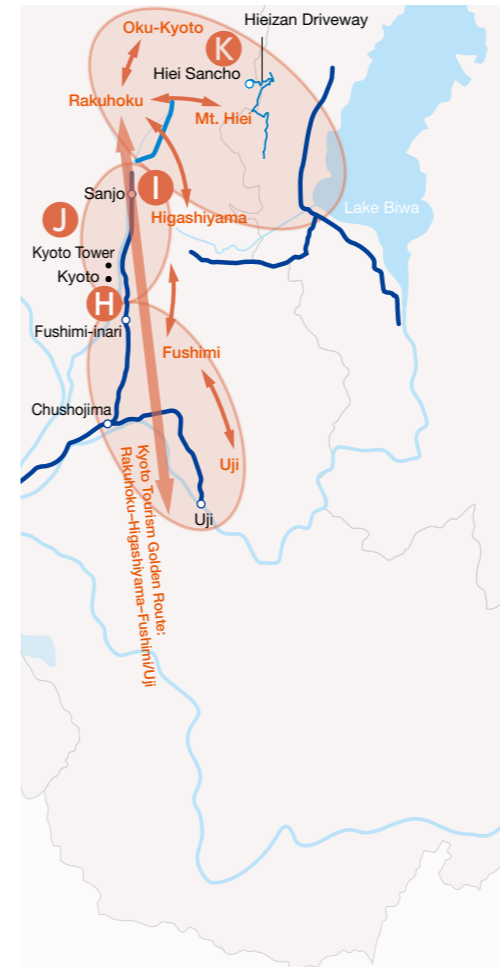
E Redevelopment of the areas in front of Kadomashi Station and north of Furukawabashi Station

Participating in projects such as the redevelopment of Kadoma Plaza, a commercial facility in front of Kadomashi Station, and the development of Kadoma City's first high-rise condominium, a commercial facility, and a large plaza open to the community on city-owned land north of Furukawabashi Station



F Station area development along with the continuous grade separation project on the Keihan Main Line (Neyagawa City and Hirakata City)

G Development of the Hashimoto Station area



2 Priority measure **Establishing the Kyoto Tourism Golden Route through themed tourism**

Establishing the Kyoto Tourism Golden Route by co-creating story-based tourist experiences with local communities under such themes as traditional industry, art, food, history, and nature, as well as by providing comfortable area-wide tours using MaaS and other methods in Kyoto and surrounding areas



Kyoto Tourism Golden Route: Rakuohku-Higashiyama-Fushimi/Uji

Co-creating tourist experiences with local communities in each area

Higashiyama-Kyoto Station Area
Theme: Traditional industry and art

Fushimi/Uji Area
Theme: Food and food-related tradition and culture

Mt. Hiei/Lake Biwa/Oku-Kyoto Area
Theme: History and nature

3 Priority measure **Creating tourism content that connects Kyoto and Osaka**

Creating tourism content that links Kyoto with Osaka, such as the old waterways called "Flow of Water" used for transportation that run from Lake Biwa to Kyoto and Osaka Bay via the Yodo River; encouraging use of the Keihan Line by creating and promoting unique tourism content, based on the theme of art, in cooperation with museums and other facilities in Kyoto and the Nakanoshima district of Osaka



Lake Biwa Canal



Cruise boat Himawari on the Yodo River

Main Strategy **Co-create experience value**

1 Priority measure **Developing new tourist bases**

Basic policy

We will discover and improve valuable resources mainly along the so-called "Kyoto Tourism Golden Route," and co-create attractive, experience-based content with local communities. By utilizing these for advancing tourism-based community building and themed tourism, we will promote sustainable tourism and increase the number of visitors, including repeat visitors, from Japan and abroad.

Developing tourist bases that will provide new options for visitors to Kyoto in the area southeast of Kyoto Station and the Sanjo area near tourist attractions in Higashiyama, among other areas

H Kyoto Station Southeast Area Project

Participating in a Limited Liability Partnership (LLP) led by teamLab Inc. to establish and operate a cultural complex that connects the area with the world with a focus on art
Opening: FY2025
Total floor area: Approx. 10,000 m²



I Redevelopment of the Sanjo Station area

Developing a complex facility in front of Sanjo Station to serve as a tourist base in Higashiyama and promote Japanese culture and the like

J Redevelopment of Kyoto Tower

Deepening discussions with an eye to the future beyond FY2031

K Renovating facilities at the top of Mt. Hiei

Renovating the facilities to make the area more attractive to tourists

Long-term management strategy: Overview of main strategies

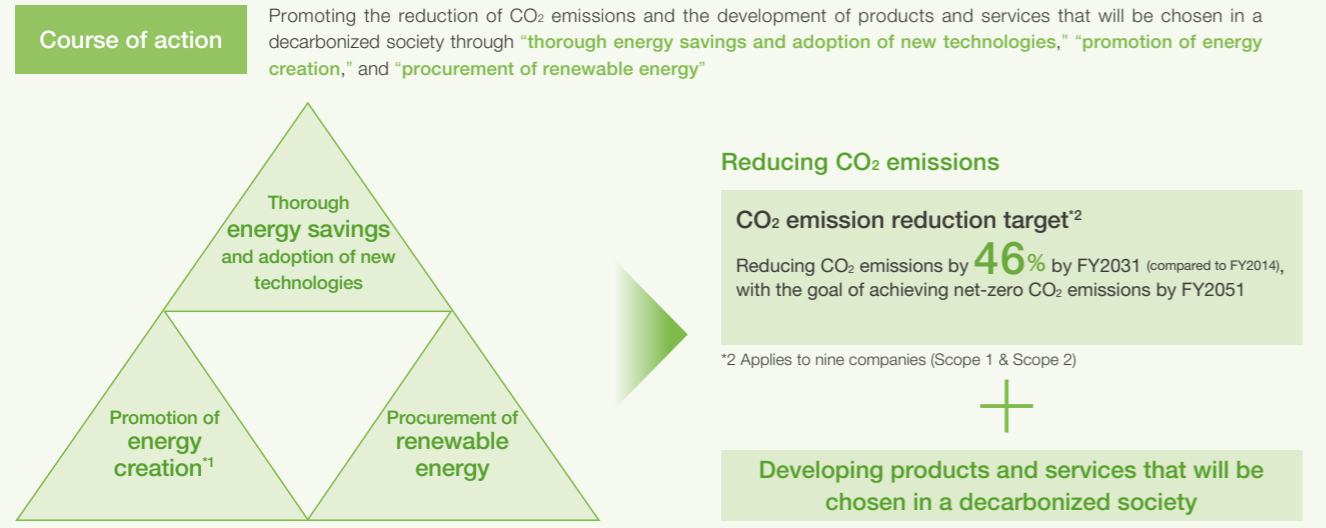
Main
Strategy

Conserve the global environment

Basic policy
To achieve our CO₂ emission reduction target, we will steadily reduce energy consumption through thorough energy savings and adoption of new technologies and consider promoting energy creation, such as PV power generation, and procuring renewable energy. We will also work on developing products and services that will be chosen in a decarbonized society.

Priority measure Promoting "BIOSTYLE Environmental Action 2030"

Promoting "BIOSTYLE Environmental Action 2030," the Keihan Group's medium- to long-term environmental plan announced in May 2022



^{*1} Introduction of PV power generation equipment, etc.

^{*}Other initiatives: Information disclosure measures
Promotion of a circular economy

Schedule of main strategies

| | | ← Period of the medium-term management plan → | | | | |
|----------------------------|---|---|---|--|---|---|
| | | (fiscal year) | 2024 | 2025 | 2026 | 2027 2031 |
| Redevelop Keihan areas | Nakanoshima 4-chome International Hub for Medical Innovation Project | | Completion | | | |
| | Own site development in Nakanoshima 4-chome | | | Under consideration and deliberations | | |
| | Joint reconstruction of Keihan Midotsuji Bldg. and Nittochi Yodoyabashi Bldg. | | | Opening | | |
| | Redevelopment of the Kyobashi Sta. area | | | Under consideration and deliberations | | |
| | Redevelopment of the Temmabashi Sta. area and extension of the Nakanoshima Line | | | Deepening discussions with a view to 2030 and beyond | | |
| | Type-1 urban redevelopment project in Hirakatashi Sta. area | | Opening of the area directly connected to the station | | Completion of the urban redevelopment project | |
| | Station area development along with the continuous grade separation project on the Keihan Main Line | | | Under consideration and deliberations | | |
| | Development of the Hashimoto Sta. area | | | Under consideration and deliberations | | |
| Co-create experience value | Redevelopment of the areas in front of Kadomashi Sta. and north of Furukawabashi Sta. | | | Completion of the area north of Furukawabashi Sta. | | The area in front of Kadomashi Sta. still under consideration and deliberations |
| | Kyoto Sta. Southeast Area Project | | | Opening | | |
| | Redevelopment of the Sanjo Sta. area | | | Under consideration and deliberations | | |
| | Redevelopment of Kyoto Tower | | | Deepening discussions with a view to 2030 and beyond | | |
| | Renovating facilities at the top of Mt. Hiei | | | Under consideration and deliberations | | |

Special feature
Long-term management strategy
Redevelop Keihan areas

Community building starting from railway stations
Redevelopment of Hirakatashi Station area



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Hirakatashi Station

Situated roughly halfway along the Keihan Line and with a population of approximately 400,000, Hirakata City is one of the designated "core" cities of Japan. Hirakatashi Station serves as a major terminal for the northeast area of Osaka Prefecture. Reviving the area around Hirakatashi Station is expected to have a considerable knock-on effect on the entire railway line.

Passenger throughput of Hirakatashi Station:
3rd busiest of the Keihan Railway
No. of bus services per day arriving/departing:
Approx. **1,000**

Type-1 urban redevelopment project in Hirakatashi Station area

In the late 1960s and early 1970s, the area around Hirakatashi Station was at the forefront of urban redevelopment projects and was quickly earmarked for intensive land use and urbanization. Over the years, some buildings in the area have deteriorated posing a risk to disaster prevention. Vulnerabilities in the transportation system have also been pointed out. As Japan's population will continue to age and shrink even further in the future, there was a growing demand to update the urban functions of the area to accommodate changing lifestyles and needs.



At the same time, we had been examining our own development plans for more than 30 years regarding the utilization of company-owned land around Hirakatashi Station. The aim was to optimize the area from various perspectives so that the development would help enhance the appeal of Hirakata City, a core city on the Keihan Main Line connecting Kyoto and Osaka.

Accordingly, we were approached by Hirakata City with a proposal on whether the area around the station, including company-owned land, could be developed in an integrated fashion as part of an urban redevelopment project to expand the station square. That led to our involvement in the redevelopment project for the purpose of enhancing the appeal of the area.

In March 2020, the Hirakatashi Station Area Urban Redevelopment Association was formed. The Keihan Group is currently developing a complex facility with commercial, office, hotel, residential, and government functions integrated into the station on land we own (Section 3). We commenced construction work in Section 3 in January 2021 and aim to complete the construction of buildings sometime in FY2025.

Four functions planned for Section 3

Commercial

Work is underway to create an attractive facility that will become the new standard for Hirakata. We will also create pleasant places to walk around that are conducive to various encounters and scenes. The building will be connected to the existing elevated railroad facility, with the second floor leading from the east gate of the station to the Amatsu Bridge over the Amano River.

Office

We are aiming to provide office spaces that foster high-quality communication, supported mainly by the integrated design and the enhanced attractiveness of the space.

Hotel

The hotel will have 139 rooms, as well as a banquet hall and restaurant. The top floor will feature an open-air "sky spa" bathing area. With a special emphasis on the design aspects, we aim to build a landmark hotel together with the local community that serves as a shining light.

Residential

Floors 5–29 will be a residential tower of around 200 apartments for rent, ranging in size from 30m² (1 bedroom) to 80m² (3 bedrooms). We aim to provide "the future of housing" to address the issue currently faced by Hirakata City, where the population of citizens in their 20s and 30s is smaller than the national average.



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Strategies for value creation

Business overview and medium-term management plan strategies

Transportation

We will create new demand and optimize operations while further improving “safety and security,” the foundation of the Keihan Group, to build a strong business structure.



Keihan Electric Railway 3000 series



Keihan Bus electric bus

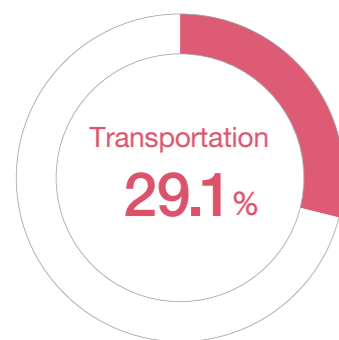


Hirakata Park

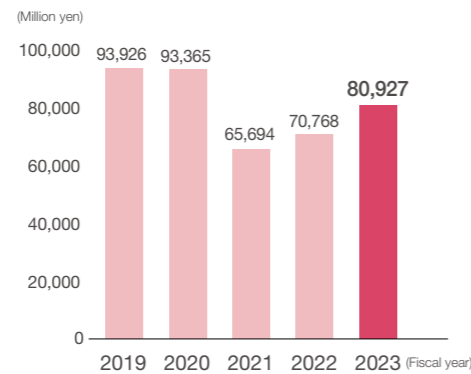
FY2023 management status

At Keihan Electric Railway Co., Ltd., we began railway construction for the Keihan Main Line (Neyagawa City, Hirakata City) continuous grade separation project. This project aims to resolve traffic congestion and railroad crossing accidents by removing 21 railroad crossings. It also aims to upgrade stations for safer and more comfortable usage. On August 5, 2022, we submitted a notification to the Ministry of Land, Infrastructure, Transport, and Tourism regarding our fare setting and maintenance plan utilizing the barrier-free fare system (to be added to fares starting April 1, 2023). Going forward, we will continue to maintain and update our equipment, including platform screen doors, to create facilities and environments that ensure our customers' safety and comfort. Our business performance showed an increase in passengers compared to the previous fiscal year. Our operating expenses were kept lower than pre-pandemic levels thanks to an efficient business management system that efficiently delivers necessary services. As a result, our transportation business operating revenue was 80,927 million yen, and our operating income was 6,885 million yen.

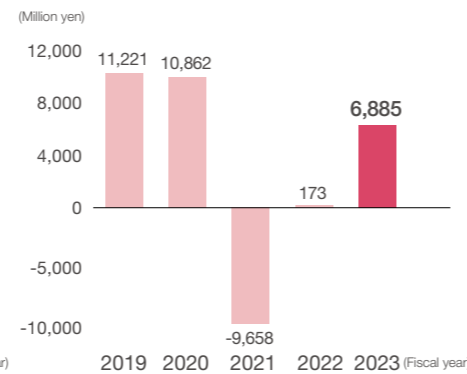
Operating revenue composition



Changes in operating revenue



Changes in operating income



* Since the start of FY2022, we have been implementing the Accounting Standard for Revenue Recognition and other standards.

Transportation

Keihan Electric Railway Co., Ltd.

Passengers: **243,608** thousand
 Passenger revenue: **43,085** million yen

Bus business

Passengers: **77,115** thousand*

* Keihan Bus Co., Ltd.; Kyoto Keihan Bus Co., Ltd.; Keihan Kyoto Kotsu Co., Ltd.; Kojak Bus Co., Ltd.; Kyoto Bus Co., Ltd.

Main measures for BIOSTYLE management in the medium-term management plan

Promoting more eco-friendly transportation business

- Driving the continuous grade separation project on the Keihan Main Line (Neyagawa City and Hirakata City) (eliminating traffic congestion by removing railroad crossings and reducing CO₂ emissions)
- Accelerating the introduction of eco-friendly 13000-series train cars at Keihan Electric Railway Co., Ltd.
- Introducing vehicles equipped with variable frequency drive (VFD) inverters and regenerative braking, remodeling existing vehicles with regenerative braking, and newly installing regenerative power storage equipment on Keifuku Electric Railroad Co., Ltd.



The groundbreaking ceremony for the continuous grade separation project

- Introducing more electric buses in the bus business (Keihan Bus, etc.)
- Promoting effective vehicle operation
- Converting lighting to LED lighting at stations and other railway facilities

Contributing to a decarbonized society and reducing costs while building a sustainable transportation system

Measures in the medium-term management plan

Further efforts for safety and security

Keihan Electric Railway Co., Ltd.

- Accelerating the introduction and updating of platform screen doors and other accessibility facilities



Platform screen doors will be installed on eight tracks in four stations, including Hirakata Station, by FY2026

- Installing on board security cameras on newly built or remodeled vehicles
- Driving the continuous grade separation project on the Keihan Main Line (Neyagawa City and Hirakata City) (enhancing operational safety by removing railroad crossings)

Transforming operations through the use of digital technology, etc.

- Encouraging the substitution and supplementation of labor through the use of IoT, AI, robots, etc.

Keihan Electric Railway Co., Ltd.



- Considering the expansion of driver-only operation
- Efficient operation of vehicles and railway facilities
- Promoting DX in maintenance operations, including Condition Based Maintenance (CBM)

Bus business

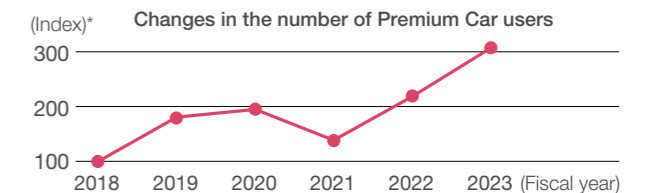
- Considering the introduction of self-driving vehicles

Providing special riding experiences on Keihan Electric Railway Co., Ltd.

- Increasing the number of Premium Cars to provide a quality travel experience in response to customers' changing lifestyles and growing needs for safe and reliable travel services



Premium Car



- Considering the introduction of sightseeing trains to attract more visitors to the areas along the railway lines

Capturing new mobility demand

- Implementing proactive marketing measures through collaboration between the railway and bus businesses to capture opportunities that are expected to create new mobility demand, such as the grand opening of the Kyoto Racecourse in FY2024, the World Expo in Osaka, Kansai to be held in FY2026, and the Osaka IR to be opened in Yumeshima
- Improving convenience for tourists by utilizing MaaS and introducing QR code tickets, as well as by strengthening collaboration with temples, shrines, tourist facilities, and transportation services along the railway lines in Kyoto, in order to attract inbound tourists

Examining the ideal bus office operation and routes

- Examining the ideal operation of bus offices and routes of each bus company, including the possibility of integration, with the aim of achieving efficient, sustainable operations for the business as a whole

Strategies for value creation

Business overview and medium-term management plan strategies

Real estate

We will promote the creation of comfortable and secure communities and residences, provide new products and services that meet customer needs, and expand business areas and asset types, thereby driving the Group's growth.



OMM



Fine Residence Hirakata Korien-cho

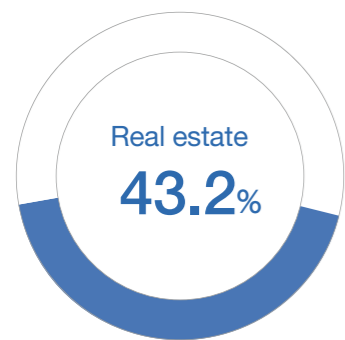


Keihan East Rose Town Midorigaoka Bright Garden

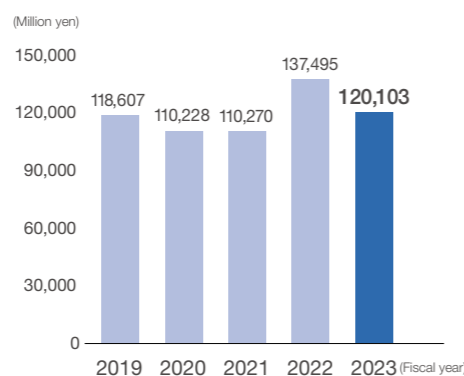
FY2023 management status

We began new construction on the Yodoyabashi Station East District Urban Revitalization Project as an advanced eco-friendly property. In our real estate sales business, we sold land lots and buildings such as The FINE Tower WEST COAST, Fine Residence Shin-Yurigaoka, and Keihan East Rose Town. In real estate leasing, we acquired the Keihan Nagoya Sakae-minami Bldg. and Keihan Kumamoto Bldg. (both of which were renamed following acquisition). Due to a decrease in sales from development projects in the previous fiscal year, our real estate business saw a reduction in operating revenue and operating income, with the former at 120,103 million yen and the latter at 17,555 million yen.

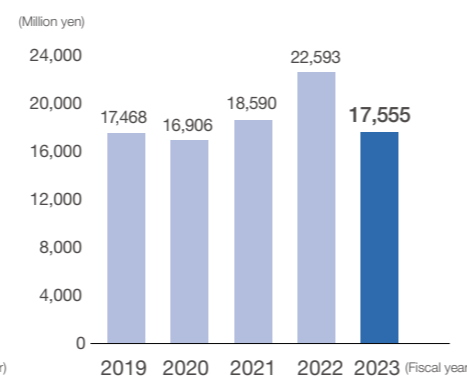
Operating revenue composition



Changes in operating revenue



Changes in operating income



* Since the start of FY2022, we have been implementing the Accounting Standard for Revenue Recognition and other standards.

Real estate

Leasing assets
245.3 billion yen

Annual number of condominiums sold
810*

Annual number of houses sold
557

* Number based on business share

Main measures for BIOSTYLE management in the medium-term management plan

Strengthening the housing regeneration business

- Enhancing detached housing development in urban districts utilizing vacant houses and land
 - Contributing to the regeneration of urban districts along the railway lines that are due for renewal/redevelopment by utilizing our technology and know-how of house building cultivated in Kyoto, a unique city in Japan
- Participating in condominium reconstruction projects
 - Accumulating rebuilding know-how by promoting apartment complex rebuilding projects based on the Act on Facilitation of Reconstruction of Condominiums, so as to secure profits in the future



Promoting sustainable community building that circulates residents and generations

Measures in the medium-term management plan

Developing products and services that meet diversifying values and lifestyles

Real estate sales

- Developing and marketing environment-conscious houses and offices, such as ZEHs and wood-frame buildings



ZEH (Net Zero Energy House)



Rendering of the "Fine City Sapporo URBAN FORWARD" ZEH condominium (ZEH-M Oriented)

Real estate leasing

- Increasing service locations in the workplace rental business

Gradually expanding from the current two locations (Kyoto Station and Temmabashi)



ServiceOffice W Kyoto Ekimae



ServiceOffice W Temmabashi

Promoting development projects utilizing urban development methods

- Proactively participating in urban development along the railway lines and in other areas, including land readjustment projects in Shimokoma, the Yawata IC south area, and Rakusaiguchi



Expanding domestic business areas and asset types in the real estate sales and leasing businesses

- Promoting the acquisition of land for development and rental properties in the three major metropolitan areas as well as in highly advantageous core cities in other regions
- Developing and acquiring non-residential real estate assets that match the areas and needs in anticipation of future shrinkage of the domestic housing market

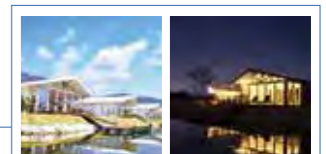
Area expansion



- Developing and acquiring non-residential real estate assets
- Hotels
- Offices
- Logistics facilities, etc.

Effective utilization of owned properties

- Promoting large-scale development, renovation, and conversion of unused land and old or deteriorating properties



As part of this initiative, Everglades Bivako (a glamping facility) opened in April 2021 in Omi Maiko. Further development will be explored and promoted in the future.

Major upcoming projects

- Land in Omi Maiko (Otsu City, Shiga)
- Land in Deyashiki, Hirakata City (Hirakata City, Osaka)
- JCB Sapporo Higashi Bldg. (Chuo-ku, Sapporo City, Hokkaido)

Overseas business expansion

- Investing the Group's managerial resources in overseas projects in the real estate leasing business, etc., while assessing the business direction

Anticipated areas

- Emerging countries with high economic growth potential (mainly ASEAN-5)
- Europe, the U.S., and Australia, where maturity and stable growth are expected

Strategies for value creation

Business overview and medium-term management plan strategies

Retail distribution

We will increase profits by evolving and developing commercial activities in the areas along the railway lines to respond to diversifying lifestyles, while supplying commercial content that contributes to the main strategies and establishing tourism commerce.



KUZUHA MALL



Frest Matsui-yamate Shop



Moyori-ichi Kadomashi Station

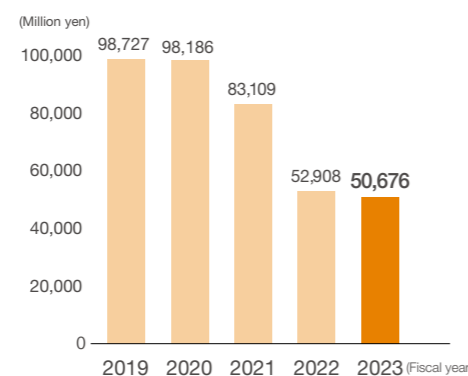
FY2023 management status

In managing the KUZUHA MALL shopping mall, we have focused on enhancing our approach to diversified lifestyles by opening and renovating 40 stores, thereby strengthening our competitive edge and increasing the appeal of our facilities. In our stores business, we gradually converted eight stores, including the in-station convenience store "Anthree," into the new Moyori-ichi in-station style, which is based on the concept of being the useful local store you always want to use. Our operating revenue decreased to 50,676 million yen due to factors such as the closure of the Frest Korien store. However, our operating income increased to 1,878 million yen, driven by the recovery of our shopping malls, department stores, and other areas.

Operating revenue composition

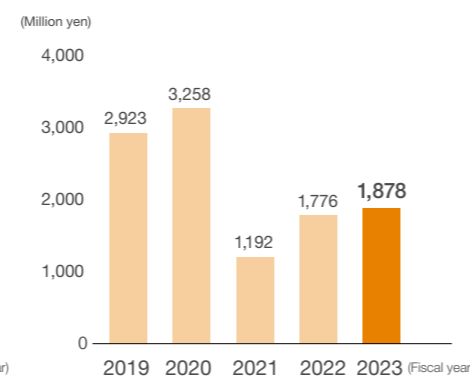


Changes in operating revenue



* Since the start of FY2022, we have been implementing the Accounting Standard for Revenue Recognition and other standards.

Changes in operating income



* Consolidated subsidiaries only

Retail distribution

Shopping mall* store area

119,000 m²

Retail* sales

30,148 million yen

Operating margin

3.7%*

* Combined total of KUZUHA MALL, Keihan Mall, and Keihan City Mall

* Combined total of Keihan Department Store, Frest, Anthree, and Moyori-ichi

Main measures for BIOSTYLE management in the medium-term management plan



Developing the project to suggest "safe, reliable, and healthy eating habits"

- Product development
 - Promoting the development of health-conscious products by combining the strengths of the department store, supermarket, and organic produce sales businesses
- Launch of a process center
 - Launching a new process center to accelerate the development of safe and reliable original products and increase production capacity for stable supply
- Mobile supermarket service
 - Offering a mobile supermarket service that regularly sells food and other products at condominiums, nursing care facilities, residential areas, etc. to create new points of contact with customers and solve the regional issue of the "last mile" arising from the aging of the population and other factors

Expanding business while encouraging customers' healthy eating habits in the areas along the railway lines

Measures in the medium-term management plan

Evolving and developing commercial activities in the areas along the railway lines

- Creating and providing new consumer experiences in response to changing customer needs through the gradual renovation of shopping malls and other facilities
- Expanding self-organized sales areas, which are unique to department stores that offer customer-oriented, high-quality, and ahead-of-the-times products and services, establishing a brand, and promoting its development as tenant stores in commercial facilities, either those of the Group or those of other companies
- Strengthening "Yorozu wo Tsugumono," an e-commerce mall that offers special products carefully selected from all over Japan by department store buyers
- Providing optimal services to meet the needs of customers and the community by converting the in-station convenience store "Anthree" to the food market "Moyori-ichi" and reorganizing the station spaces



KUZUHA MALL



Moyori-ichi Temmabashi Sta.

Establishing tourism commerce

- Promoting community building through tourism by developing story-based experience programs and products that carry on the history and regional characteristics of the areas along the railway lines
- Developing a tourist base that carries on Kyoto's Higashiyama culture and creates new tourist experiences to make it an established base in Kyoto
- Promoting branding and area value enhancement through the development of tourism and commercial content in the Mt. Hiei/Lake Biwa area, thereby capturing inbound and domestic tourism demand



- Launching tourist-focused "Moyori-ichi" stores in major tourist destinations in Kansai, which take advantage of the characteristics of each area and sell local products and original products and content developed by the Company, in cooperation with local companies and famous stores



Moyori-ichi Sanjo Sta. "Noren-gai" (tourist-focused store)

Promoting community building along the railway lines

- Utilizing the know-how cultivated through the operation of commercial facilities in community building to create lively spaces that connect with the community in public spaces, such as stations, plazas, and spaces under elevated railway tracks, and to develop urban functions
- Promoting area management from a commercial perspective, including the creation of a communication plaza in the public space where people can gather and interact, in order to make the area more attractive and valuable on a continuous basis
- Promoting open innovation in commercial facilities through partnerships and collaboration with startups
- Opening an incubation facility to create a place for industry-academia-government interaction

Advancing development projects along the railway lines

- Type-1 urban redevelopment project in the Hirakatashi Station area
 - Forming a base for suggesting enriched lifestyles and work styles, and developing BIOSTYLE-based stores
- Joint reconstruction of the Keihan Midotsuji Building and the Nittochi Yodoyabashi Building
 - Creating a commercial space on lower floors (B1-2F)



Rendering of stores

Strategies for value creation

Business overview and medium-term management plan strategies

Leisure & service

We will strengthen our competitiveness by promoting branding through the provision of valuable customer experience and advancing high-value-added renovations in order to capture domestic and inbound demand, which is expected to recover in the future.



Hotel Keihan Tenmabashi Ekimae



THE THOUSAND KYOTO

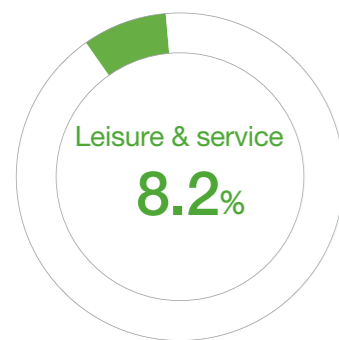


Osaka Aqua Bus "Aqua Liner"

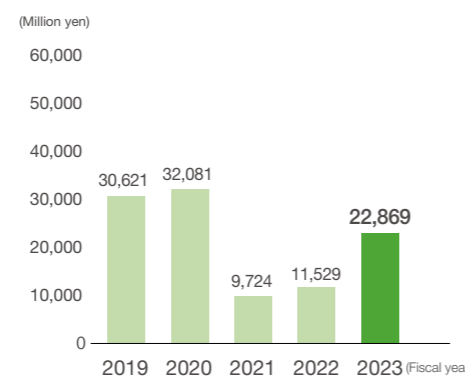
FY2023 management status

In the hotel business, we launched the Hotel Keihan Tenmabashi Ekimae, conveniently located within walking distance of Osaka Castle, and the Hotel Keihan Namba Grande, situated in the center of Osaka's Minami area. Moreover, at the Biwako Hotel, we worked to further enhance competitiveness and facility appeal, such as by reopening the renovated Club Lounge, a dedicated space for overnight guests featuring the Premier Luxury Floor and more. Owing partly to the bounce-back from the scaled-down operations during the previous fiscal year's state of emergency declaration, among other factors, our operating revenue saw a substantial increase, reaching 22,869 million yen, while our operating loss fell markedly to 3,836 million yen.

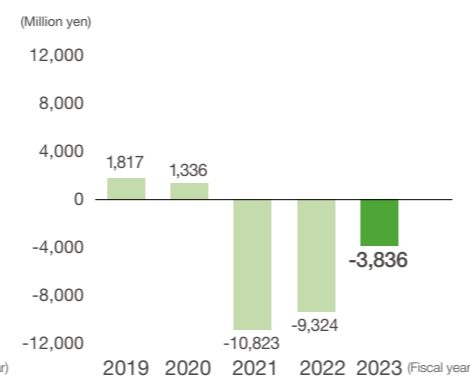
Operating revenue composition



Changes in operating revenue



Changes in operating income



* Since the start of FY2022, we have been implementing the Accounting Standard for Revenue Recognition and other standards.

Leisure & service

Number of hotels

21*

Number of hotel rooms

4,852

Hotel occupancy rate

Hotel Keihan Co., Ltd. 69.8%
Keihan Hotels & Resorts Co., Ltd. 59.3%

* Hotel Keihan Co., Ltd., Keihan Hotels & Resorts Co., Ltd.

Main measures for BIOSTYLE management in the medium-term management plan

Enhancing competitiveness through SDGs-oriented rebranding

Developing and offering products and services that incorporate local food, culture, and experiences of living in harmony with nature

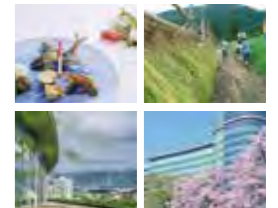
THE THOUSAND KYOTO

- Rebranded in July 2022 to drive sustainability for the entire Keihan Group
- Providing comfortable and sustainable experiences and undertaking 100 SDGs actions in one year



Biwako Hotel

- Acting with and nurturing local communities through projects such as "The Culinary Colours of SATOYAMA," which was designed to protect local communities through the consumption of foods produced in Shiga



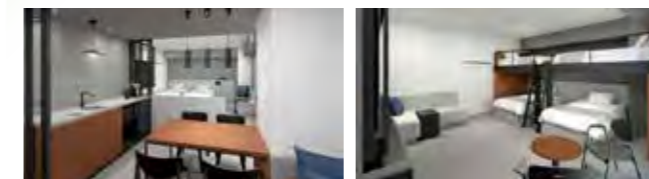
Providing sustainable and special stay and tourism experiences that contribute to the SDGs

Measures in the medium-term management plan

Adding value to products and services

Advancing high-value-added renovation of guest rooms and other facilities in existing hotels to create spaces that satisfy guest needs

Hotel Keihan Namba Grande, which opened in March 2023, offers concept rooms that can be used not only as bases for business trips and sightseeing, but also as places for guests to relax as if they were at home.



Family room

Bunk bed room

Creating and providing special emotional experiences that leverage the company's strengths and local attractions

THE THOUSAND KYOTO offers wine lectures by the chef sommelier and other events.



Transforming operations through the use of digital technology, etc.

Transformation to smart hotels

Developing smart hotels through the use of IoT, AI, robots, etc. to provide a smooth stay experience and improve operational efficiency

Enhancing digital marketing

Improving and automating hotel membership management through the use of digital tools to improve productivity and profitability

New hotel launch

Considering opening new hotels to expand the business scale

Carefully selecting areas and locations for the new hotels while observing the recovery of tourism demand

Potential areas

- Tokyo metropolitan area, Fukuoka, other ordinance-designated cities, tourist cities

Business models

- Examining a wide range of business models, including new as well as existing ones, and considering unique products and services that feature attractive content specific to the area and location

Expanding profit-earning opportunities in the ship business

Creating attractive tourism products jointly with local accommodation and tourist facilities to attract new influxes of people to be brought about by the extension of the Hokuriku Shinkansen from Kanazawa to Tsuruga



Continuing structural reform of the business

Evolving the structural reform initiatives promoted under the COVID-19 crisis to build an operating structure that can respond flexibly to changes in the business environment

Main initiatives for structural reform

- Promoting multitasking
- Outsourcing restaurant operations
- Utilizing hotel facilities by taking advantage of their geographical advantages
- Introducing catering robots, etc.

Strategies for value creation

Medium-term management plan: Strategy for GOOD NATURE STATION / Strengthening the management base

GOOD NATURE STATION

While increasing the visibility and expanding the sales channels of the GOOD NATURE STATION, a commercial complex offering sustainable experiences, and the product brands NEMOHAMO, RAU, Sachi Takagi, and GOOD NATURE MARKET, we will conduct new product development and new store launches on a continuous basis, thereby establishing a profit base.

Establishing own brands

NEMOHAMO



An organic cosmetics brand that uses natural ingredients, without any petroleum-derived ingredients

- Focusing on its marketing as a hotel amenity (expanding B2B sales channels)
- Opening a new flagship store in Tokyo

NEMOHAMO Shin-Marunouchi Building store opened November 22, 2023



Making GOOD NATURE STATION more attractive

Hosting unique activities and expanding and improving experience-based content in the facility in preparation for a full-fledged recovery of inbound tourism

RAU



Patisserie brands offering sweets that are both beautiful and delicious and that no one has ever seen before

- Opening permanent stores, mainly in department stores in the Tokyo metropolitan area
- Strengthening production infrastructure and the production management system

Establishing multiple GOOD NATURE STATION stores

Considering not only new store launches by each brand, but also developing multiple commercial complexes consisting of restaurants, markets, stores, and hotels

Sachi Takagi

GOOD NATURE MARKET



A food brand that develops products using materials that would normally be discarded (e.g., cacao shells)

- Enhancing product development and expanding the product lineup
- Expanding sales channels by focusing on wholesaling

Human resources strategy

We will maximize the abilities and performance of each of our diverse human resources, and reform the corporate culture to encourage challenges and innovation with a view to creating an environment in which employees can play an active role with a "BIOSTYLE mindset."

Sustainable enhancement of corporate value

Creating new value (both social and economic value)

Developing an environment in which employees play an active role with a "BIOSTYLE mindset"



Main initiatives (in the case of Keihan Holdings Co., Ltd.)

Human resource management that encourages self-directed growth

- Opportunities and empowerment to promote growth and challenges
- Career design support in line with each individual's career aspirations

Creating an environment in which each of our diverse human resources can demonstrate their abilities without anxiety

- Independent and creative work style not limited by time or place
- Stimulating internal communication

Ensuring the skills required to execute the strategy

- Training programs that promote and support skills development
- Experienced recruitment

Medium-term management plan: Strengthening the management base

DX (digital transformation)

By utilizing digital technology in each of the Keihan Group's businesses, we will create experience value and sophisticate the Group's business management by transforming our services and business model, thereby evolving into a corporate group capable of providing reliable value even in a rapidly developing digital society.

Promoting the Keihan Group's digital strategy

We will promote the digitalization of customer contact points, products, and services, as well as data-driven marketing, to provide optimal value to each individual customer along the railway lines.

1 Digitalizing customer contact points

- Expanding points of contact with customers through the creation of new digital mechanisms, attracting new customers and increasing membership
- Developing the Keihan Group Digital Ticketing System
 - Developing an e-commerce platform, etc.

2 Integrating customer data

- Integrating the Keihan Group's customer data to understand our customers and their needs more deeply
- Integrating Keihan Group Customer IDs
 - Installing the Keihan Group's customer data infrastructure

3 Digital marketing to meet diverse customer needs

- Improving information service and proposal capabilities for products and services that accurately meet customer needs
- Restructuring the Group's point system
 - Enhancing customer approach and marketing functions

4 Creating new products and services that enhance the experience value of customers

- Developing products and services that enhance the experience value of customers
- Data utilization, sales promotion support, and joint planning of new products and services by the entire Keihan Group

5 Establishing framework to advance digital customer strategy

Sophisticating the Group's business management

Promoting the digitalization of business management

Real-time visualization and analysis of financial and non-financial data to enable rapid, accurate, and data-based decision-making and response even in a difficult-to-predict business environment

Achieving sustainable growth



48 Material issue 1 : Creating businesses that contribute to solving social issues

49 KEIHAN BIOSTYLE PROJECT

51 BIOSTYLE initiatives

53 Keihan's flagship facility for BIOSTYLE

55 Material issue 2 : Operations that consider the environment and social factors

63 Material issue 3 : Organization and human resources that continue to grow

67 Material issue 4 : Sustainable and robust management base

Achieving sustainable growth

Material issue 1 Creating businesses that contribute to solving social issues

What is BIOSTYLE?

An initiative of the Keihan Group to create products, services, and businesses that can increase people's life value and solve social issues at the same time

History of BIOSTYLE

The Keihan Group was proposing and promoting BIOSTYLE even before the SDGs were set forth as common goals for the international community.

Starting in FY2024, we promote BIOSTYLE management, which creates both social and economic value, with BIOSTYLE at the core of our management, based on our long-term management strategy.

2014 Acquire the shares of Bio Market Co., Ltd. (operator of organic vegetable "Bio Marche Home Delivery" service)

2014 Announce the launch of development of BIO-Style Kyoto-Shijo-Kawaramachi Project (now GOOD NATURE STATION)

2015 Medium-term management plan "Bravely Pursuing Creation"

As a top-priority project of the main strategy of "creating content to enhance customers' life value," promote BIO-Style, a lifestyle that is healthy, beautiful, and brings a high quality of life, and that contributes to a recycling-oriented society, and aim to establish it as a new Keihan brand next to our pledged value of safety and security.

2017 Establish Biostyle Co., Ltd. (company that operates GOOD NATURE STATION)

2018 Long-term management strategy/medium-term management plan "Creating Living, Community, and Excitement"

Work to create products, services, and businesses that contribute to solving social issues under the priority measure of BIOSTYLE – Aim for Keihan as First Choice – as part of the main strategy of "creating relatable content."

2019 Launch GOOD NATURE STATION

2020 Establish the BIOSTYLE Guidelines and introduce in-house certification system

2020 Terminate the medium-term management plan due to COVID-19 pandemic and announce Future Business Direction

Rebuild our management base by focusing on "Safety & Security," "Structural Reform," and "BIOSTYLE" as our future business direction.

2022 Launch BIOSTYLE Business Certification system by revamping the in-house certification system and incorporating an evaluation of feasibility

2023 Long-term management strategy/medium-term management plan "BIOSTYLE: Deepening and Challenge"

With BIOSTYLE (Keihan's version of the SDGs), which we have been working to establish as a new brand for the Keihan Group, at the core of our management and business activities, promote BIOSTYLE management which creates both social and economic value.

KEIHAN BIOSTYLE PROJECT

Keihan Group's SDGs: BIOSTYLE PROJECT



Promotion of BIOSTYLE PROJECT

In addition to carrying out the main BIOSTYLE measures in the medium-term management plan in each business, the Keihan Group is promoting the BIOSTYLE PROJECT groupwide.



BIOSTYLE PROJECT

Each group company is promoting BIOSTYLE initiatives in conformance with the guidelines. Initiatives that satisfy feasibility requirements are internally certified (BIOSTYLE Business Certification), and outstanding examples are eligible for awards.



BIOSTYLE Guidelines

| | | |
|---|---------------------------------|---|
| 1 | GOOD for Health | Businesses and initiatives promoting people's healthy lifestyles and contributing to the realization of a lively society |
| 2 | GOOD for Minds | Realizing a stress-free society where people can live peacefully and comfortably and offering services that bring happiness and satisfaction to users |
| 3 | GOOD for Locals | Businesses and initiatives contributing to regional revitalization, industrial development, and environmental conservation in local areas |
| 4 | GOOD for Social | Businesses and initiatives contributing to the realization of a society where every member can live happily and of more beautiful lifestyles |
| 5 | GOOD for Earth | Businesses and initiatives contributing to global environmental conservation, such as countermeasures against global warming and plastic waste issue |
| 6 | GOOD for KEIHAN Brands | Businesses and initiatives contributing to improvement of Keihan brand value |
| 7 | GOOD for KEIHAN Business | Businesses and initiatives that can be established and implemented on an ongoing basis |

Example of BIOSTYLE PROJECT

Return the Saplings Project by Zero Corporation

Zero Corporation uses domestic timber in all of the houses it sells (through-columns, stand columns, vertical roof struts, and pilasters), thereby contributing to the protection of mountains and forests. Keeping up the cycle of planting trees, caring for the mountain environment, and logging is crucial for protecting mountains and forests. However, the reality is that the cycle is not functioning well due to declining demand for domestic timber caused by competition with imported wood and the aging of forestry workers. As such, we signed a comprehensive cooperation agreement with Miyazaki Prefecture, the Miyazaki Prefectural Federation of Forest Owners' Co-operative Associations, and the Miyazaki Prefectural Federation of Lumber Cooperatives in December 2020 with the aim of promoting diverse forest development, securing and training forestry workers, promoting the cyclical use of forest resources, and establishing a more robust supply chain. Moreover, in 2021, we launched the Return the Saplings Project, which involves returning to the mountains the number of saplings needed for the number of pillars used in the buildings delivered within a year. Through this project, our support for reforestation helps absorb CO₂, contributing to a healthy natural cycle of mountains and forests.



BIOSTYLE PROJECT Guidelines 3 4 5 6 7

Social value Forest preservation, contribution to the global environment, etc.
Economic value Maintenance of business supply chains, contribution to brand value

Achieving sustainable growth

Material issue 1 Creating businesses that contribute to solving social issues

BIOSTYLE
initiatives (Examples)

Original natural cosmetics brand NEMOHAMO

The original cosmetic brand NEMOHAMO from Biostyle Co., Ltd. is produced in Ashiya Town, Fukuoka Prefecture, a scenic place facing the Genkainada Sea. The factory runs exclusively on renewable energy and engages in environmentally friendly manufacturing. Ingredients include various plants such as ginseng, mugwort, camellia, rosemary, and loquat leaf. These plants are cultivated and picked on its own JAS-certified organic farm and adjacent satoyama. A proprietary low-temperature vacuum extraction method is used to carefully extract the nutrients. The roots, leaves, stems, flowers, and fruits are all used in the production process, concentrating the beauty ingredients and generating no waste.



Providing an organic diet and lifestyle

Bio Market Co., Ltd. has been walking hand-in-hand with organic farming since its establishment in 1983. Through the "Bio Marche Home Delivery" service, the Company provides 100% organic JAS-certified vegetables and 700 processed organic food items to about 8,700 members nationwide (as of March 2023). It also operates a wholesale business and online store. The Company delivers vegetables harvested from fields all over Japan and grown in the local climate directly to customers' homes once a week. With the largest membership-based home delivery service for organic agricultural products and processed organic foods in Japan, it provides safe, reliable food while advocating for a production and distribution system that supports sustainable organic farming, aiming to reduce environmental impact on things like water quality and biodiversity preservation.



Coexistence with Lake Biwa

With "Coexistence with Lake Biwa" as the Environmental Policy, Biwako Kisen Steamship Co., Ltd. works proactively on environmental conservation activities at its business base, Lake Biwa. It provides hands-on environmental learning at Lake Biwa via its sightseeing boat "megumi" and also operates "Uminoko," an accommodation-based "floating school" boat. The Company works to protect the Lake Biwa environment from the perspective of learning and experience. It also offers Shiga no Megumi Cruise and Culture Cruise, where people can taste Lake Biwa's freshwater fish and immerse themselves in the local life, history, culture, and more. Since 2009, it has also offered the Funazushi Making Cruise. Under the "Shiga biodiversity action certification program," by which Shiga Prefecture recognizes businesses engaged in conservation of biodiversity and sustainable use of natural resources, the Company received a three-star (the highest) evaluation.



Pursuing long-lasting wooden houses

Zero Corporation Co., Ltd. is pursuing safe and secure long-lasting houses. If a wooden house is constructed correctly and regularly maintained, the framework can be expected to last 100 to 200 years. To maintain a high level of quality for a long period, the houses are constructed in such a way that the walls, roof, sashes, and plumbing, which need to be replaced every 30 to 50 years, can easily be replaced. Certified as excellent long-term housing by the government, these houses are branded as "100-year housing."



Art appreciation at the station

Nakanoshima is one of the most popular areas in Aqua Metropolis Osaka and is home to many cultural and art facilities, including art and science museums. We have hosted Kite Mite Nakanoshima, an event that promotes Nakanoshima as a place of culture and art based on the concept of widely communicating its appeal, since 2012. In collaboration with cultural facilities and companies in the Nakanoshima area, the stations on the Nakanoshima Line are used as museums to exhibit works of art. In addition, workshops are held with artists and partner facilities for participants to experience and learn history and culture. We ask kindergartens, schools, and welfare facilities along the railway line to create artwork for the event, and artists visit the facilities to create joint works of art. In this and other ways, we are actively working to make connections with the next generation and realize an inclusive society.



Kyoto Tower social contribution activities

Since opening in 1964, Kyoto Tower has welcomed more than 33 million visitors and is a familiar landmark serving as the gateway to Kyoto. The tower is also actively involved in social contribution activities. At the request of governments, NPOs, and other organizations, the tower is lit up in the symbolic colors to raise awareness of social activities of a public nature. This includes world autism awareness (blue), domestic violence prevention awareness (purple), and child abuse prevention awareness (orange). In 2023, carbon-free electricity was introduced for the LED lighting used to illuminate the tower, addressing the imperative for decarbonization. In addition, prompted by citizen feedback calling for children who rarely have a chance to go up inside Kyoto Tower to be able to enjoy the view from the observation deck, we have organized a Christmas party every year since 1965, inviting children from child welfare facilities.



Urban beekeeping in front of Kyoto Station

We started urban beekeeping on the rooftop of THE THOUSAND KYOTO in May 2021. Bees play an essential role as pollinators in the ecological cycle, and beekeeping is the care and management of honey bees for honey, beeswax, and royal jelly. By pollinating plants in urban areas, we create a cycle whereby plants that cannot pollinate themselves are then able to grow and bear fruit, wild birds carry the seeds, increasing the surrounding greenery, and bees then contribute again to the pollination of those plants. By starting beekeeping in the urban area in front of Kyoto Station, we are not only promoting the greening of the area in front of Kyoto Station but also helping to revitalize the local community through local production for local consumption. We do the latter by selling the honey we collect and offering it at our own hotel restaurants.



Local production for local consumption initiatives with farmers along the railway line

Keihan Department Stores Co., Ltd. values local production for local consumption and has been working on "Agriculture That Connects Along the Keihan Line" since November 2021. This project is designed to connect farmers and the community (customers) and pass down urban agriculture along the railway line by connecting farmers and Keihan Department Stores. Agricultural products are purchased from farmers along the railway line and sold at the Moriguchi, Hirakata, and Kyobashi stores. Many of the farmers along the railway line are relatively young, second- or third-generation farmers, but in many cases, they face difficulty in achieving mass production. We are looking into solutions through this project.



Promoting social contribution activities for regional revitalization and better communication with local communities

Initiatives for regional revitalization that make the best use of the attractiveness of each area

Flow of Water

The Keihan Group has given the name "Flow of Water" to the Yodo River System, which runs along the railway lines from Mt. Hiei to Aqua Metropolis Osaka through Lake Biwa, Kyoto, and Uji. Together with the Otsu and Kyoto Municipal Governments, we have revived a vessel that once transited the Lake Biwa Canal (an artificial canal constructed in the Meiji era to draw water from Lake Biwa to Kyoto), a valuable industrial heritage from 1890, as a cruise ship operated by Biwako Kisen Steamship Co., Ltd.



The Lake Biwa Canal Cruise

Better communication with local communities

Regional revitalization through sports

In September 2021, Keihan Holdings Co., Ltd. entered a partnership agreement with Panasonic Corporation (now Panasonic Sports Co., Ltd.) for the development of local communities centered on the volleyball team Panasonic Panthers. Our goal is to revitalize Hirakata City and the surrounding area and attract passengers.



Etiquette poster

GOOD NATURE STATION

Keihan's flagship facility for BIOSTYLE

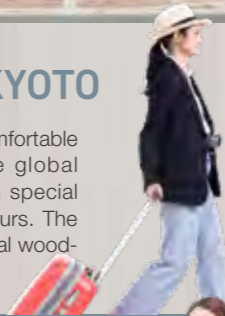
GOOD NATURE STATION, a commercial complex that embodies BIOSTYLE, opened in Shijo-Kawaramachi, Kyoto in 2019. Its concept is "Enjoy and taste only what you can trust. The place where 'good natured' things and experiences gather to energize people and the earth." Here are some of the initiatives at the forefront of the BIOSTYLE PROJECT.



GOOD NATURE HOTEL KYOTO

4-9F

A hotel featuring the new concept of being comfortable for the mind and body and friendly to the global environment. It offers a sustainable stay with special welcome sweets and original hands-on local tours. The 141 guest rooms are spacious and feature natural wood-toned interiors for a relaxing stay.



GOOD NATURE BEAUTY & CAFE

3F

A "beauty and relaxation spot" that recharges the body and mind. In addition to the NEMOHAMO store, which offers original cosmetic brand products and other select cosmetics for healthy beauty, there is a café where customers can enjoy RAU pastries.



GOOD NATURE GASTRONOMY

2F

A unique dining experience featuring the finest ingredients offering a taste of the four seasons with all five senses. A "Premium Gastronomy Floor" that's the envy of the world. Three of the restaurants are featured in the Michelin Guide.



GOOD NATURE MARKET

1F

Sells products from the original food brand GOOD NATURE MARKET, certified organic agricultural products, and other healthy and eco-friendly foods produced in Kyoto. The sweets from RAU embody the concept of "The scenery into the shape." Each process in making the sweets is given its own story, vividly reflecting the chef's knowledge, experience, and sensibility.



BIOSTYLE initiatives

Creating businesses that contribute to solving social issues

WELL and LEED Certifications

The complex has obtained Silver level LEED Certification, which recognizes environmentally friendly green buildings. GOOD NATURE HOTEL KYOTO is also the first hotel in the world to obtain WELL Certification, which evaluates buildings and indoor environments. It is the first hotel in the world to have obtained both LEED and WELL Certification.



GOOD for Health, GOOD for Social, GOOD for Earth

100% carbon-free electric power

In FY2024, we began purchasing non-fossil fuel certificates that certify "electricity generated by methods that do not emit carbon dioxide." We are converting all electric power used in all buildings, including GOOD NATURE HOTEL KYOTO, to electric power that is 100% derived from renewable energy sources.



GOOD for Social, GOOD for Earth

Organic

NEMOHAMO, an original cosmetic brand that is gentle to both skin and the environment, is made in Ashiya Town, Fukuoka Prefecture, a scenic place facing the Genkainada Sea. It is made with various plants cultivated and picked on its own organic JAS-certified farm and adjacent satoyama.



GOOD for Health, GOOD for Minds

Reducing food loss

Food waste is composted in the facility's composting system. It is then used as fertilizer by Omi Sonoda Farm, which is engaged in farming with a reduced amount of agricultural chemicals and organic fertilizer cultivation, to grow rice. By serving the harvested rice at the facility, we have created a sustainable cycle of rice.



GOOD for Social, GOOD for Earth

De-plasticizing

We are working on creating stylish and environmentally friendly packaging materials to address the challenge of reducing plastic in packaging and containers. We will continue our initiatives until eco-friendly packaging materials become commonplace. This includes plastic-free butterfly cups, reusable cutlery and chopsticks made from bioplastics, and muddlers made from tree branches.



GOOD for Social, GOOD for Earth

Fair and sustainable trade

At RAU, chocolatiers carefully select organic Costa Rican cacao, meeting directly with the producers, and purchase it at fair prices to realize a high-quality and sustainable supply chain.



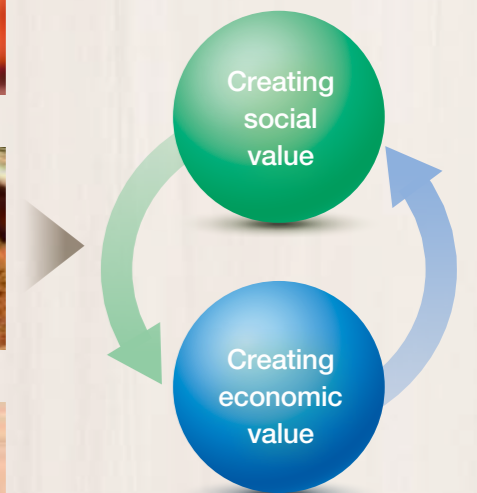
GOOD for Health, GOOD for Social

Local production for local consumption

We partner with local Kyoto-based producers of agricultural products, crafts, and processed foods, sourcing those items for our products at the market and restaurant ingredients. They also set up shop in the plaza on the first floor. In addition, we are organizing hands-on tours visiting producers for on-site harvesting.



GOOD for Health, GOOD for Social, GOOD for Local



Realizing BIOSTYLE management

Achieving sustainable growth

Material issue 2 Operations that consider the environment and social factors

Environmental philosophy and the Keihan Group's environmental policy

Environmental philosophy

Based on the recognition that global environmental conservation is one of the key common issues shared by all humankind, the Keihan Group will contribute to the sustainable development of society by making efforts to conduct eco-friendly corporate management and give due consideration to environmental conservation and resource protection.

The Keihan Group formulated its environmental philosophy in 2002, and has since made group-wide efforts to improve the environment and comply with environmental laws. In September 2021, the group formulated its environmental policy, focusing on the following items: (1) Reduction of greenhouse gas emissions, (2) Reduction of waste and effective use of water resources.

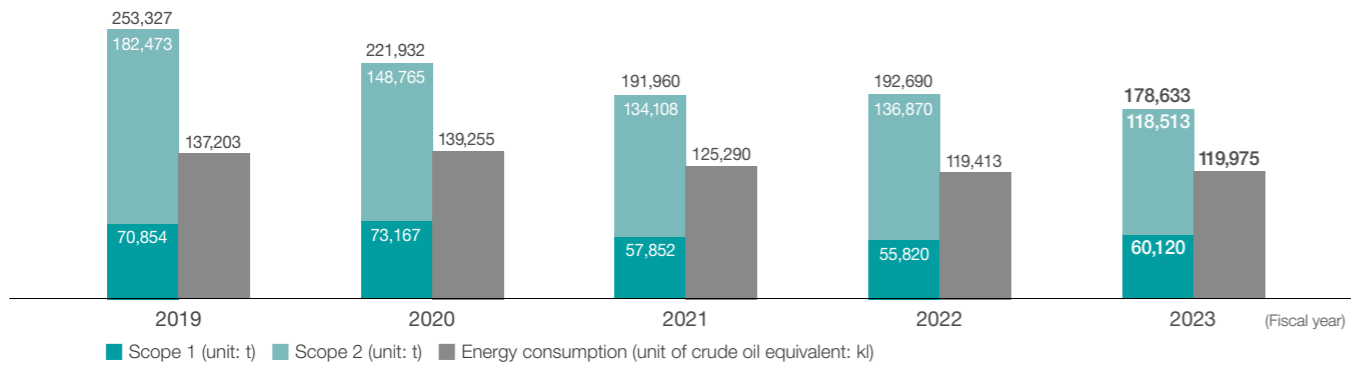
Reducing greenhouse gas emissions

In May 2022, we formulated "BIOSTYLE Environmental Action 2030" and announced our goals for CO₂ reduction along with measures to achieve these reductions, with FY2031 as our target.

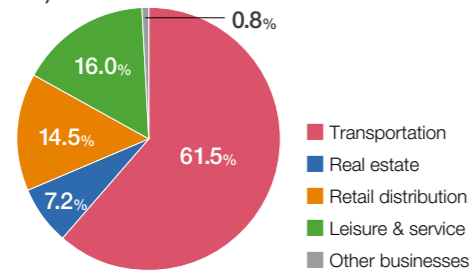
CO₂ emissions of the Keihan Group

The Keihan Group works on saving energy and reducing CO₂ emissions as a group-wide effort. Energy consumption of the group companies are properly managed and the results are reported to the technical committee on environmental management. The reduction status is duly monitored.

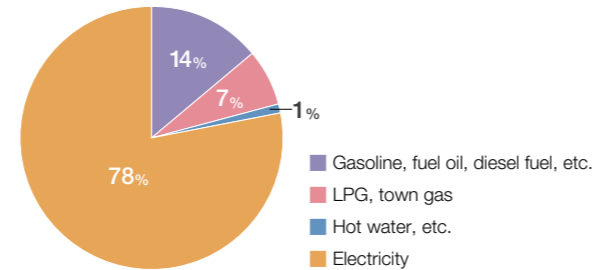
CO₂ emissions and energy consumption of the entire group



Breakdown of the group's CO₂ emissions by business segment (FY2023)



Breakdown of the group's energy usage (FY2023)



CO₂ emissions reduction target

Reducing CO₂ emissions by 46% by FY2031 (compared to FY2014), with the goal of achieving net-zero CO₂ emissions by FY2051

* The CO₂ emissions reduction target applies to CO₂ emissions (Scope 1 and Scope 2) of nine main companies (Keihan Holdings Co., Ltd., Keihan Electric Railway Co., Ltd., Keihan Bus Co., Ltd., Keihan Tatemono Co., Ltd., Keihan Ryutsu Systems Co., Ltd., Keihan Department Stores Co., Ltd., Keihan The Store Co., Ltd., Hotel Keihan Co., Ltd., Keihan Hotels & Resorts Co., Ltd.) In FY2014, the total emissions of the nine companies amounted to 261,134 tons.

* The emissions of these nine companies comprise approximately 83% of the group's total emissions.

CO₂ emissions of main companies (Scope 1 and Scope 2)

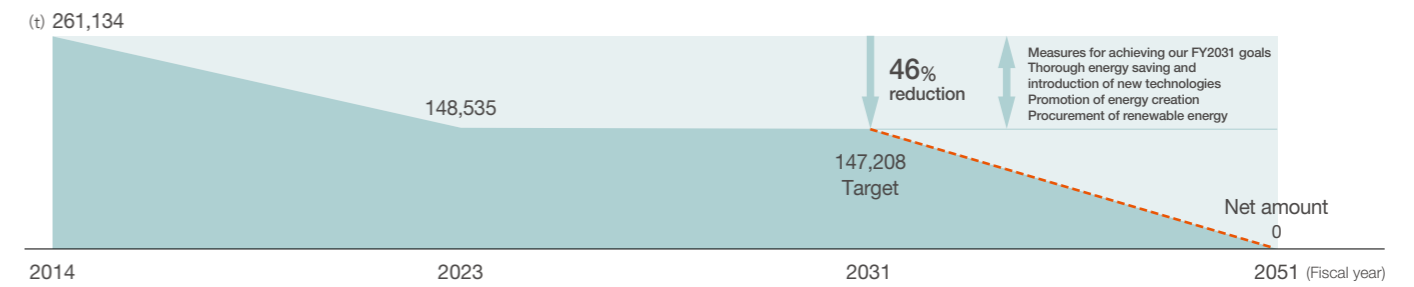
CO₂ emissions of the nine main companies with regard to the CO₂ emissions reduction target are shown in the table below. The amount in FY2023 was reduced by 43% compared to FY2014.

| Fiscal year | 2014 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Transportation ^{*1} | 181,698 | 134,299 | 114,791 | 106,595 | 102,328 | 89,030 |
| Real estate ^{*2} | 7,716 | 16,780 | 13,231 | 12,434 | 12,318 | 11,167 |
| Retail distribution ^{*3} | 45,510 | 39,123 | 29,563 | 26,781 | 28,198 | 24,303 |
| Leisure & service ^{*4} | 26,210 | 26,940 | 28,248 | 18,806 | 21,182 | 24,035 |
| Total | 261,134 | 217,142 | 185,833 | 164,616 | 164,026 | 148,535 |

*1 Keihan Electric Railway Co., Ltd., Keihan Bus Co., Ltd. *2 Keihan Holdings Co., Ltd., Keihan Tatemono Co., Ltd.

*3 Keihan Ryutsu Systems Co., Ltd., Keihan Department Stores Co., Ltd., Keihan The Store Co., Ltd. *4 Hotel Keihan Co., Ltd., Keihan Hotels & Resorts Co., Ltd.

CO₂ emissions reduction roadmap



Energy consumption intensity

Energy consumption intensity for train cars

| Fiscal year | 2021 | 2022 | 2023 |
|---|-------|-------|-------|
| Railway electricity consumption by Keihan Electric Railway Co., Ltd. (kl) / travel distance (thousand km) | 0.633 | 0.637 | 0.639 |
| Reduction rate year-over-year (%) | 2.8 | -0.7 | -0.4 |

Energy consumption intensity in office buildings and commercial facilities

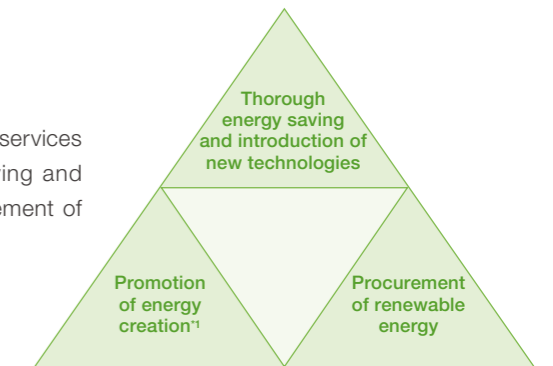
| Fiscal year | 2021 | 2022 | 2023 |
|--|-------|-------|-------|
| Energy consumption in office buildings and commercial facilities* (kl) / floor area (thousand m ²) | 29.24 | 29.05 | 29.95 |
| Reduction rate year-over-year (%) | 8.6 | 0.64 | -3.1 |

* Keihan Holdings Co., Ltd., Keihan Tatemono Co., Ltd., and Keihan Ryutsu Systems Co., Ltd. facilities

CO₂ reduction initiatives (Scope 1 and Scope 2)

Course of action

Promoting the reduction of CO₂ emissions and the development of products and services that will be chosen in a decarbonized society through "thorough energy saving and introduction of new technologies," "promotion of energy creation," and "procurement of renewable energy"



*1 Introduction of PV power generation equipment, etc.

Thorough energy saving and introduction of new technologies

We will reduce energy consumption and CO₂ emissions through capital investment and more efficient business operations.

Environmental advantages of rail transport & energy efficiency in railways

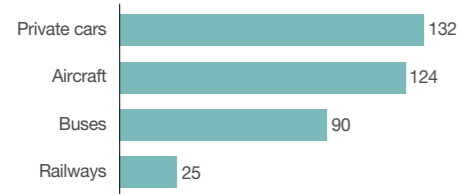
Railways are considered to be more energy efficient than other modes of transportation, yet they require large amounts of electricity for operation and produce CO₂ in the process of generating electricity. Keihan Electric Railway Co., Ltd. started the "Railway electricity consumption reduction project" in 2003 and has implemented various initiatives to save energy, including introducing energy-saving train cars and LED lighting at railway facilities.

Achieving sustainable growth

Material issue 2 Operations that consider the environment and social factors

CO₂ emissions per transport volume (passengers)

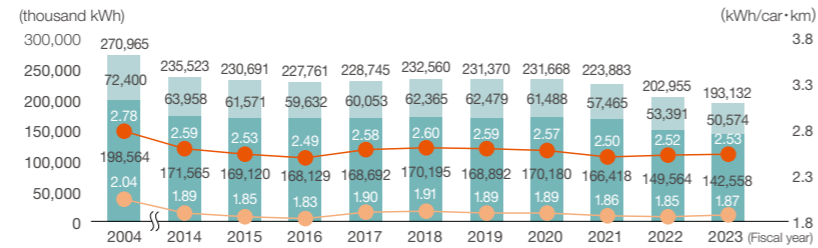
CO₂ emission intensity: g-CO₂/passenger-km (FY2022)



Source: Ministry of Land, Infrastructure, Transport and Tourism "CO₂ emissions from the transportation sector"

* Due to the COVID-19 pandemic, the decrease in passengers across various modes of transportation has resulted in higher emissions per unit of transport compared to typical years.

Changes in railway electricity consumption



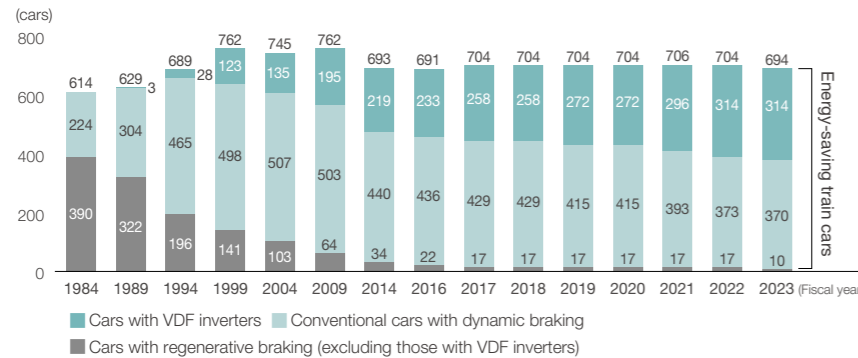
Legend: Amount of incidental electricity (light blue bar), Amount of electricity for train operation (dark blue bar), General electricity intensity (orange line), Train operation electricity intensity (red line).
 * General electricity intensity = (Amount of electricity for train operation (kWh) + Amount of incidental electricity (kWh)) / total travel distance
 * Train operation electricity intensity = Amount of electricity for train operation (kWh) / total travel distance

Introduction of energy-saving train cars

Introduction of energy-saving cars equipped with variable-frequency drive (VFD) inverters and regenerative braking is currently underway. VFD is a method of driving AC motors using semiconductor devices to vary the voltage and frequency to control the motor speed efficiently without using electrical resistance. Regenerative braking uses the motor as a generator and creates a braking force by converting kinetic energy into electrical energy when slowing down. The electricity generated is returned to the overhead lines and used by other trains. Thus it contributes greatly to reducing electricity consumption. As of the end of March 2023, 98.5% of the train cars (684 out of 694) are equipped with regenerative braking. Electricity consumption on the latest 13000-series train cars has been reduced by approximately 35% compared to the conventional 2600-series cars.



Status of introduction of energy-saving train cars



LED lighting installed at railway facilities (FY2023)

| Facility | Installed (signals) | Total (signals) | Adoption rate (%) |
|-------------------|---------------------|-----------------|-------------------|
| Signaling systems | 612/815 | 815 | 75.0% |
| Train cars | Interior lights | 336/694 | 48.4% |
| | Headlights | 203/229 | 88.6% |

Installing LED lighting at stations (FY2023)

| | |
|----------------------------|--|
| Implemented in FY2023 | Kuzuha Station platforms, Takii Station platforms, Tobakaido Station platforms, and others |
| LED lighting adoption rate | 43.5% |

Introduction of electric buses

In December 2021, Keihan Bus Co., Ltd. introduced electric buses on the Station Loop Bus route connecting Kyoto Station, Shichijo Station, and other venues (four buses introduced; first case in Japan in which all vehicles on a fixed route are electric). In April 2023, we introduced five large electric buses at the Kadoma bus station.



Large electric bus

Energy conservation measures in commercial and office buildings

We are pushing forward with energy-saving measures in existing buildings, such as upgrading to LED lighting and modernizing air conditioning systems. In FY2023, we undertook LED lighting and air conditioning upgrades in OMM and other office buildings, as well as air conditioning updates in KUZUHA MALL and other shopping centers.

Environmental accreditation for newly developed buildings

We will encourage the acquisition of DBJ Green Building certification. Keihan Yodo Logistics Yard, an inland logistics facility that opened in 2016, was awarded three stars as a building "with excellent environmental and social awareness." We plan to consider acquiring ZEH-oriented certification for new buildings in the future.

| | |
|----------------------------------|--|
| DBJ Green Building Certification | Keihan Yodo Logistics Yard (three stars) |
| LEED Certification | GOOD NATURE STATION (silver rank) |

Promotion of energy creation (solar power)

To achieve carbon neutrality, it is essential to increase society's renewable energy sources. At the Keihan Group, we are exploring and advancing the installation of solar power generation systems at our owned facilities.



Keihan Yodo Logistics Yard

| Installation location | Category |
|--|------------------|
| Company-owned land near Hashimoto station | FIT |
| Company-owned land near Chushojima station | FIT |
| KUZUHA MALL | FIT |
| Keihan Yodo Logistics Yard | FIT |
| GOOD NATURE STATION | Self-consumption |
| THE THOUSAND KYOTO | Self-consumption |
| Fushimi-inari station (in planning) | Self-consumption |

Procurement of renewable energy

We are exploring the introduction of renewable energy as part of our measure to achieve FY2031 goals. At GOOD NATURE STATION, starting from FY2024, we have carbon-neutralized the entire building's electricity by purchasing non-fossil certificates.

Developing products and services that will be chosen in a decarbonized society

We will develop the new products and services that will be chosen in a decarbonized society through the promotion of energy creation and the procurement of renewable energy.

Provision of carbon-free services

Besides GOOD NATURE STATION, Keihan Hotels & Resorts Co., Ltd. has introduced CO₂ emission-free electricity for illuminating Kyoto Tower, the monument lighting at THE THOUSAND KYOTO (starting FY2024), and the lighting at Biwako Hotel (starting November 2023).

Environmental response for houses for sale in the real estate sales business

In alignment with our medium-term management plan, we are promoting the development and rollout of eco-friendly housing and offices, including Zero Energy Houses (ZEH) and wooden buildings.

- For condominiums: At Fine City Sapporo URBAN FORWARD, we are developing ZEH-M Oriented condominiums.
- For houses: In Keihan East Rose Town, we sold eco-smart districts featuring a system in which we install PV power generation equipment at no initial cost to residents.

Promoting a circular economy

We contribute to the creation of a recycling-oriented society by promoting waste recycling and the effective use of water resources.

Reducing waste and promoting recycling

Amount of waste from the main companies (FY2023)

| Company | Amount of waste (t) | |
|-----------------------------------|---------------------|------------------|
| | General waste | Industrial waste |
| Transportation | | |
| Keihan Electric Railway Co., Ltd. | 520 | 550 |
| Keihan Bus Co., Ltd. | 122 | 466 |
| Real estate ¹⁾ | 1,188 | 188 |
| Retail distribution ²⁾ | 2,842 | 781 |
| Leisure & service ³⁾ | 1,334 | 421 |
| Total | 6,006 | 2,406 |

¹⁾ Keihan Holdings Co., Ltd., Keihan Tatemono Co., Ltd.

²⁾ Keihan Ryutsu Systems Co., Ltd., Keihan Department Stores Co., Ltd., Keihan The Store Co., Ltd.

³⁾ Hotel Keihan Co., Ltd., Keihan Hotels & Resorts Co., Ltd.

Reducing food loss

Keihan The Store

Conducted food drives (food donation activities for customers by Food Bank Kyotanabe) at the Frest Matsui-yamate and Frest Nagao stores

Bio Market

Launched the "Fuzoroi Yasai-dayori" service, which delivers non-standard products on an irregular basis

Collecting waste cooking oil

Waste cooking oil is collected by a recycling company (currently from 15 locations, totaling about 70,000 liters annually) for recycling. The recycling company converts this oil into biodiesel fuel, which is then used by Biwako Kisen Steamship Co., Ltd. to power Shiga Prefecture's educational ship, Uminoko (equivalent to about 30,000 liters annually).

Achieving sustainable growth

Material issue 2 Operations that consider the environment and social factors

Effective use of water resources

| Water consumption by business | | | |
|-------------------------------|-------|-------|-------|
| Fiscal year | 2021 | 2022 | 2023 |
| Transportation | 590 | 585 | 579 |
| Real estate | 106 | 158 | 163 |
| Retail distribution | 945 | 865 | 896 |
| Leisure & service | 455 | 557 | 812 |
| Other businesses | 28 | 31 | 35 |
| Total | 2,124 | 2,196 | 2,485 |

(thousand m³)

Water conservation efforts

- Keihan Electric Railway Co., Ltd. is using water efficiently and reducing water consumption at the Neyagawa and Yodo train depots when washing train cars by selecting the most appropriate washing method (e.g. front washing and side washing) according to the position and amount of dirt and by controlling the washing speed.
- Hotel Keihan Co., Ltd. has implemented water-saving facilities in its directly managed restaurants. Additionally, we are also promoting the installation of automatic grease trap cleaning machines to reduce wastewater discharge.

Biodiversity

Shiga biodiversity action certification program

Biwako Hotel (three stars)

We are committed to creating mechanisms that contribute to the conservation of satoyama. We continue to make active use of rice grown in terraced rice paddies, local sake, and local ingredients. In addition, staff are engaged in pesticide-free vegetable cultivation.

Biwako Kisen (three stars)

We are engaged in initiatives that are considerate of the natural environment, including the conservation of Lake Biwa. We are involved in educational activities through boat trips such as the Lake Biwa environmental experience learning cruise. Moreover, businesses at the lake station are engaged in selling local specialties and serving dishes primarily made from local produce. We are making efforts to anchor businesses within the community.

Keihan Gardening: Kikutanigiku (*Chrysanthemum seticuspe*) reforestation and planting project

Keihan Gardening Co., Ltd., has concluded an agreement with the Kyoto City Urban Greening Association and Kyoto Bunkyo Gakuen, the designated managers of Maruyama Park, a scenic spot in Kyoto City, to cooperate in the areas of urban development, education and culture, and the promotion of industry and tourism, as well as to contribute to the development of local communities through the greenery of the park and its surrounding areas. One specific initiative includes collaborating in the reforestation and preservation of the native kikutanigiku (*Chrysanthemum seticuspe*) flower (an endangered species in Kyoto Prefecture and already extinct in the Higashiyama area), which grows naturally in the backwoods of the park.

Information disclosure initiatives

Scope 3

We have commenced the calculation of Scope 3 emissions (supply chain emissions). Based on data from FY2022, we conducted analysis for 11 companies. The results revealed emissions exceeding those for Scope 1 and Scope 2, with emissions related to product procurement being relatively high. We will continue to remain dedicated in our efforts regarding Scope 3 emissions.

Collaboration with local governments

In pursuit of a sustainable local society by promoting decarbonization and achieving SDGs, we have concluded a comprehensive partnership agreement toward a sustainable community with the Hirakata Municipal Government.

Environmental education and inspection

To ensure strict compliance with environmental laws and regulations, we hold environmental regulatory seminars to inform our group companies about legal amendments and other relevant information. Regular environmental inspections are also conducted to verify compliance and provide support for improvements.

Disclosure in line with TCFD recommendations

The Keihan Group supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and is committed to appropriate information disclosures.



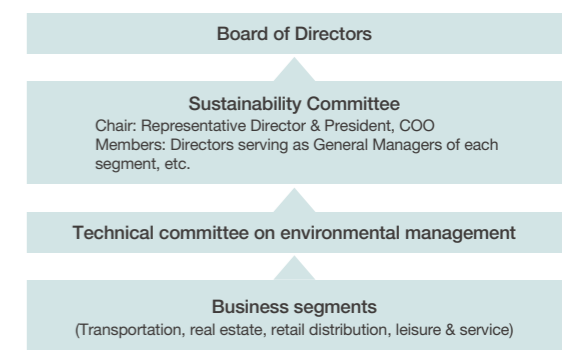
1 Governance

Environmental management promotion system

The Sustainability Committee has been established under the Board of Directors to promote and manage the progress of the Keihan Group's ESG activities. The Committee is chaired by the Representative Director & President, COO, and its members include Directors who are General Managers of the transportation, real estate, retail distribution, and leisure & service businesses. In addition, a technical committee on environmental management was established under the Sustainability Committee. The technical committee formulates and implements measures related to environmental issues such as global warming. Once the deliberations of the technical committee are discussed within the Sustainability Committee, they are submitted (put on the agenda or reported) to the Board of Directors twice a year in principle.

[Environmental management promotion system]

* The arrow indicates the reporting flow



2 Strategy

In line with the framework proposed by the TCFD, we used scenario analysis to predict and analyze changes in the external environment by 2030, assessing the impact of future climate change on our business.

Identifying the scope of business to be analyzed

We focused our analysis on the transportation business (railway and bus businesses) and real estate business (real estate sales and leasing businesses), which account for approximately 70% of the group's operating revenue.

Scenario setting

World view of the envisioned 1.5°C–2°C scenario (2°C or lower scenario)

A scenario where the entire world strengthens regulations and policies to achieve carbon neutrality by 2050, climate change measures that exceed the current level are implemented, and the temperature increase is limited to 1.5°C–2°C above pre-industrial levels

- Increased transition risks due to tightened regulations and policies, leading to rising electricity prices from increased demand for renewable energy-sourced power
- While an increase in physical risks is also anticipated, they are less severe than in the 4°C scenario

World view of the envisioned 4°C scenario

A scenario where no significant climate change measures are implemented beyond the current level, leading to a temperature rise of around 4°C above pre-industrial levels

- Increased physical risks such as rising costs for heat countermeasures and exacerbated losses from extreme weather events
- An increase in transition risks is also expected, though less severe than in the 2°C or lower scenario

Achieving sustainable growth

Material issue 2 Operations that consider the environment and social factors

Identification of risks and opportunities

Based on the TCFD recommendations, we identified risks and opportunities related to the group (the businesses under analysis), assessing the timing of their manifestation and the degree of impact.

Legend: [Manifestation period*1 | Impact size]

| Category | | Details of risks and opportunities | | |
|------------------|------------------------|---|--|---|
| | | Transportation | Real estate | |
| Transition risks | Policy and legal risks | Carbon price | [Medium term Large] • Various costs (operations, facility management, raw material procurement, etc.) will increase due to the introduction of a carbon tax and higher energy-related tax rates. | |
| | | Introduction of environmental regulations | [Medium term Small] • In bus operations, regulatory restrictions on diesel vehicles to reduce CO ₂ emissions will lead to costs for the introduction of electric vehicles (EVs). | |
| | | Carbon emission targets and policies | [Medium term Large] • Costs for construction and repairs will increase due to compliance with government targets for ZEB and ZEH. • Costs incurred for purchasing emission credits will arise for older properties that are difficult to decarbonize. | |
| | Market risk | Change in energy costs | [Short to medium term Large] • Fluctuations in electricity and fuel costs due to changes in the energy mix will lead to an increase in energy costs. | |
| | Reputation risks | Change in customer reputation | [Medium term Not assessed] • If environmental response is delayed, being perceived as reluctant to decarbonize could lead to a decrease in customers. | |
| Physical risks | Chronic risks | Rise in average temperature | [Medium to long term Small] • Air conditioning costs will increase due to rising temperatures. | |
| | Acute risk | Exacerbation of extreme weather events | [Medium term Moderate] • Increased frequency of meteorological disasters, such as large typhoons, will lead to steeper losses due to facility damage and transportation stoppages. | |
| Opportunities | Energy sources | Utilization of new technologies and low-carbon energy sources | [Short to medium term Large] • Operating costs are reduced through the promotion of energy conservation and renewable energy adoption. | |
| | Products and services | Development of new products and services through R&D and innovation | [Short to medium term Moderate] • Maintenance costs will decrease through the introduction of highly efficient vehicles and electric buses. [Long term Small] • Income will increase as ways for using public transportation are expanded, leveraging our knowledge of seat reservation services, etc. • Users will increase due to improved convenience of MaaS, etc. | |
| | | Change in consumer preferences | [Long term Small] • The environmental superiority of public transportation will be recognized and the number of users will increase. | [Medium to long term Large] • Asset value and revenue will increase by meeting the demand for environmental and disaster response. |
| | Market | Change in stakeholder reputation | [Short to medium term Not assessed] • Promotion of environmental response is well-received by shareholders, investors, and financial institutions. | |
| | | Utilization of incentives by the public sector | [Medium to long term Not assessed] • The subsidy programs may be expanded for promoting decarbonization. | |

*1 Short term: 0-2 years (immediate), Medium term: 3-9 years (around 2030), Long term: 10-30 years (around 2050)

Estimation of financial impact

For risk and opportunity items where objective future forecast data could be obtained in the set scenario, we estimated the quantitative financial impact, identifying key items with particularly significant financial impacts.

(The parameters used for estimation are based on objective data from sources such as the International Energy Agency (IEA). For more details, please visit: <https://www.keihan-holdings.co.jp/ir/library/tcfcd/>)

Financial impact of key items*2

Legend: [Manifestation period*1 | Impact size]

| Category | Details | Scenario | Financial impact estimation results for 2030 | |
|------------------|---|----------|--|------------------------|
| | | | Transportation | Real estate |
| Transition risks | Various costs (operations, facility management, raw material procurement, etc.) will increase due to the introduction of a carbon tax and higher energy-related tax rates. | 1.5-2°C | 1,389 million yen/year | 351 million yen/year |
| | Costs for construction and repairs will increase due to compliance with government targets for ZEB and ZEH. | | — | 1,543 million yen/year |
| | Fluctuations in electricity and fuel costs due to changes in the energy mix will lead to increased energy costs. | | 225 million yen/year | 193 million yen/year |
| Physical risks | Increased frequency of meteorological disasters, such as large typhoons, will lead to steeper losses due to facility damage and transportation stoppages. ³ | 4°C | 119 million yen/year | 28 million yen/year |
| Opportunities | Operating costs are reduced through the promotion of energy conservation and renewable energy adoption. ⁴ | 1.5-2°C | 904 million yen/year | 38 million yen/year |
| | Maintenance costs will decrease through the introduction of highly efficient vehicles and electric buses. Asset value and revenue will increase by meeting the demand for environmental and disaster response. | | 146 million yen/year | — |
| | | | — | 2,510 million yen/year |

*2 Estimated financial impact for the following businesses:

Transportation business: Keihan Electric Railway Co., Ltd., Keihan Bus Co., Ltd.; Real estate business: Keihan Holdings Co., Ltd., Keihan Real Estate Co., Ltd., Keihan Tatemono Co., Ltd., Zero Corporation Co., Ltd.

*3 Estimated increase in losses based on past cases in the event of a natural disaster

*4 Estimated based on energy usage in FY2022 for existing businesses, without considering the increase in energy usage due to future business expansion

Scenario analysis results and response measures

| | | |
|----------------|------------------|--|
| Transportation | 1.5-2°C scenario | Risks include the expected impacts of increased costs due to the introduction of a carbon tax and increased energy costs resulting from changes in the energy mix. To mitigate these impacts, we will promote the introduction of energy-saving vehicles and electric buses, which are expected to have energy-saving effects. The introduction of energy-saving vehicles and electric buses is also expected to create opportunities for maintenance cost reduction. In addition, as the environmental superiority of public transportation is recognized and the number of users increases, we identified items that are expected to have a minor impact in 2030, but that may manifest opportunities in the long-term timeframe. |
| | 4°C scenario | Risks include the possibility of being affected by transportation stoppages and schedule disruptions due to large typhoons and meteorological disasters, as well as property damage. Regarding extreme weather events, we recognize that they will become increasingly severe over time from 2030, the year of this analysis, to 2050 and the end of the century. Adopting a long-term perspective, we will work on building more robust crisis management and BCP systems, such as implementing flood control and corrosion prevention measures for railway facilities and strengthening vehicle evacuation systems. |
| Real estate | 1.5-2°C scenario | Risks include increased costs due to the introduction of a carbon tax and increased energy costs resulting from changes in the energy mix. Furthermore, the impact of increased construction and repair costs due to compliance with government targets for ZEB and ZEH is expected to be significant, and we will consider reducing this impact by revising equipment specifications and procurement methods. That being said, the rising environmental awareness of customers and investors could be a tailwind, leading to increased rents for office properties and higher sales prices for residential properties due to environmental responses. We will thus utilize national subsidy programs and other systems to promote environmental measures for buildings for sale, including making them ZEH-oriented, acquisition of DBJ Green Building certification, and environmental measures for new buildings. |
| | 4°C scenario | Risks include the potential for damage to owned properties due to large typhoons and meteorological disasters. Although the impact size is smaller compared to the transportation business, we will work on building crisis management systems in cooperation with tenants and residents, as well as continuously review and strengthen our BCPs in preparation for the increasingly severe extreme weather events expected after 2030. |

3 Risk management

For identified climate-related risks, the technical committee on environmental management will take the lead in discussing avoidance, mitigation, and other such measures. The details of these discussions will be submitted to the Board of Directors after deliberation by the Sustainability Committee. We will also periodically review climate-related risks and opportunities.

4 Metrics and targets

In reducing CO₂ emissions in particular, we have set a numerical target of reducing CO₂ emissions by 46% by FY2031 (compared to FY2014).

At the Keihan Group, as part of our long-term management strategy formulated and announced in March 2023, we have set “Converse the global environment” as one of our main strategies. We are promoting the reduction of CO₂ emissions and the development of products and services that will be chosen in a decarbonized society through “thorough energy conservation and the introduction of new technologies,” “promotion of energy creation (introduction of solar power generation equipment, etc.),” and “procurement of renewable energy.” Under this policy, we will promote initiatives to minimize risks and maximize opportunities and strive to improve our resilience.

Achieving sustainable growth

Material issue 3 Organization and human resources that continue to grow

Human resources strategy

Human resources development policy and workplace environment development policy, including securing diversity of human resources

We have established a human resources strategy in which we maximize the abilities and performance of each of our diverse human resources, and reform the corporate culture to encourage challenges and innovation with a view to creating an environment in which employees can play an active role with a “BIOSTYLE mindset.” This will enable us to continue to create new value and achieve sustainable enhancement of corporate value.

In our effort to maximize the abilities and performance of each individual, we aim to improve work engagement (job satisfaction) and promote human resources diversity. Furthermore, as part of reforming the corporate culture to encourage challenges and innovation, we are developing a system that encourages challenges and motivates self-directed growth, and promoting management that leverages human resources. These initiatives form the human resources development policy and workplace environment development policy, which include securing diversity of human resources.

Metrics and targets: Women’s empowerment initiatives for women’s empowerment

In order to provide products and services essential to our customers and to sustain corporate growth, we recognize the importance of diverse perspectives in management, including women’s insights. Accordingly, our action plan under the Act on Promotion of Women’s Participation and Advancement in the Workplace sets targets that include having women make up over 30% of new hires in general positions and increasing the number of women in managerial and leadership positions by over 30% by the end of FY2026, compared to the end of FY2021. We are committed to actively recruiting women, expanding their job scopes, and supporting their career development and workplace environment.

Additionally, we aim for a workplace where every employee, regardless of gender, finds comfort and fulfillment. Our goal is to set a target of around 30% of men to take childcare leave.

Number and percentage of new female employees (Keihan Holdings Co., Ltd.)

| Fiscal year | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| New employees in general positions | 11 | 15 | 16 | 16 | 15 | 13 | 10 | 13 |
| Women included in the above | 3 | 6 | 6 | 6 | 7 | 5 | 3 | 6 |
| Percentage of new female employees | 27.3% | 40.0% | 37.5% | 37.5% | 46.7% | 38.5% | 30.0% | 46.2% |

* As of December 1, 2023 for FY2024

Number and percentage increase of women in leadership positions (Keihan Holdings Co., Ltd.)

| Fiscal year | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|------|------|------|------|------|------|------|
| Number of women in leadership positions | 12 | 14 | 14 | 14 | 15 | 17 | 18 |
| Percentage increase compared to the end of FY2016 | 20% | 40% | 40% | 40% | 50% | 13% | 20% |

* Leadership position: Assistant Director or above. The number of women in leadership positions at the end of FY2016 was 10.

* Percentage increase from the end of FY2017 to the end of FY2021 is based on FY2016, and the percentage increase at the end of FY2022 is based on FY2021 as the base year.

Number and percentage of male employees taking childcare leave (Keihan Holdings Co., Ltd.)

| Fiscal year | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------|------|-------|------|-------|-------|-------|-------|
| Number | 0 | 1 | 0 | 3 | 1 | 6 | 4 |
| Percentage | 0.0% | 20.0% | 0.0% | 17.6% | 10.0% | 28.6% | 33.3% |

* This target was revised in June 2023 (from over 7% to around 30%).

Promoting human resources diversity

Respecting human rights

The Keihan Group has declared respect for the human rights of all people in its charter of conduct. Every year, in Constitution Week in May and Human Rights Week in December, we hold awareness-raising seminars and group-wide human rights training sessions. In addition, we regularly publish information on human rights laws and regulations and the latest news in our group magazine in an effort to raise awareness.

Human rights policy

In line with the United Nations Human Rights Council’s Guiding Principles on Business and Human Rights, in April 2023, we established the Keihan Group Human Rights Policy. This policy integrates respect for human rights into our corporate values and ensures the rights of all involved in the Keihan Group’s business activities are respected.

Efforts towards a harassment-free workplace

The Keihan Group has established the elimination of all forms of harassment as part of its charter of conduct. To that end, we have implemented group-wide harassment prevention regulations to enhance the effectiveness of our efforts. We conduct awareness and training for employees through programs such as basic training for new employees in the Keihan Group and the KEIHAN Business Seminar. We have also bolstered our employee consultation system, offering training for harassment consultation representatives in each group company.

Promotion of employment of people with disabilities

In response to society’s requirement to provide job opportunities for people with disabilities, we established Keihan Smile Heart Co., Ltd. to promote employment of people with disabilities. The company was granted by the Minister of Health, Labour and Welfare as a special subsidiary. Keihan Smile Heart Co., Ltd. has employed seven staff members with disabilities, who are engaged in office support, including cleaning office floors, printing business cards, and disposing of documents. It also provides practical training for students at the upper-secondary department of schools for special needs education.

The percentage of people with disabilities employed at Keihan Holdings Co., Ltd., Keihan Electric Railway Co., Ltd., and Keihan Smile Heart Co., Ltd. was 3.16% in total as of March 2023.

We are working to promote employment of people with disabilities and create a comfortable working environment for them.

Creating an environment in which each of our diverse human resources can demonstrate their abilities without anxiety and improving work engagement

Promoting an environment for independent and creative work style

At Keihan Holdings Co., Ltd., we are creating office spaces conducive to Activity Based Working (ABW), a creative, efficient, and diverse workstyle that allows employees to freely use smartphones and laptops with them as they work, facilitating barrier-free interaction among departments, focused work, and effective communication. At the same time, we are promoting telework for productivity improvement, including widespread use of laptops and setting up telework facilities across our group. Keihan Group companies are also changing office layouts and introducing office hoteling. Through these efforts, we support creative, effective, and diverse work styles for our employees.

Number of participants in human rights awareness-raising seminars (every May and December)

| Fiscal year | 2021 | 2022 | 2023 |
|-------------------------------------|------|------|------|
| Number of participants (group-wide) | 194* | 347 | 350 |

* The May session was canceled in FY2021.

Number of harassment training attendees

| Fiscal year | 2021 | 2022 | 2023 |
|-------------------------------------|-------|------|-------|
| Number of participants (group-wide) | 1,842 | 747 | 1,387 |

* Total calculated based on training sessions organized by Keihan Holdings Co., Ltd. and Keihan Electric Railway Co., Ltd., on-site training sessions for group companies by Keihan Holdings Co., Ltd., and online training sessions



Achieving sustainable growth

Material issue 3 Organization and human resources that continue to grow

Implementing flexible working hours and promoting paid leave

Through initiatives such as “no overtime day,” a flextime system, and a ban (in principle) of working after 8 p.m. and holiday work, Keihan Holdings Co., Ltd. and Keihan Electric Railway Co., Ltd. are working to reduce overtime work and make it easier to work while encouraging a self-directed work style and allowing time for creative thinking and recuperation.

Percentage of annual paid leave used (Keihan Holdings Co., Ltd., Keihan Electric Railway Co., Ltd.)

| Fiscal year | 2021 | 2022 | 2023 |
|-----------------------------------|-------|-------|-------|
| Keihan Holdings Co., Ltd. | 61.4% | 62.7% | 70.6% |
| Keihan Electric Railway Co., Ltd. | 87.2% | 82.8% | 83.9% |

Balancing childcare and nursing care

Keihan Holdings Co., Ltd. and Keihan Electric Railway Co., Ltd. have developed systems to support employees who are involved in childcare and/or nursing care for family members. In addition to relevant leave and shorter working hours, we offer a system for saving unused annual paid holidays and using them for days leave for childcare and/or nursing care for family members. In September 2018, we introduced a system of working from home for employees involved in childcare and/or nursing care. In this way, we reduce the commuting burden and improve the working environment for employees involved in childcare and/or nursing care. As a result of these programs, Keihan Holdings Co., Ltd. has received the Kurumin Mark, a certification from the Ministry of Health, Labour and Welfare as a company that supports childcare five times since 2009. Additionally, in July 2023, Keihan Hotels & Resorts Co., Ltd. became the first Kyoto-based accommodation business to receive Platinum Kurumin Certification.

Number of employees taking childcare and/or nursing care leave (Keihan Holdings Co., Ltd., Keihan Electric Railway Co., Ltd.)

| Fiscal year | 2021 | 2022 | 2023 |
|-------------|------|------|------|
| Male | 5 | 6 | 12 |
| Female | 5 | 3 | 6 |

Kurumin Mark acquisition

| Company name | Years obtained | Number of times obtained |
|-----------------------------------|------------------------------|--------------------------|
| Keihan Holdings Co., Ltd. | 2009, 2011, 2013, 2018, 2021 | 5 |
| Keihan Electric Railway Co., Ltd. | 2020 | 1 |
| Keihan Hotels & Resorts Co., Ltd. | 2021, 2023 | 2 |
| Zero Corporation Co., Ltd. | 2022 | 1 |



Human resources development, skills development, and career design support

All new employees of the Keihan Group receive basic training to gain the knowledge and raise the awareness required in working for the Keihan Group. The Keihan Business Seminars also offer group training for Keihan Group's employees as necessary so that they can acquire and enhance their business skills (problem solving, logical thinking, coaching subordinates, etc.) and other knowledge related to financing, accounting, labor management and compliance. Starting in FY2021, in addition to conventional group training, many online seminars and video streaming seminars have also been provided, allowing employees to take part irrespective of the time and place.

In addition to the group training, Keihan Holdings Co., Ltd. offers stratified training and training programs by outside lecturers designed to improve employees' management and coaching skills. We support autonomous learning that is not environment-dependent through the introduction of a learning management system. We are also proactively involved in self-improvement support, offering subsidies for correspondence courses and qualification acquisition to improve skills in areas such as language proficiency and DX. From FY2023 to FY2024, we have been implementing telework management training for all management personnel in response to the shift towards flexible work arrangements, including flextime, working from home, and teleworking.

In addition, we have introduced a mentoring system to support younger employees in career design and to foster networking. We also hold off-site meetings focused on improving ease of work to enhance internal communication and provide the necessary follow-up.

Promotion of health and productivity management

Health Statement

Keihan Holdings Co., Ltd. and Keihan Electric Railway Co., Ltd. are working to enhance initiatives for health and productivity management with a view to advancing ESG-focused management. We established the Health Statement on October 30, 2018 to develop an environment and a corporate culture encouraging employees to exercise their strengths.

In 2023, Keihan Holdings Co., Ltd. was selected as a Certified Health & Productivity Management Outstanding Organization for the fourth consecutive year.

Health Statement

In order to achieve the Management Principles of the Keihan Group, nothing is more important than to ensure that all employees maintain their physical and mental health and exercise their abilities to the fullest.

We are determined to further enhance our policies to maintain and promote employees' health, and actively support their efforts to improve their lifestyles, aiming to create a workplace environment where employees can work actively, energetically, beautifully and in good health.

October 30, 2018
Keihan Holdings Co., Ltd.
Keihan Electric Railway Co., Ltd.

2024 Certified Health & Productivity Management Outstanding Organization

| | |
|---|---|
| Large Enterprise Category | Keihan Holdings Co., Ltd., Keihan Electric Railway Co., Ltd. |
| Small and Medium-Sized Enterprise Category (Bright 500) | Keihan Business Management Co., Ltd. |
| Small and Medium-Sized Enterprise Category | Keifuku Electric Railroad Co., Ltd., Keihan Asset Management Co., Ltd., Keihan Tatemono Co., Ltd., Zero Corporation Co., Ltd. |



Expanded health checkups

We have expanded health screenings so that our female employees can have breast cancer and gynecological screening tests (mammography, cervical cancer; cervical cytology exam, ovarian cancer; CA125) at mobile health checkup venues alongside their regular checkups, and we also subsidize part of the screening costs. In doing this, we aim to create an environment that makes it easier to undergo screenings, facilitating early detection and treatment of breast, cervical, and ovarian cancers. We have also established an environment for the administration of rubella and measles antibody tests, hepatitis virus tests, and influenza vaccinations at these mobile health checkup venues alongside regular health examinations.



Provision and promotion of health information

We regularly disseminate useful health information to our employees through our group magazine and internal intranet, thereby raising awareness about health.

Through the PepUp health information service introduced by the Keihan Group Health Insurance Association, employees can access their regular health checkup results, health age, medical expenses, and articles tailored to their health status at any time.

We hold seminars on general life-saving courses and cancer, as well as seminars open to all employees, regardless of gender or position, aimed at improving knowledge about health issues specific to women.

Additionally, as we understand that breast cancer is a common health issue, we conduct breast cancer screening seminars for female employees who reach the ages of 40, 45, and 50 to deepen their knowledge about breast cancer screening.

Establishment of an exercise regime

To prevent lifestyle-related diseases among employees and promote health, we encourage the establishment of exercise regimes. We recommend participation in walk rallies organized by the Health Insurance Association using PepUp, encouraging employees to walk more than 8,000 steps a day. Additionally, by conducting physical fitness tests, we aim to increase interest in health and exercise by allowing employees to assess their physical condition.

Number and percentage of employees with exercise regimes (Keihan Holdings Co., Ltd., Keihan Electric Railway Co., Ltd.)

| | FY2021 | FY2022 | FY2023 |
|------------|--------|--------|--------|
| Number | 606 | 984 | 978 |
| Percentage | 39.53% | 57.98% | 60.48% |

* Exercise regime: Walking or equivalent physical activities in daily life for at least one hour per day.

Achieving sustainable growth

Material issue 4 Sustainable and robust management base

Efforts for safety and security

For the Keihan Group, “safety and security” is a universal value that we provide to all our customers, and it is the foundation of our group’s existence. Through the relentless efforts of all our employees, we enhance both safety quality and efficiency, ensuring that these will be reliably passed on to the next generation. We will also thoroughly prepare to protect our customers from disasters.

Safety measures at Keihan Electric Railway Co., Ltd.

Basic philosophy

For the peace of mind of our customers, we will further solidify safety, and with strength, kindness, and a enterprising spirit, we will realize a railway that is chosen.

Qualities expected of railway employees

“As professionals supporting society through railways, our employees need to think and act on their own, improve themselves, and pass on our safety quality to the next generation.”

Basic policy for safety

| | | |
|---|---|--|
| <p>1 Safety first Under the principle of safety first, we always strive to ensure the safety of transportation and take appropriate safety measures.</p> | <p>2 Compliance with laws We comply with laws and regulations related to transportation safety and faithfully perform our duties with integrity.</p> | <p>3 Continuous improvement We properly operate the safety control system and aim for continuous improvement.</p> |
|---|---|--|

Disaster response policies

We will prepare against and respond to disasters based on the following policies.

- (1) Prioritizing human life
We prioritize the safety of our customers and employees.
- (2) Asset protection
We secure assets necessary for business activities.
- (3) External collaboration and information dissemination
We cooperate and collaborate with administrations and related parties, and strive to provide appropriate information to our customers.
- (4) Early resumption of operations
We continue to provide passenger transportation services as much as possible and achieve early restoration of affected sections.

Safety goals

Safety goals for FY2023

- **Qualitative goals to be achieved**
As railway professionals supporting the safety and security of society, we always act in a way that meets societal trust.
- **Quantitative goals to be achieved**

| | Results | |
|---|-------------|----------------------------|
| 1. Continuation of zero liability accidents | 0 accidents | achieved |
| 2. Continuation of zero incidents | 2 incidents | not achieved ^{*1} |
| 3. Transport disruptions due to internal causes below FY2022 record | 7 incidents | achieved ^{*2} |

^{*1} Contact with a car due to train reversal (Keishin Line), and train entry into a level crossing with the barrier raised (Ishiyama Sakamoto Line)
^{*2} Including transport disruptions due to external causes and natural disasters, a total of 26 incidents have occurred

Safety management initiatives (examples)

Safety audit

The Safety Promotion Department, which follows the tradition of the audit department established in 1974, conducts regular safety audits for the railway’s operational departments.

General training center

The general training center was completed in November 2020. The train operation simulator not only has a driver training function, but also is newly equipped with a conductor training function that can reproduce the state on the platform with the rear and side images of the train using computer graphics, thereby making more practical training possible.

General drills for recovery from an accident

We regularly conduct training that anticipates various situations so that we can respond quickly in the event of an accident or disaster. In October 2022, we conducted a training exercise based on a scenario where a passenger car intruded into a level crossing and collided with a train. The training confirmed mainly life-saving measures, evacuation guidance, prevention of secondary disasters, and accurate information transmission, and included exercises for putting away the accident vehicles and restoration of tracks and overhead lines.


Measures against disasters

We have installed weather observation equipment and steep slope monitoring cameras. In addition, we regulate operations by considering the strength of the embankments beside the tracks through a rainfall monitoring system. We are working on the introduction of fully waterproof electric point-switch machine to ensure the continuation of railway transportation even when the tracks are flooded due to heavy rainfall. Furthermore, to prevent water from rivers and roads from flowing into stations and underground lines during emergencies, we have installed flood barriers at 83 locations in 14 Keihan Line stations and 2 level crossings.

Capital investment in FY2023

Railway facility investment: 4.4 billion yen
 Of which, safety-related investment: 3.4 billion yen
 Relocation and renewal of Neyagawa garage substation, renewal of 6000/7000-series train cars, update of platform emergency notification system, seismic reinforcement work for elevated bridges, etc.

For more details, please refer to the “Safety Report” of Keihan Electric Railway Co., Ltd.
<https://www.keihan.co.jp/corporate/safety/>



Safety measures at Hirakata Park

At the amusement park “Hirakata Park” of Keihan Electric Railway Co., Ltd., the railway technology sector verifies the safety and performs maintenance of some amusement rides at the Neyagawa train base. Leveraging the strengths of the railway company, we support the safety of amusement rides with a high level of technology.



Safety measures at Keihan Bus Co., Ltd.

Safety goals

Transportation safety goals for FY2023

| | Results | |
|--|----------------------|--------------|
| 1. Zero fatal/serious accidents | 0 accidents | achieved |
| 2. Reduction of accidents for which we are responsible by 5% compared to the previous year | an increase of 11.5% | not achieved |

Expenditure on transportation safety

FY2023 299 million yen (train cars, operations, and education)

Safety management initiatives (examples)

- Workplace inspections by the president and safety managers, roll-call inspections by head office employees in supervisory positions
- Utilization of the onboard evaluation system "ASK System," drive recorders, and misoperation prevention systems
- Implementation of education and training, Good Driver Awards
- Introduction of Emergency Driving Stop System (EDSS)

For more details, please refer to the "Safety Management" initiatives of Keihan Bus Co., Ltd.
<https://www.keihanbus.jp/safetymanagement/>



Ensuring safety and reliability of food

Initiatives in the hotel business

We hold a committee on food safety and are advancing initiatives such as the development of manuals and training on HACCP-based sanitary management and food labeling based on the Food Sanitation Act. In addition, we conduct internal audits to confirm that appropriate handling is being carried out.

Keihan Group Sustainable Procurement Policy

The Keihan Group has established the "Keihan Group Sustainable Procurement Policy" as a guideline that all corporate officers and employees of the Keihan Group should adhere to in promoting sustainable procurement. Furthermore, based on this policy, we have formulated "Requests to Our Suppliers" as a guideline that we would like all the suppliers of Keihan Group companies to understand and practice.

Keihan Group Sustainable Procurement Policy (excerpt)

(Fair business practices)

- We do not engage in corrupt practices such as bribery, corruption, and inappropriate hospitality and gift-giving in our procurement activities.

(Respect for human rights)

- We do not engage in any acts that infringe on human rights, such as discrimination and harassment based on race, nationality, creed, religion, gender, sexual orientation, presence or absence of disability, social status, etc.
- We do not engage in or allow unfair labor practices such as forced labor and child labor.

(Consideration for the environment)

- We strive to implement measures to conserve energy, resources, and water, and to reduce environmental impact.
- When purchasing and procuring goods and services, we strive to select those that have as little impact on the environment as possible.

Foundations supporting value creation



Corporate governance

| | |
|--|---|
| 71 Basic approach | 73 Corporate officers |
| 71 Corporate governance system | 76 Executive officers |
| 72 Evaluation of effectiveness of Board of Directors | 77 Compliance |
| 72 Corporate officer compensation system | 79 Risk management |
| | 79 Dialogue with shareholders and investors |

Foundations supporting value creation

Corporate governance

Basic approach

The Management Principles of the Keihan Group, with Keihan Holdings at its core, is to create a comfortable living environment and contribute to society by establishing a network of dreams, hope, and trust. We will take good care of local communities, customers, shareholders, and all other stakeholders of the group as we go about developing a life-stage network based primarily on the transportation business, and also endeavor to comply with laws, regulations, and social norms and pursue efficient and sensible corporate management by enhancing the supervisory function of the Board of Directors and facilitating swift decision-making.

Main corporate governance initiatives

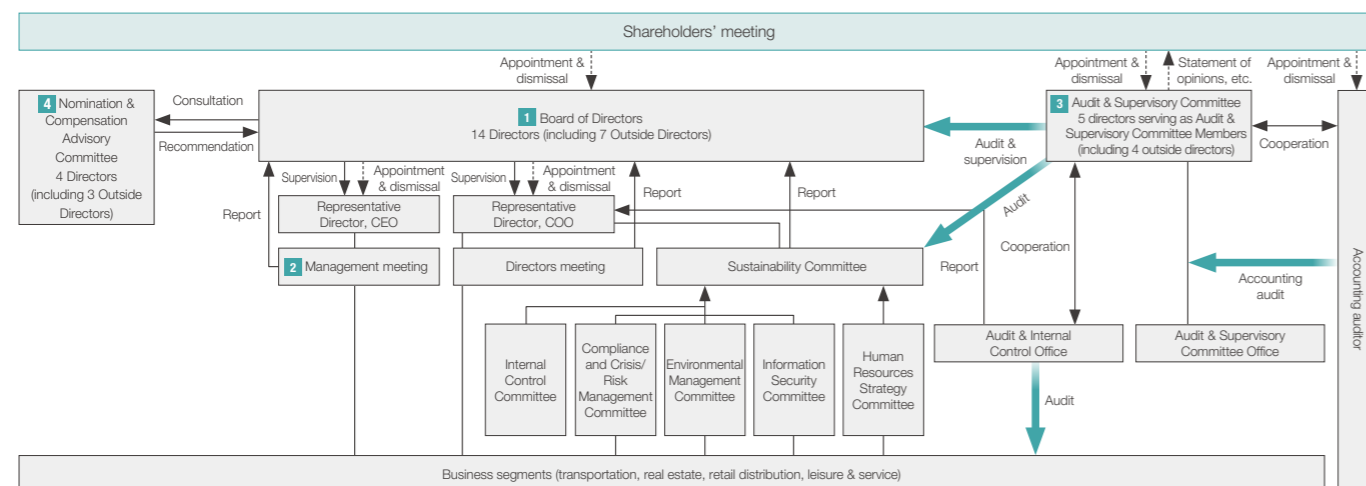
| | |
|--------------|---|
| June 2007 | <ul style="list-style-type: none"> Adoption of executive officer system For the purpose of promoting efficient management by assigning roles across group strategy and business execution functions Establishment of Nomination & Compensation Advisory Committee For the purpose of enhancing the transparency of director/executive officer appointments and compensation |
| April 2016 | <ul style="list-style-type: none"> Transition to holding company structure For the purpose of further strengthening the competitiveness of each business, expanding the group's businesses, creating new businesses, enhancing the value of the areas along the Keihan Railway lines from a medium-to-long term perspective, and generating sustained growth and boosting corporate value |
| June 2016 | <ul style="list-style-type: none"> Revisions to corporate officer compensation system (introduction of stock compensation-type stock options) |
| October 2016 | <ul style="list-style-type: none"> Start of Board effectiveness evaluation |
| June 2017 | <ul style="list-style-type: none"> Transition to a company with an Audit & Supervisory Committee For the purpose of further bolstering the corporate governance system mainly by realizing quick decision-making by the Board of Directors and further improving the effectiveness of auditing and supervisory functions |
| June 2021 | <ul style="list-style-type: none"> Discontinuation (abolishment) of takeover defense measures |
| June 2022 | <ul style="list-style-type: none"> Revisions to corporate officer compensation system (introduction of restricted stock compensation) For the purpose of providing an incentive to executive officers and directors (excluding outside directors) who are not Audit & Supervisory Committee members for the sustained further enhancement of corporate value and to promote the sharing of value with shareholders |

Corporate governance system

Outline of the corporate governance system

We aim to achieve swift decision-making in management by delegating a significant portion of decisions on important matters of business execution to the Board of Directors. We also endeavor to enhance the supervisory function of the Board by leveraging the extensive experience and outstanding insight of outside directors. Moreover, we aim to strengthen auditing and supervisory functions by having Audit & Supervisory Committee members with Board voting rights carry out audits.

Diagram of corporate governance system



1 Board of Directors

At the center of our management structure is the Board of Directors, which, in principle, meets once a month. It makes decision on, and oversees, management strategies and important matters of business execution, including those concerning group companies. From the perspective of strengthening the supervisory function of the Board, 7 of the 14 directors (13 male and 1 female (7.1% female director ratio)) have been appointed from outside the Company. Also, pursuant to the provisions of the Articles of Incorporation and a resolution of the Board of Directors, a significant portion of decisions on important matters of business execution are delegated to the Board in an effort to achieve swift decision-making in management.

2 Management meeting

A management meeting, which is typically convened once a week, has been established under the auspices of the Board of Directors to discuss group management strategies and report on the discussion findings to the Board as required. Also, with the aim of expediting matters of business execution, executive officers have been assigned to each of the group's four business segments (transportation, real estate, retail distribution, and leisure & service) and management departments.

3 Audit & Supervisory Committee

The Audit & Supervisory Committee meets once a month, in principle, to mainly decide on basic policies for audits, audit plans, and other important matters, and to also share information about audits already carried out. 4 of the 5 directors serving as Audit & Supervisory Committee members are outside directors and every effort has been made to bolster the functions of the Audit & Supervisory Committee primarily by appointing directors with experience in transport administration and company management, corporate accounting professionals, experts in corporate law, and specialists in cultural, academic, and tourism fields. In addition, one full-time Audit & Supervisory Committee member has been appointed pursuant to a resolution of the Audit & Supervisory Committee. The full-time Audit & Supervisory Committee member attends the management meetings and collaborates closely with the Internal Audit Department and others in a bid to make the auditing and supervisory functions of the Audit & Supervisory Committee more effective.

4 Nomination & Compensation Advisory Committee

Established as an advisory body to the Board of Directors and comprising a majority of outside directors, the Nomination & Compensation Advisory Committee deliberates on motions and other matters related to appointments of, and compensation for, executive officers and directors who do not sit on the Audit & Supervisory Committee from the viewpoint of enhancing the transparency of such decisions. It then reports its findings to the Board of Directors.

Evaluation of effectiveness of Board of Directors

Once a year we ask all directors to complete a questionnaire about the general administration of the Board and what matters have been discussed. The results are then reported to the Board for analysis and evaluation. The following is an overview of the evaluation of the effectiveness of the Board of Directors in FY2023.

Items of evaluation in questionnaire

- General administration of the Board
- Proposal/reporting items
- Going forward

Evaluation results

General administration of the Board

The Board's overall administration and discussions were assessed to be more or less appropriate, mainly regarding the sharing of documents before meetings, the matters of discussion and the time taken to discuss them, the number of proposal and reporting items, and the content of materials.

Proposal/reporting items

In the previous fiscal year's effectiveness analysis and evaluation, the need for more discussions about the company's medium- and long-term management strategies and how ESG issues are being addressed was highlighted. However, it was assessed that plenty of opportunities to discuss both of these items had been secured. For the former, there were a number of opportunities to engage in discussions as part of the process of formulating the new long-term management strategy and medium-term management plan, which were approved and publicly announced in March 2023. For the latter, the formulation of the Keihan Group's action plan on climate change, called BIOSTYLE Environmental Action 2030, and reports on discussions from the meetings of the Sustainability Committee, were presented to the Board of Directors.

Going forward

How environmental issues, digital transformation, and crisis management are being addressed were raised as matters that need to be discussed in particular. The Board will be required to continually discuss and report, in a timely manner, the progress of the company's long-term management strategy and the medium-term management plan (BIOSTYLE: Deepening and Challenge). Based on these opinions, the Company will continue to work towards further enhancing the effectiveness of the Board of Directors.

Corporate officer compensation system

Pursuant to the provisions of the internal regulations, the compensation of Directors who are not Audit & Supervisory Committee Members (not including Outside Directors) consists of a basic fee, a performance fee (consisting of a corporate performance fee determined pursuant to the internal regulations and based on a combination of consolidated earnings per share and dividend, and a personal performance fee determined pursuant to the internal regulations and based on the ordinary income of the businesses they are in charge of and their subsidiaries and on their achievement of personal goals), and restricted stock units. Outside Directors who are not Audit & Supervisory Committee Members receive a fixed compensation as set out in the provisions of the internal regulations.

The Board of Directors establishes the policies for determining the compensation contents and determines specific amounts for each Director based on the recommendations of the Nomination & Compensation Advisory Committee, of which more than half of the members are Outside Directors. Directors who are Audit & Supervisory Committee Members receive a fixed compensation as set out in the provisions of the internal regulations determined by the Audit & Supervisory Committee. The amount is determined based on the discussion by Directors who are Audit & Supervisory Committee Members.

Foundations supporting value creation

Corporate governance

Corporate officers

(As of July 1, 2023)

●: Outside ●: Independent



Yoshifumi Kato



Masahiro Ishimaru



Masaya Ueno



Yoshihiro Hirakawa



Yoshihisa Domoto



Yasushi Matsushita



Kazutoshi Murao



Shinya Hashizume

| Position | Representative Director & Chairman, CEO, Chairman of the Board | Representative Director & President, COO | Director & Senior Executive Officer | Director & Senior Executive Officer | Director & Managing Executive Officer | Director & Managing Executive Officer | Director | Director |
|--|---|---|---|--|--|---|--|---|
| Responsibilities | | General Manager, Corporate Planning Office General Manager, Development Office around Hirakatahshi Station | General Manager (in charge of Personnel Division), Group Management Office; Assistant General Manager (in charge of Business Promotion Group [Co-create Experience Value]), Corporate Planning Office [General Manager of Leisure & Service Business] | Assistant General Manager (in charge of Business Promotion Group [Redevelop Keihan areas]), Corporate Planning Office [General Manager of Transportation Business] | General Manager, Promotion Office of Development Project along Railway Line Area; Assistant General Manager (in charge of Management Strategy Group [New Business]), Corporate Planning Office [General Manager of Real Estate Business] | Assistant General Manager, Corporate Planning Office; Assistant General Manager (in charge of Accounting and Finance Division), Group Management Office; Assistant General Manager, Development Office around Hirakatahshi Station [General Manager of Retail Distribution Business] | | |
| Brief career summary | April 1975 Joined the Company June 2005 Director, the Company June 2007 Director & Managing Executive Officer, the Company June 2011 Representative Director & President, CEO & COO, the Company June 2017 Representative Director & Chairman, Keihan Electric Railway Co., Ltd. (current position) June 2019 Representative Director & Chairman, CEO, Chairman of the Board, the Company (current position) June 2019 Representative Director & Chairman, Keihan Tatemono Co., Ltd. (current position) | April 1985 Joined the Company June 2013 Executive Officer, the Company June 2017 Director & Managing Executive Officer, the Company June 2019 Representative Director & President, COO, the Company (current position) | April 1982 Joined the Company June 2013 Executive Officer, the Company June 2017 Director & Managing Executive Officer, the Company June 2021 Director & Senior Executive Officer, the Company (current position) June 2023 Representative Director & President, Keihan Hotels & Resorts Co., Ltd. (current position) | April 1986 Joined the Company June 2015 Executive Officer, the Company June 2017 Managing Director, Keihan Electric Railway Co., Ltd. June 2019 Senior Managing Director, Keihan Electric Railway Co., Ltd. June 2021 Director & Managing Executive Officer, the Company June 2021 Representative Director & President, Keihan Electric Railway Co., Ltd. (current position) June 2023 Director & Senior Executive Officer, the Company (current position) | April 1988 Joined the Company June 2017 Executive Officer, the Company June 2017 Representative Director & President, Keihan Real Estate Co., Ltd. (current position) June 2021 Director & Managing Executive Officer, the Company (current position) July 2021 Director & Chairman, ZERO CORPORATION Co., Ltd. (current position) | April 1987 Joined the Company June 2017 Executive Officer, the Company June 2019 Representative Director & President, Keihan Ryutsu Systems Co., Ltd. (current position) July 2020 Representative Director & Chairman, Keihan The Store Co., Ltd. (current position) June 2023 Director & Managing Executive Officer, the Company (current position) June 2023 Representative Director & Chairman, Keihan Department Stores Co., Ltd. (current position) | April 1976 Joined Nippon Telegraph and Telephone Public Corporation June 2009 Senior Executive Vice President & Representative Director, Nippon Telegraph and Telephone West Corporation (NTT West) June 2012 President, NTT West June 2018 Senior Executive Adviser, NTT West (current position) June 2019 Director, the Company (current position) | April 2006 Professor, Graduate School of Literature and Human Sciences, Osaka City University and Osaka City University Urban Research Plaza April 2008 Distinguished Professor, The Industry-Academia-Government Collaboration Organization, Osaka Prefecture University; Director, Research Institute for Tourism Industry April 2017 Distinguished Professor, Organization for Research Promotion, Osaka Prefecture University; Director, Research Institute for Tourism Industry of Research Center for the 21st Century, Professor, Graduate School of Economics, Osaka Prefecture University June 2019 Director, the Company (current position) April 2022 Distinguished Professor, Organization for Research Promotion at Osaka Metropolitan University (OMU); Director, Research Institute for Tourism Industry, Collaborative Research Center, Organization for Research Promotion at OMU; Professor, Graduate School of Sustainable System Sciences, OMU (current position) |
| Attendance at Board of Directors meetings | 12/12 times | 12/12 times | 12/12 times | 12/12 times | 12/12 times | — | 12/12 times | 12/12 times |
| Attendance at Audit & Supervisory Committee meetings | | | | | | | | |
| Nomination & Compensation Advisory Committee | ● | | | | | | ● | ● |
| Audit & Supervisory Committee | | | | | | | | |
| Skills matrix of each Director | | | | | | | | |
| Corporate management | ● | ● | ● | ● | ● | ● | ● | ● |
| Transportation | ● | | | ● | | | | |
| Real estate/Urban development | | | | | ● | | | ● |
| Retail distribution | ● | | ● | | | ● | | |
| Leisure & service/Tourism | | | ● | | | | | |
| BIOSTYLE | | | ● | | | | | |
| Finance & accounting | ● | | | | | ● | | |
| Personnel & labor relations | ● | ● | ● | | | | | |
| Legal affairs & risk management | ● | ● | | | | | | |

* The attendance status for the above-mentioned Board of Directors and Audit & Supervisory Committee meetings reflects the situation for FY2023 (from April 1, 2022 to March 31, 2023).
* The skills matrix above represents areas of expertise for each individual based on their experience and does not encompass all skills and experiences that they possess.

Foundations supporting value creation

Corporate governance

Corporate officers

●: Outside ●: Independent



Ken Chan Chien-Wei



Toshihiko Inachi



Hisashi Umezaki



Nobuyuki Tahara



Koichi Kusao



Kanako Hamasaki

| | | | | | | |
|----------|-------------|---|---|---|---|---|
| Position | Director ●● | Director, Full-time Audit & Supervisory Committee Member ●● | Director, Audit & Supervisory Committee Member ●● | Director, Audit & Supervisory Committee Member ●● | Director, Audit & Supervisory Committee Member ●● | Director, Audit & Supervisory Committee Member ●● |
|----------|-------------|---|---|---|---|---|

Responsibilities

| | | | | | | |
|----------------------|--|---|---|--|--|--|
| Brief career summary | Oct. 2000 Vice President, GIC Real Estate Pte. Ltd. April 2006 Representative Director, GIC Real Estate International Japan Co., Ltd. (Present: GIC Japan Co., Ltd.) Sept. 2019 Representative Director, Patience Capital Group Co., Ltd. (current position) June 2023 Director, the Company (current position) | April 1982 Joined the Company June 2013 Executive Officer, the Company June 2017 Director & Managing Executive Officer, the Company June 2019 Director & Senior Executive Officer, the Company June 2023 Director, Full-time Audit & Supervisory Committee Member, the Company (current position) | April 1966 Joined Ministry of Transport July 1999 Administrative Vice-Minister of Transport Advisor, Ministry of Land, Infrastructure, Transport and Tourism Jan. 2001 Aug. 2002 Vice President, Teitō Rapid Transit Authority April 2004 Representative Director & President, Tokyo Metro Co., Ltd. June 2011 Senior Corporate Advisor, Tokyo Metro Co., Ltd. June 2013 Senior Executive Advisor, Tokyo Metro Co., Ltd. June 2014 Audit & Supervisory Board Member, the Company June 2017 Director, Audit & Supervisory Committee Member, the Company (current position) June 2017 Director, Audit & Supervisory Committee Member, the Company (current position) June 2017 Advisor, Tokyo Metro Co., Ltd. June 2022 Honorary Advisor, Tokyo Metro Co., Ltd. (current position) | Sept. 1980 Certified Public Accountant (current position) Dec. 1997 Representative Partner, Century Audit Corporation (Present: Ernst & Young ShinNihon LLC) June 2014 Retired ShinNihon LLC (Present: Ernst & Young ShinNihon LLC) June 2016 Audit & Supervisory Board Member, the Company June 2017 Director, Audit & Supervisory Committee Member, the Company (current position) | April 1990 Attorney at law (current position) June 2016 Audit & Supervisory Board Member, the Company June 2017 Director, Audit & Supervisory Committee Member, the Company (current position) | July 2011 Representative Director, General Incorporated Foundation Yuuhisai Koudoukan (Present: Yuuhisai Koudoukan Foundation); Director, the Center of Yuuhisai Koudoukan (current position) April 2013 Associate Professor, School of Letters, Sanshu University March 2014 Committee member, Kyoto City Council on Tourism and Promotion May 2020 Committee member, Kyoto City Council on Tourism and Promotion April 2021 Associate Professor, Faculty of Letters, Kyoto Prefectural University (current position) June 2021 Director, Audit & Supervisory Committee Member, the Company (current position) |
|----------------------|--|---|---|--|--|--|

| | | | | | | |
|--|---|-------------|-------------|-------------|-------------|-------------|
| Attendance at Board of Directors meetings | — | 12/12 times | 12/12 times | 12/12 times | 12/12 times | 12/12 times |
| Attendance at Audit & Supervisory Committee meetings | — | — | 15/15 times | 15/15 times | 15/15 times | 15/15 times |
| Nomination & Compensation Advisory Committee | ● | | | | | |
| Audit & Supervisory Committee | | ● | ● | ● | ● | ● |

| | | | | | | |
|---------------------------------|---|---|---|---|---|---|
| Skills matrix of each Director | | | | | | |
| Corporate management | ● | ● | ● | | | |
| Transportation | | | ● | | | |
| Real estate/Urban development | ● | | | | | |
| Retail distribution | | | | | | |
| Leisure & service/Tourism | ● | ● | | | | ● |
| BIOSTYLE | | | | | | ● |
| Finance & accounting | | ● | | ● | | |
| Personnel & labor relations | | | | | | |
| Legal affairs & risk management | | | | | ● | |

Executive officers (As of July 1, 2023)

(Excluding Directors who hold concurrent positions)

Norio Otsuka

[Assistant General Manager of Transportation Business]

Toru Izumitani

[Assistant General Manager of Real Estate Business]

Tsukasa Eto

In charge of Management Strategy Group [PR & Advertisement], Corporate Planning Office; in charge of IT Promotion Division, Group Management Office; General Manager, Personnel Division, Group Management Office

Norio Shirono

In charge of Management Strategy Group [Overall Group Strategy], Corporate Planning Office; General Manager in charge of Management Strategy Group [Overall Group Strategy], Corporate Planning Office; General Manager of Accounting & Finance Division, Group Management Office

Yukio Yamada

Second in charge of Business Promotion Group [Co-create Experience Value], Corporate Planning Office; in charge of Kyoto [Assistant General Manager of Leisure & Service Business]

Hiroshi Oasada

General Manager, Development Office around Hirakatashi Station; General Manager, Promotion Office of Development Project along Railway Line Area [Assistant General Manager of Retail Distribution Business]

Kinya Inoue

In charge of Management Strategy Group [Sustainability and BIOSTYLE], Corporate Planning Office; in charge of General Administration Division, Group Management Office; General Manager, Audit & Internal Control Office

Foundations supporting value creation

Corporate governance

Compliance

Charter of conduct

As a corporate group engaged primarily in a railway business that serves the public interest, the Keihan Group undertakes various business ventures with strong ties to the local community. In order to fulfill our corporate social responsibility and remain a trustworthy company in society by meeting the expectations of people around us with sincerity, we have established the following charter of conduct.

1. We will abide by laws, regulations, and social norms, uphold high ethical standards, and act responsibly.
2. We will prioritize customer safety and provide high-quality services¹ that earn the trust and satisfaction of customers in a timely manner.
3. We will conduct fair business activities². We will also maintain sound and normal relationships³ with governments and administrations.
4. We will engage in open communication with society at large and disclose necessary information to all stakeholders in a timely and appropriate manner.
5. We will respect the human rights of all people.
6. We will strive to create a safe and comfortable workplace free of harassment and other forms of inappropriate behavior.
7. We will actively endeavor to protect the environment.
8. We will handle personal information and other important information strictly and appropriately.
9. We will contribute to the local community through our business activities.
10. We will take a firm stand against anti-social forces that pose a threat to the order and safety of civil society and work to eliminate them.
11. We will undertake business activities soundly⁴ and swiftly and aim to increase corporate value over the long term in a stable manner.

¹ Include appropriate representations and explanations of services and products.

² Engaging in bid-rigging, forming cartels, exploiting one's position for personal gain, providing socially inappropriate entertainment or gifts, making unjust demands leveraging the position of an ordering party, infringing on intellectual property, conducting insider trading, and other similar activities are prohibited. We will also conduct proper accounting procedures and make every effort to protect intellectual property such as patents and trademarks.

³ Illegal donations or contributions in connection with political activities are prohibited.

⁴ Information related to business activities must be accurately recorded and stored in accordance with the rules on handling information.

In keeping with this charter of conduct, we identified some areas that we need to pay particular attention to from a compliance perspective, including information leaks, insider trading, unfair business practices, bribery, elimination of anti-social forces, fair presentation, and harassment. We have elaborated on these topics in the Keihan Group Compliance Guidelines, which have been distributed to all group companies to improve awareness and understanding.

Compliance training initiatives

To raise awareness of compliance and educate our employees about our Management Principles and the Keihan Group's social responsibilities, compliance, harassment, and various laws and regulations, we hold stratified training (for example, when entering the Company, upon being promoted, and upon being appointed as a corporate officer of a group company) and group training sessions. We also publish articles about compliance in the group newsletter and provide e-learning programs and video training to employees. In addition, we visit group companies to conduct on-site training according to the business characteristics of the Company in question.

Compliance and risk management system

We have established a technical committee on compliance and crisis/risk management under the Sustainability Committee and we have also selected compliance promotion representatives and personnel from each division of Keihan Holdings and each group company to form a compliance promotion organization. Sharing compliance risk information between the technical committee and the compliance promotion organization prevents the occurrence and recurrence of legal violations. The compliance subcommittee established under the technical committee discusses with outside advisors how to assess and respond to compliance risks.

Also, this technical committee constantly collaborates with the Audit & Internal Control Office to conduct audits from a

compliance/risk standpoint as part of the internal audits carried out by the office at Keihan Holdings and each group company.



Compliance hotline

We have established a compliance hotline system for corporate officers and employees working in the Keihan Group. The Audit & Internal Control Office or designated point of contact outside the Company receives reports on conduct considered to be illegal or inappropriate with respect to the business activities of the Keihan Group. We also have a system in place to investigate facts and take appropriate measures. We are also extra careful about how we handle the personal information of whistleblowers. Not only is their information handled appropriately, but our internal rules clearly stipulate that no whistleblower shall be treated disadvantageously for making a report. In FY2023, 33 incidents were reported to the compliance hotline, compared to 24 in FY2022.

Promotion of fair business practices (anti-corruption policy)

In accordance with the Keihan Group's charter of conduct and in order to prevent acts that impede fair business practices, including violations of Japan's Antimonopoly Act, breach of trust, and bribery, we have established regulations on the promotion of fair business practices covering the entire group. These regulations set forth the obligations and code of conduct for officers and employees and the measures to be taken when an incident arises. In addition to these regulations, we have also formulated an Antimonopoly Act compliance manual to prescribe more specific rules of conduct, and in line with the content of the regulations, we hold training sessions and awareness activities regarding the Antimonopoly Act for employees of not just Keihan Holdings, but group companies as well.

Measures to eliminate anti-social forces

In keeping with our charter of conduct established under the framework of the Keihan Group's Management Principles, we will take a firm stand against anti-social forces that pose a threat to the order and safety of civil society and work to eliminate them.

More specifically, the division that takes charge of addressing anti-social forces is the General Administration Division of the Group Management Office and we have also appointed a representative and personnel responsible for preventing unjust demands. These persons work to eliminate anti-social forces by collaborating with compliance promotion representatives and personnel of Keihan Holdings' divisions and group companies, all of whom have been appointed to form a compliance promotion organization as part of the technical committee on compliance and crisis/risk management.

In the event of any unjust demands from anti-social forces, the General Administration Division of the Group Management Office will, as necessary, consult with the relevant department, or the relevant group company, to discuss what measures to take. It will also collaborate with the police, lawyers, and other external specialist organizations and maintain a resolute stance in addressing the situation.

Also, as part of our ongoing efforts to prepare against unjust demands from anti-social forces, we have established close relationships with external specialist organizations and any information obtained will be shared, as needed, with other divisions and Keihan Group companies. We also make every effort to raise awareness of our measures at various meetings and the like.

Corporate governance

Risk management

Crisis Management Regulations

We have established Crisis Management Regulations, the guidelines for crisis management in the Keihan Group and related matters. They determine how we collect, manage, report and disclose crisis information as well as how we respond to an emergency. In response to this, each division of Keihan Holdings has established its own detailed rules on the Crisis Management Regulations and developed systems to deal with each specific crisis. We require all group companies to comply with the Crisis Management Regulations. To improve crisis management skills, a crisis/risk subcommittee has been established under the technical committee on compliance and crisis/risk management. This subcommittee develops countermeasures against risks that may have a significant impact on the Keihan Group.

Formulation of the Business Continuity Plan (BCP)

Keihan Holdings and Keihan Group companies are formulating a business continuity plan (BCP) on the assumption of a large-scale disaster, such as a Nankai Trough earthquake or an earthquake triggered by the Uemachi Fault, as well as outbreaks of infectious diseases, such as COVID-19. In the event of a large-scale disaster, we will look to minimize damage to business assets, yet keep our core businesses running or restore operations at the earliest possible time. To achieve that, we have identified the functions and key tasks that must be prioritized, analyzed the factors that could hamper business continuity and the early restoration of operations, and prepared for a contingency by considering strategies for replacing, recovering, scaling down, or limiting business operations.

To respond to the outbreak of infectious diseases, we have analyzed the impact on our business activities at each stage of infection and spread, and formulated business continuity strategies for facilities operated by group companies. We have also established a scheme to implement important operations necessary for business continuity even when employees are not able to travel to their workplaces.

Information security

To maintain and improve information security, the Keihan Group has established the technical committee on information security under the Sustainability Committee and worked on risk reduction. Each group company has established private information protection regulations to ensure proper handling and management of personal information. As part of our measures to protect and ensure appropriate and safe management of confidential and personal information owned by the Company and to respond to information security incidents^{*1}, which have become more sophisticated and complex in recent years, the Keihan Group SIRT^{*2} was established in 2017 as the group's overall emergency response organization. In addition to formulating a BCP for our IT systems, we implement incident response drills and other measures to enhance the functions and systems in the handling process from the occurrence to settlement of an incident, and to minimize damage in case of an emergency. We are committed to the dissemination and improvement of knowledge on security. We host information security study meetings on a regular basis for IT personnel of each group company to provide education on the circumstances surrounding the recent Internet environment and legal systems related to personal information protection. We have also distributed the Information Security Handbook to employees who use PCs in their work.

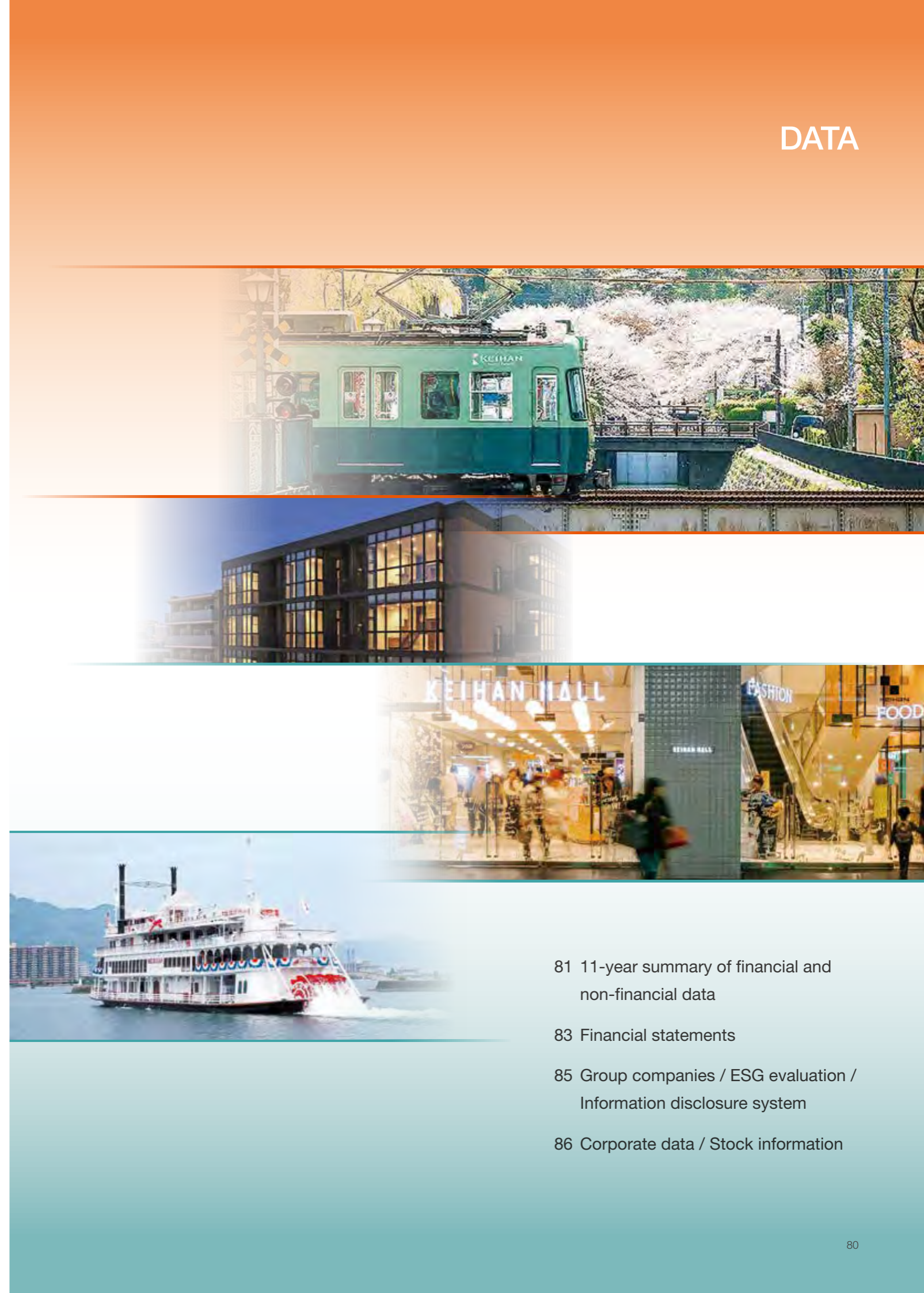
^{*1} Incidents that threaten the environment for safe computer usage, such as attacks on websites via the Internet or emails and computer viruses.

^{*2} SIRT stands for Security Incident Response Team.

Dialogue with shareholders and investors

IR activities

Based on our disclosure policy, we are actively disclosing the information on our business management and enhancing communication through IR activities so that our shareholders and investors can deepen the understanding of Keihan Holdings and the Keihan Group and evaluate the Company correctly. In FY2023, we held financial results briefings on two occasions for institutional investors and analysts, as well as individual meetings as required.



81 11-year summary of financial and non-financial data

83 Financial statements

85 Group companies / ESG evaluation / Information disclosure system

86 Corporate data / Stock information

DATA

11-year summary of financial and non-financial data

(Unit: million yen)

| FY | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|---------|---------|---------|---------|----------|----------------------|----------|----------|----------|----------|----------|
| Operating revenue | 279,156 | 289,203 | 294,906 | 300,188 | 302,917 | 322,276 | 326,159 | 317,103 | 253,419 | 258,118 | 260,070 |
| Transportation | 89,328 | 89,661 | 90,341 | 93,562 | 94,404 | 92,262 | 93,926 | 93,365 | 65,694 | 70,768 | 80,927 |
| Real estate | 78,948 | 88,179 | 89,454 | 89,033 | 94,014 | 113,132 | 118,607 | 110,228 | 110,270 | 137,495 | 120,103 |
| Retail distribution | 96,224 | 95,427 | 98,200 | 98,875 | 98,493 | 100,709 | 98,727 | 98,186 | 83,109 | 52,908 | 50,676 |
| Leisure & service | 26,081 | 27,423 | 29,761 | 31,813 | 30,801 | 31,298 | 30,621 | 32,081 | 9,724 | 11,529 | 22,869 |
| Other businesses | 1,487 | 1,637 | 1,707 | 1,755 | 1,792 | 1,824 | 1,843 | 2,908 | 3,061 | 3,169 | 3,660 |
| Adjustments | -12,914 | -13,125 | -14,559 | -14,852 | -16,588 | -16,951 | -17,567 | -19,667 | -18,441 | -17,752 | -18,167 |
| Operating income | 23,289 | 25,085 | 29,437 | 31,524 | 32,343 | 31,458 | 33,715 | 31,123 | -1,265 | 13,408 | 20,491 |
| Ordinary income | 18,933 | 21,457 | 27,435 | 28,461 | 30,335 | 29,630 | 32,108 | 29,886 | 238 | 16,485 | 20,458 |
| Profit attributable to owners of parent | 11,077 | 14,420 | 17,864 | 22,385 | 22,636 | 22,712 | 21,480 | 20,121 | -4,574 | 9,589 | 17,621 |
| Total assets | 653,462 | 671,182 | 664,236 | 670,333 | 679,631 | 698,786 ² | 731,750 | 732,824 | 764,247 | 737,261 | 774,849 |
| Net assets | 158,121 | 169,864 | 190,513 | 191,790 | 203,455 | 223,559 | 238,695 | 254,058 | 248,595 | 255,876 | 273,510 |
| Interest-bearing debt | 327,880 | 321,044 | 311,010 | 325,714 | 314,539 | 316,399 | 334,346 | 327,132 | 351,600 | 345,311 | 341,625 |
| Capital expenditure | 19,977 | 31,179 | 15,878 | 31,398 | 39,173 | 39,745 | 43,631 | 29,324 | 33,261 | 17,193 | 29,712 |
| Depreciation | 17,071 | 16,603 | 17,107 | 17,571 | 18,074 | 19,113 | 19,819 | 20,784 | 21,232 | 20,922 | 20,028 |
| Cash flows from operating activities | 43,901 | 29,573 | 21,459 | 36,334 | 38,569 | 44,438 | 36,473 | 32,033 | 15,282 | 21,673 | 16,932 |
| Cash flows from investing activities | -28,489 | -15,132 | -4,473 | -27,750 | -29,597 | -32,603 | -48,059 | -26,363 | -24,940 | -17,641 | -13,109 |
| Free cash flow | 15,412 | 14,441 | 16,985 | 8,584 | 8,971 | 11,835 | -11,586 | 5,670 | -9,658 | 4,032 | 3,822 |
| Cash flows from financing activities | -11,941 | -11,412 | -16,275 | -5,768 | -20,020 | -9,858 | 12,655 | -12,138 | 21,301 | -10,264 | -7,435 |
| Net Increase (decrease) in cash and cash equivalents | 3,470 | 3,028 | 710 | 2,816 | -11,048 | 1,976 | 1,069 | -6,468 | 11,643 | -6,232 | -3,612 |
| Cash and cash equivalents at end of period | 22,802 | 25,831 | 26,552 | 29,372 | 18,324 | 20,300 | 21,377 | 14,911 | 26,554 | 20,322 | 16,727 |
| Earnings per share (yen) ¹ | 19.70 | 25.65 | 31.78 | 39.95 | 211.01 | 211.87 | 200.40 | 187.72 | -42.68 | 89.47 | 164.38 |
| Diluted earnings per share (yen) ¹ | — | — | — | — | 211.00 | 211.85 | 200.36 | 187.68 | — | 89.44 | 164.34 |
| Net assets per share (yen) ¹ | 276.40 | 297.08 | 334.67 | 349.13 | 1,870.99 | 2,055.87 | 2,193.68 | 2,329.94 | 2,279.47 | 2,343.97 | 2,502.22 |
| Dividend per share (yen) ¹ | 5.00 | 6.00 | 6.00 | 6.00 | 30.00 | 35.00 | 35.00 | 35.00 | 25.00 | 25.00 | 30.00 |
| Return on equity (ROE) (%) | 7.4 | 8.9 | 10.1 | 11.9 | 11.6 | 10.8 | 9.4 | 8.3 | -1.9 | 3.9 | 6.8 |
| Return on assets (ROA) (%) | 3.6 | 3.8 | 4.4 | 4.7 | 4.8 | 4.6 ² | 4.7 | 4.3 | -0.2 | 1.8 | 2.7 |
| Capital adequacy ratio (%) | 23.8 | 24.9 | 28.3 | 28.2 | 29.5 | 31.5 ² | 32.1 | 34.1 | 32.0 | 34.1 | 34.6 |
| Interest-bearing debt / EBITDA multiple (Times) | 8.1 | 7.7 | 6.7 | 6.6 | 6.2 | 6.3 | 6.3 | 6.3 | 17.6 | 10.1 | 8.4 |
| Net interest-bearing debt / EBITDA multiple (Times) | 7.6 | 7.1 | 6.1 | 6.1 | 5.9 | 5.9 | 5.9 | 6.0 | 16.3 | 9.5 | 8.0 |

¹ Keihan Holdings Co., Ltd. has conducted a consolidation of common shares at a rate of one share for every five shares with an effective date of October 1, 2017. Earnings per share, diluted earnings per share, net assets per share and dividend per share have been calculated as if this consolidation of shares was conducted at the beginning of the previous fiscal year.

² Accompanying the application of "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan, Statement No. 28, February 16, 2018), etc. from the beginning of FY2019, the figures for Total assets, Return on assets and Capital adequacy ratio have been restated for FY2018.

³ The "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan, Statement No. 29, March 31, 2020), etc. has been applied from the beginning of FY2022.

(Unit: people)

| FY | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Total number of employees (Consolidated) | 6,765 | 6,711 | 6,944 | 6,904 | 6,922 | 6,862 | 6,885 | 7,083 | 6,967 | 6,667 | 6,526 |
| Transportation | 4,622 | 4,589 | 4,760 | 4,694 | 4,695 | 4,438 | 4,431 | 4,426 | 4,359 | 4,215 | 4,082 |
| Real estate | 628 | 612 | 575 | 595 | 655 | 821 | 864 | 924 | 940 | 957 | 999 |
| Retail distribution | 825 | 821 | 831 | 850 | 859 | 870 | 867 | 873 | 863 | 760 | 723 |
| Leisure & service | 517 | 513 | 578 | 564 | 564 | 587 | 565 | 620 | 582 | 524 | 516 |
| Other businesses | 13 | 14 | 15 | 14 | 16 | 14 | 13 | 90 | 84 | 79 | 86 |
| Group (Common) | 160 | 162 | 185 | 187 | 133 | 132 | 145 | 150 | 139 | 132 | 120 |

* Figures for FY2013 are provided in accordance with the segmentation revised from FY2014.

* Figures for FY2015 are provided in accordance with the segmentation revised from FY2016.

DATA

Financial statements

Consolidated Balance Sheet (Summary)

(Unit: million yen)

| Item | Amount | | Item | Amount | |
|--|---------|---------|---|---------|---------|
| | 2022/3 | 2023/3 | | 2022/3 | 2023/3 |
| (Assets) | | | (Liabilities) | | |
| Current assets | 186,794 | 217,002 | Current Liabilities | 127,477 | 148,777 |
| Cash and deposits | 20,327 | 16,784 | Notes and accounts payable - trade | 10,020 | 10,137 |
| Notes and accounts receivable - trade, and contract assets | 25,129 | 36,058 | Short-term loans payable | 60,320 | 53,608 |
| Land and buildings for sale | 126,863 | 147,347 | Advances received | 8,717 | 10,178 |
| Other | 14,474 | 16,811 | Other | 48,419 | 74,852 |
| Non-current assets | 550,466 | 557,846 | Non-current liabilities | 353,907 | 352,560 |
| Property, plant and equipment | 481,726 | 486,638 | Bonds payable | 100,000 | 80,000 |
| Building and structures | 213,445 | 206,386 | Long-term loans payable | 174,990 | 188,016 |
| Machinery, equipment and vehicles | 19,553 | 17,163 | Net defined benefit liability | 17,593 | 16,842 |
| Land | 230,941 | 231,271 | Other | 61,323 | 67,700 |
| Construction in progress | 10,267 | 18,010 | Total liabilities | 481,384 | 501,338 |
| Other | 7,517 | 13,806 | | | |
| Intangible assets | 7,218 | 7,476 | (Net Assets) | | |
| Investments and other assets | 61,521 | 63,731 | Shareholders' equity | 210,627 | 225,673 |
| Investment securities | 42,001 | 45,142 | Capital stock | 51,466 | 51,466 |
| Deferred tax assets | 5,369 | 4,104 | Capital surplus | 28,796 | 28,792 |
| Net defined benefit asset | 1,605 | 1,705 | Retained earnings | 152,007 | 166,989 |
| Other | 12,545 | 12,780 | Treasury shares | -21,643 | -21,574 |
| | | | Accumulated other comprehensive income | 40,612 | 42,575 |
| | | | Valuation difference on available-for-sale securities | 5,967 | 7,021 |
| | | | Revaluation reserve for land | 35,060 | 35,031 |
| | | | Foreign currency translation adjustment | -12 | 72 |
| | | | Remeasurements of defined benefit plans | -403 | 449 |
| | | | Subscription rights to shares | 121 | 121 |
| | | | Non-controlling interests | 4,514 | 5,139 |
| | | | Total net assets | 255,876 | 273,510 |
| Total assets | 737,261 | 774,849 | Total liabilities and net assets | 737,261 | 774,849 |

Consolidated statement of income (Summary)

(Unit: million yen)

| Item | FY2022 | FY2023 |
|--|---------|---------|
| Operating revenue | 258,118 | 260,070 |
| Operating expenses | 244,710 | 239,578 |
| Operating income | 13,408 | 20,491 |
| Non-operating income | 5,820 | 2,467 |
| Non-operating expenses | 2,742 | 2,500 |
| Ordinary income | 16,485 | 20,458 |
| Extraordinary income | 4,199 | 9,806 |
| Extraordinary losses | 2,684 | 3,779 |
| Profit before income taxes | 18,000 | 26,485 |
| Income taxes - current | 7,402 | 7,906 |
| Income taxes - deferred | 617 | 341 |
| Profit | 9,981 | 18,237 |
| Profit attributable to non-controlling interests | 391 | 615 |
| Profit attributable to owners of paren | 9,589 | 17,621 |

Consolidated Statement of Cash Flows (Summary)

(Unit: million yen)

| Item | FY2022 | FY2023 |
|--|---------|---------|
| Cash flows from operating activities | 21,673 | 16,932 |
| Cash flows from investing activities | -17,641 | -13,109 |
| Cash flows from financing activities | -10,264 | -7,435 |
| Net increase (decrease) in cash and cash equivalents | -6,232 | -3,612 |
| Cash and cash equivalents at beginning of period | 26,554 | 20,322 |
| Cash and cash equivalents at end of period | 20,322 | 16,727 |

Consolidated Business Segment Information

(Unit: million yen)

| | Transportation | | Real estate | | Retail distribution | | Leisure & service | | Other businesses | | Total | | Adjustment | | Amount recorded in consolidated financial statement | |
|---|----------------|---------|-------------|---------|---------------------|--------|-------------------|--------|------------------|--------|---------|---------|------------|---------|---|---------|
| | FY2022 | FY2023 | FY2022 | FY2023 | FY2022 | FY2023 | FY2022 | FY2023 | FY2022 | FY2023 | FY2022 | FY2023 | FY2022 | FY2023 | FY2022 | FY2023 |
| Operating revenue | | | | | | | | | | | | | | | | |
| Operating revenue from external customers | 69,046 | 79,136 | 123,116 | 105,402 | 52,517 | 50,166 | 10,926 | 22,221 | 2,508 | 3,140 | 258,116 | 260,066 | 2 | 4 | 258,118 | 260,070 |
| Intersegment operating revenue or transfers | 1,722 | 1,790 | 14,378 | 14,701 | 390 | 510 | 602 | 648 | 661 | 520 | 17,755 | 18,171 | -17,755 | -18,171 | - | - |
| Total | 70,768 | 80,927 | 137,495 | 120,103 | 52,908 | 50,676 | 11,529 | 22,869 | 3,169 | 3,660 | 275,871 | 278,238 | -17,752 | -18,167 | 258,118 | 260,070 |
| Segment income (loss) | 173 | 6,885 | 22,593 | 17,555 | 1,776 | 1,878 | -9,324 | -3,836 | -1,393 | -1,230 | 13,825 | 21,253 | -417 | -761 | 13,408 | 20,491 |
| Segment assets | 239,448 | 240,100 | 424,309 | 457,483 | 28,408 | 28,194 | 33,769 | 40,835 | 7,477 | 7,885 | 733,412 | 774,499 | 3,849 | 349 | 737,261 | 774,849 |
| Other items | | | | | | | | | | | | | | | | |
| Depreciation | 11,848 | 10,853 | 6,449 | 6,640 | 1,061 | 1,053 | 1,143 | 1,189 | 182 | 159 | 20,685 | 19,896 | 237 | 132 | 20,922 | 20,028 |
| Increase in property, plant and equipment and intangible assets | 6,142 | 9,478 | 9,473 | 13,262 | 826 | 1,496 | 586 | 5,217 | 46 | 117 | 17,075 | 29,573 | 118 | 139 | 17,193 | 29,712 |

DATA

Group companies / ESG evaluation / Information disclosure system

Group companies (as of March 31, 2023)

Consolidated subsidiaries

| | | | |
|--|---|---|---|
| <p>Transportation</p> <ul style="list-style-type: none"> Keihan Electric Railway Co., Ltd. Keifuku Electric Railroad Co., Ltd. Eizan Electric Railway Co., Ltd. Keifuku Bus Co., Ltd. Mikuni Kanko Sangyo Co., Ltd. Keihan Engineering Service Co., Ltd. Keihan Station Management Co., Ltd. Keihan Agency Inc. Keihan Bus Co., Ltd. Kyoto Bus Co., Ltd. Kojak Bus Co., Ltd. | <ul style="list-style-type: none"> Keihan Kyoto Kotsu Co., Ltd. KT Auto Industry Co., Ltd. Kyoto Keihan Bus Co., Ltd. KB Enterprise Co., Ltd. | <ul style="list-style-type: none"> Keihan Gardening Co., Ltd. Keihan Sangyo Co., Ltd. Kanko Co., Ltd. | <ul style="list-style-type: none"> Keihan Hotels & Resorts Co., Ltd. Osaka Aqua Bus Ltd. Biwako Kisen Steamship Co., Ltd. Kuzuha Public Golf Course Co., Ltd. Hieizan Driveway Co., Ltd. Biwako Food Service Co., Ltd. Hieizan Railway Co., Ltd. |
| | <p>Real estate</p> <ul style="list-style-type: none"> Keihan Real Estate Co., Ltd. Keihan Tatemono Co., Ltd. Keihan Asset Management Co., Ltd. Zero Corporation Co., Ltd. Keihan Kind Co., Ltd. Keihan Building Techno Service Co., Ltd. | <p>Retail distribution</p> <ul style="list-style-type: none"> Keihan Department Stores Co., Ltd. Keihan Ryutsu Systems Co., Ltd. Keihan The Store Co., Ltd. Bio Market Co., Ltd. | <p>Other businesses</p> <ul style="list-style-type: none"> Keihan Card Co., Ltd. Biostyle Co., Ltd. |
| | <p>Leisure & service</p> <ul style="list-style-type: none"> Hotel Keihan Co., Ltd. | | |

Equity-method affiliate

Transportation Nakanoshima Rapid Railway Co., Ltd. **Real estate** PANNARAI DEVELOPMENT CO., LTD.

ESG evaluation

MSCI
ESG RATINGS
AA

MSCI ESG Ratings AA
(Industrial conglomerate)

Morningstar
Japan ex-REIT Gender Diversity
Tilt Index

2023 CONSTITUENT MSCI JAPAN
ESGセレクト・リーダーズ指数

MSCI Japan
ESG Select Leaders

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S&P/JPX
カーボン
エフィシエント
指数

S&P/JPX
Carbon Efficient Index

Information disclosure structure



Forward-looking statements

The performance forecasts and business plans contained in this report are based on our company's judgment of forward-looking statements and are based on information available and assumptions made at the time of preparation. Therefore, please be aware that actual performance and other results published in the future may differ from these forward-looking statements due to uncertain factors such as changes in economic conditions and regulations.

Corporate data / Stock information

Corporate data (as of March 31, 2023)

| | |
|---------------------|---|
| Name | Keihan Holdings Co., Ltd. |
| Incorporation | November 25, 1949 |
| Establishment | November 19, 1906 |
| Capital | 51,466,416,776 yen |
| Number of employees | 120 (including those seconded from other companies, and not including those seconded to other companies) |
| Head office | 1-7-31 Otemae, Chuo-ku, Osaka, Japan |
| Main business | Management of the group, etc. |

Status of shares (as of March 31, 2023)

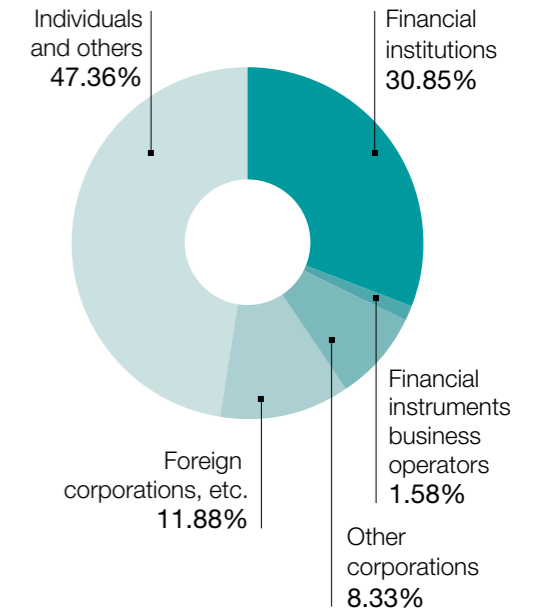
| | |
|-----------------------------------|-------------|
| Total number of authorized shares | 319,177,200 |
| Aggregate number of issued shares | 113,182,703 |
| Number of shareholders | 49,736 |

Major shareholders (as of March 31, 2023)

| Shareholder name | Number of shares (thousands) | Shareholding ratio (%) |
|---|------------------------------|------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 12,548 | 11.71 |
| Custody Bank of Japan, Ltd. (Trust Account) | 5,329 | 4.97 |
| Sumitomo Mitsui Trust Bank, Limited | 2,550 | 2.38 |
| Sumitomo Mitsui Banking Corporation | 2,000 | 1.87 |
| Nippon Life Insurance Company | 1,891 | 1.76 |
| GOVERNMENT OF NORWAY | 1,662 | 1.55 |
| JP MORGAN CHASE BANK 385781 | 1,317 | 1.23 |
| STATE STREET BANK WEST CLIENT – TREATY 505234 | 1,116 | 1.04 |
| Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank Re-trust Portion/Hankyu Corporation Retirement Benefit Trust Account) | 1,073 | 1.00 |
| Taiju Life Insurance Company Limited | 1,053 | 0.98 |

(Notes) 1. Keihan Holdings Co., Ltd. holds 5,978,200 shares of treasury shares, which are excluded from the above major shareholders.
2. The shareholding ratio is calculated excluding treasury shares.

Ownership distribution status



Stock price & trading volume trends

