

**First Half of FY2021  
(Ended September 30, 2020)  
Financial Results Presentation**

November 12, 2020

Keihan Holdings Co., Ltd.

(Tokyo Stock Exchange 1st / Securities Code: 9045 <http://www.keihan-holdings.co.jp/>)

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Descriptions of business forecasts and future prospects are based on current information and certain assumptions about factors that may affect future business.

Actual results may differ due to various factors that may arise in the future.

Overview of the First Half of FY2021

# Financial Results

# Consolidated Statements of Income

- Revenues declined significantly because of decreased inbound demand and voluntary restraints on outings in Japan due to the COVID-19 pandemic. In the real estate business, condominium sales declined in reaction to strong sales in the same period of the previous year. Income at each stage deteriorated substantially. These factors brought us to record-low results in the second quarter of this fiscal year.

(millions of yen)

	1H FY2021 Results	1H FY2020 Results	Change	Main factors of changes
Operating revenue	108,232	165,209	-56,976 (-34.5%)	*Impact of the COVID-19 pandemic: -44,500
Operating income	-5,854	21,969	-27,823 (-)	*Impact of the COVID-19 pandemic: -27,800
Non-operating income	1,735	1,091	643	
Non-operating expenses	1,856	1,625	231	
Ordinary income	-5,975	21,435	-27,411 (-)	
Extraordinary income	2,524	2,455	69	Gain on sales of investment securities: +1,310 Compensation income: -1,093
Extraordinary losses	1,085	1,166	-80	Loss on tax purpose reduction entry of non-current assets: -821; Loss on retirement of non-current assets: -192; Loss on COVID-19: +947
Profit attributable to owners of parent	-6,320	15,154	-21,475 (-)	
Depreciation	10,252	10,035	216	
EBITDA	4,397	32,004	-27,606 (-86.3%)	*EBITDA: Operating income + Depreciation
Interest and dividend income	350	580	-230	
Interest expenses	1,036	1,143	-106	
Net interest expenses	-686	-562	-124	

# Segment Information

(millions of yen)

		1H FY2021 Results	1H FY2020 Results	Change	Change (%)
Transportation	Operating revenue	30,497	48,709	-18,212	-37.4%
	Operating income	-7,010	8,141	-15,152	—
Real estate	Operating revenue	43,880	58,663	-14,782	-25.2%
	Operating income	8,190	10,248	-2,057	-20.1%
Retail distribution	Operating revenue	38,360	48,195	-9,834	-20.4%
	Operating income	-24	1,579	-1,603	—
Leisure and service	Operating revenue	3,290	17,960	-14,669	-81.7%
	Operating income	-6,222	1,788	-8,010	—
Others	Operating revenue	1,319	956	363	38.1%
	Operating income	-763	-4	-758	—
Adjustments	Operating revenue	-9,117	-9,275	158	—
	Operating income	-25	216	-241	—

# Impact of the COVID-19 Pandemic

## Outline of impact:

A state of emergency was declared in April, which brought the Keihan Group to a difficult business situation in the first quarter of this fiscal year. In particular, the transportation segment and the leisure and service segment were hard hit by decreases in users due to voluntary restraints on outings. The retail distribution segment was affected by the suspension of stores under the recommendation of the central and local governments. In the second quarter, domestic demand gradually recovered while inbound demand stagnated. Thus, the financial results for the second quarter were very severe, down year-on-year.

## Affected amounts:

(yen)

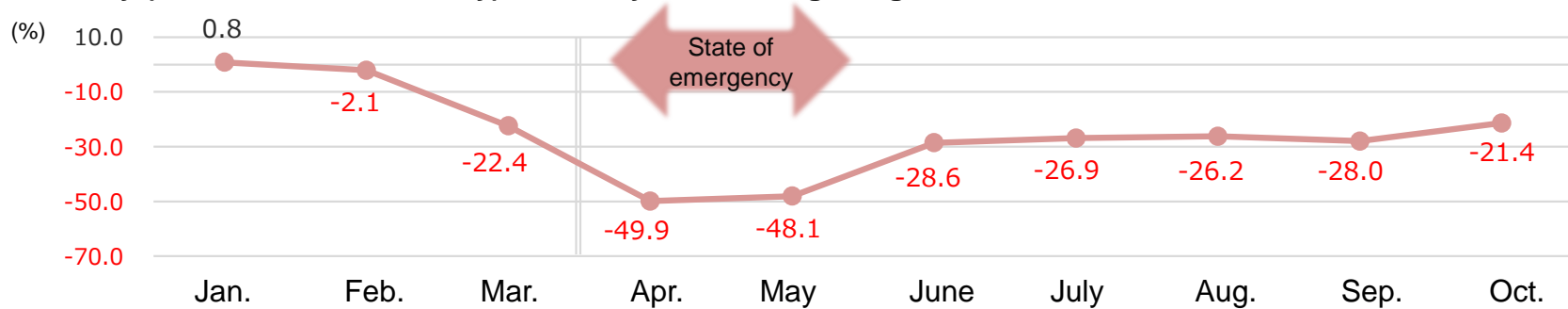
	Operating revenue	Operating income	Main Impact
Transportation	-18.7 bn.	-17.6 bn.	Decrease in train and bus passengers
Real estate	-0.3 bn.	-0.2 bn.	Decrease in showroom and rental meeting room users
Retail distribution	-9.2 bn.	-1.6 bn.	Decrease in commercial facility users
Leisure and service	-15.1 bn.	-7.7 bn.	Decrease in hotel and leisure facility users
Others	-1 bn.	-0.5 bn.	Decrease in commercial facility users
Total	-44.5 bn.	-27.8 bn.	

## Accounting of fixed costs for idle facilities, etc.:

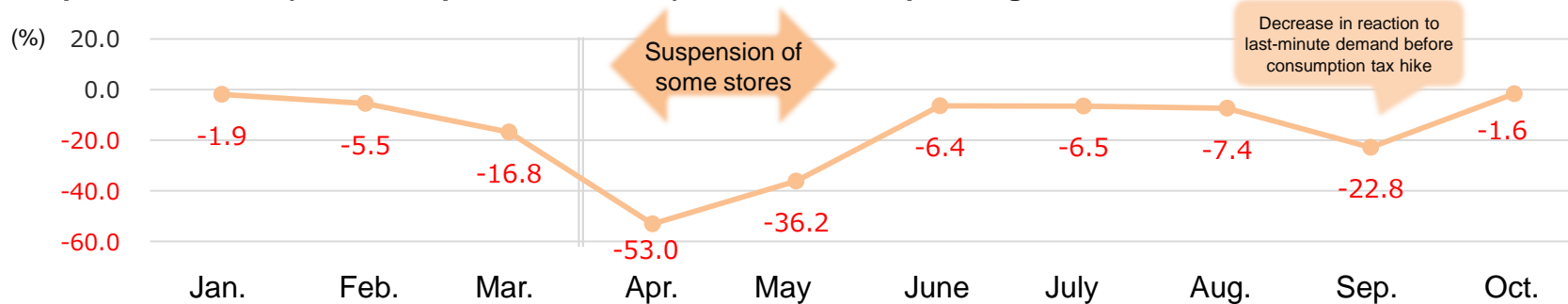
While the state of emergency was declared, **947 million yen** of fixed costs involved in idle facilities, etc. (labor costs, rent, depreciation, etc.) was recorded as loss on COVID-19 under extraordinary losses.

# Situation of Main Affected Segments

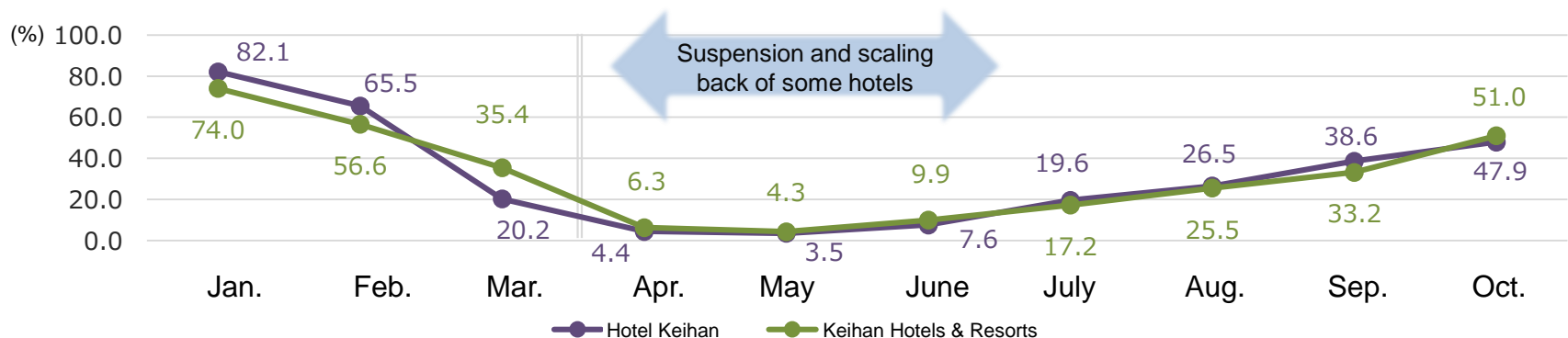
## Railway (Keihan Electric Railway) Year-on-year Passenger Figures



## Department Store (Keihan Department Stores) Year-on-Year Operating Revenue



## Hotel Occupancy Rates



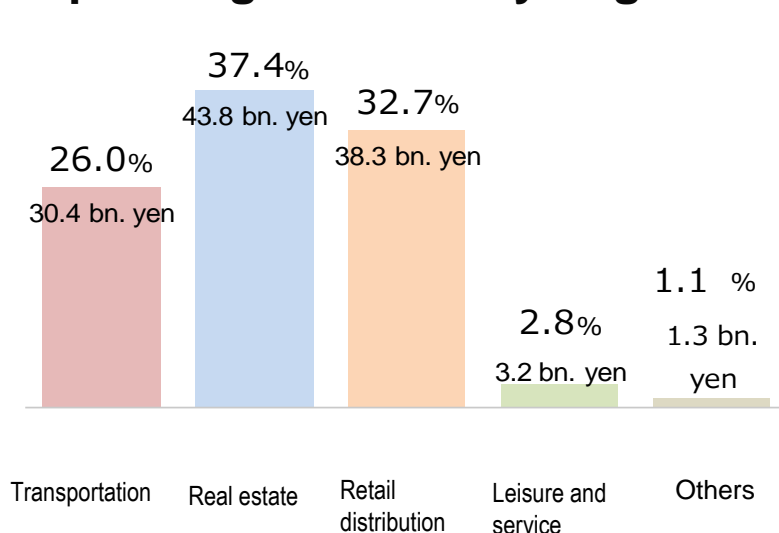
# Segment Information (Breakdown)

Consolidated subsidiaries: 42 companies (1 company added year-on-year)

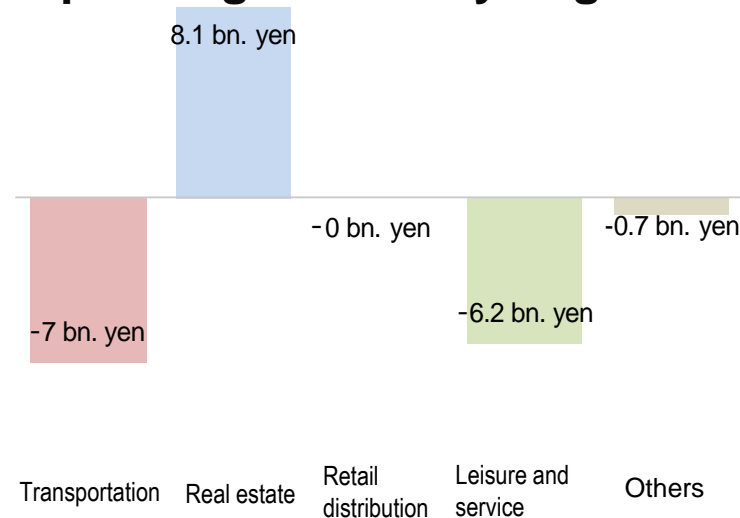
Equity-method affiliates: 2 companies (no change year-on-year)

Transportation	Keihan Electric Railway Co., Ltd., Keifuku Electric Railroad Co., Ltd., Keihan Bus Co., Ltd., and 12 other companies
Real estate	Keihan Holdings Co., Ltd., Keihan Dentetsu Real Estate Co., Ltd., Zero Corporation Co., Ltd., Keihan Building Co., Ltd., and 8 other companies
Retail distribution	Keihan Department Stores Co., Ltd., Keihan The Store Co., Ltd., Keihan Ryutsu Systems Co., Ltd., Biomarket Co., Ltd., and 1 other company
Leisure and service	Hotel Keihan Co., Ltd., Keihan Hotels & Resorts Co., Ltd., Biwako Kisen Steamship Co., Ltd., and 5 other companies
Others	BIOSTYLE Co., Ltd. and Keihan Card Co., Ltd.

## Operating Revenue by Segment



## Operating Income by Segment



Note: Transactions among the segments were eliminated from the figures above. The percentages represent the composition rates of the segments.



# Segment Information (Transportation)

	1H FY2021 Results	1H FY2020 Results	Change	(millions of yen) Change (%)
Operating revenue	30,497	48,709	-18,212	-37.4%
Railway	25,996	39,416	-13,419	-34.0%
Bus	8,608	14,193	-5,585	-39.4%
Elimination	-4,107	-4,900	793	—
Operating income	-7,010	8,141	-15,152	—
Railway	-4,770	6,661	-11,432	—
Bus	-2,243	1,470	-3,713	—
Elimination	3	10	-6	—

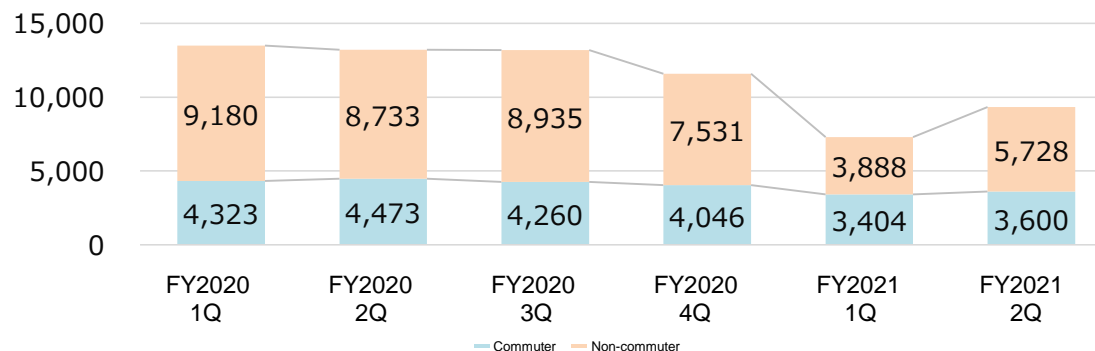
## Main factors affecting performance:

- The railway business reported decreased revenues and profits because the number of passengers declined due to the impact of the COVID-19 pandemic.
- The bus business reported decreased revenues and profits because share-ride revenues and regular tour revenues declined due to the impact of the COVID-19 pandemic.

# Operating Results for Transportation Keihan Electric Railway

	1H FY2021 Results	1H FY2020 Results	Change	Change (%)
	(millions of yen)	(millions of yen)	(millions of yen)	%
Passenger transportation revenue	16,620	26,710	-10,089	-37.8
Non-commuter passes	9,616	17,913	-8,297	-46.3
Commuter passes	7,004	8,796	-1,791	-20.4
	(thousands of people)	(thousands of people)	(thousands of people)	%
Number of passengers	99,732	152,834	-53,102	-34.7
Non-commuter passes	40,649	76,093	-35,444	-46.6
Commuter passes	59,082	76,740	-17,658	-23.0

Passenger Transportation Revenue  
(millions of yen)



Main factor affecting non-commuter passenger transportation revenue:

- Impact of the COVID-19 pandemic: -8,266 (millions of yen)

Main factors affecting commuter passenger transportation revenue:

- Decrease in business commuter pass: -970 (millions of yen)
- Decrease in school commuter pass: -632 (millions of yen)

# Segment Information (Real Estate)

	1H FY2021 Results	1H FY2020 Results	Change	Change (%)
(millions of yen)				
Operating revenue	43,880	58,663	-14,782	-25.2%
Real estate	36,336	51,124	-14,788	-28.9%
Real estate sales	22,429	37,515	-15,086	-40.2%
Real estate leasing service	12,061	11,793	268	2.3%
Other businesses	1,845	1,815	29	1.6%
Construction	10,150	10,626	-476	-4.5%
Elimination	-2,606	-3,088	481	—
Operating income	8,190	10,248	-2,057	-20.1%
Real estate	8,135	10,133	-1,998	-19.7%
Real estate sales	2,277	4,356	-2,078	-47.7%
Real estate leasing service	5,632	5,555	77	1.4%
Other businesses	224	221	3	1.5%
Construction	-60	181	-241	—
Elimination	116	-66	182	—

## Main factors affecting performance:

- The real estate sales business reported decreased revenues and profits in reaction to strong sales of condominiums, including The Kyoto Residence Goshō Higashi, in the same period of the previous year.
- The real estate leasing business reported increased revenues and profits year-on-year thanks to acquired properties in the first half of this fiscal year that contribute to the full-year results.

# Segment Information (Retail Distribution)

(millions of yen)

	1H FY2021 Results	1H FY2020 Results	Change	Change (%)
Operating revenue	38,360	48,195	-9,834	-20.4%
Department store	18,858	24,201	-5,342	-22.1%
Store	12,447	14,954	-2,507	-16.8%
Shopping mall management	5,664	7,357	-1,693	-23.0%
Others	3,179	3,935	-755	-19.2%
Elimination	-1,789	-2,253	464	—
Operating income	-24	1,579	-1,603	—
Department store	-326	138	-465	—
Store	139	292	-153	-52.5%
Shopping mall management	345	1,019	-674	-66.2%
Others	-189	120	-309	—
Elimination	7	7	-0	—

## Main factors affecting performance:

- The department store business reported decreased revenues and profits due to the suspension of some stores amid the COVID-19 pandemic.
- The store business reported decreased revenues and profits because commercial facilities near stations and in airports struggled against the impact of the COVID-19 pandemic.
- The shopping mall management business reported decreased revenues and profits due to the suspension of KUZUHA MALL and others amid the COVID-19 pandemic.

# Segment Information (Leisure & Service)

	1H FY2021 Results	1H FY2020 Results	Change	Change (%)
Operating revenue	3,290	17,960	-14,669	-81.7%
Hotel	2,423	15,838	-13,414	-84.7%
Leisure	880	2,136	-1,256	-58.8%
Elimination	-12	-14	1	—
Operating income	-6,222	1,788	-8,010	—
Hotel	-5,848	1,576	-7,425	—
Leisure	-381	202	-584	—
Elimination	8	9	-0	—

## Hotel Occupancy Rates

	1H FY2021 Results	1H FY2020 Results	Change (pt.)
Hotel Keihan	17.4%	93.0%	-75.6 pt.
Keihan Hotels & Resorts	16.1%	86.8%	-70.7 pt.

Main factors affecting performance:

- The hotel business reported decreased revenues and profits due to the suspension and scaling back of some hotels amid the COVID-19 pandemic.
- The leisure business reported decreased revenues and profits due to the suspension of operations and services amid the COVID-19 pandemic.

# Consolidated Balance Sheets

(millions of yen)

	1H FY2021 Results	FY2020 Results	Change	Main factors of changes
Current assets	206,473	177,016	29,457	Cash and deposits: +20,340 Land and buildings for sale: +6,448
Non-current assets	557,388	555,808	1,580	
Total assets	763,862	732,824	31,037	
Current liabilities	172,733	167,695	5,037	Current portion of bonds: +9,970
Long-term liabilities	346,321	311,069	35,252	Bonds: +20,000 Long-term loans payable: +13,830
Total liabilities	519,055	478,765	40,290	
Net assets	244,806	254,058	-9,252	Retained earnings: -8,196 *Equity capital ratio: 31.5% (-2.6pt)
Total liabilities and net assets	763,862	732,824	31,037	
Interest-bearing debt	370,615	327,132	43,482	Bonds: +29,970 Loans payable: +21,511

# Consolidated Statements of Cash Flows

(millions of yen)

	1H FY2021 Results	1H FY2020 Results	Change	Main factors of changes
Cash flows from operating activities	-8,487	28,197	-36,685	Profit before income taxes: -27,261、 Changes in trade receivables: -11,181
Cash flows from investing activities	-12,110	-12,379	268	
Cash flows from financing activities	40,938	-20,187	61,125	Proceeds from issuance of bonds: +29,843 Proceeds from long-term loans payable: +13,620 Payments for redemption of bonds: +10,003
Net increase (decrease) in cash and cash equivalents	20,340	-4,368	24,708	
Cash and cash equivalents at beginning of current period	14,911	21,377	-6,466	
Cash and cash equivalents at end of fiscal period	35,251	17,009	18,242	

# FY2021 Forecasts



We reported that it was difficult to make reasonable forecast calculations for FY2021 ending in March 2021 due to the large impact of the COVID-19 pandemic on our group business. However, in consideration of our performance until the second quarter, we decided to announce our forecasts based on currently available information.

## Preconditions for forecast calculation:

### Preconditions uniformly applied to each segment

- Economic activity in Japan is gradually recovering since bottoming out in April to May this year.
- The COVID-19 pandemic will not cause another state of emergency, recommendation of business suspension, or large-scale restrictions on outings.
- Inbound demand will not recover before the end of this fiscal year.

### Main preconditions for each segment

Transportation	<ul style="list-style-type: none"> <li>■ Keihan Electric Railway will forecast passenger transportation revenues as follows: recovery of non-commuter pass revenues in March 2021 to around -20% year-on-year; recovery of commuter pass revenues in the second half of FY2021 to around -15% year-on-year.</li> <li>■ Route bus revenues will recover to around -10% in March 2021.</li> </ul>
Real estate	<ul style="list-style-type: none"> <li>■ The impact of the COVID-19 pandemic on the real estate sales business and the real estate leasing business will be mild.</li> </ul>
Retail distribution	<ul style="list-style-type: none"> <li>■ The department store business will record year-on-year revenues of around -10% in the second half of this fiscal year.</li> </ul>
Leisure and service	<ul style="list-style-type: none"> <li>■ The occupancy rate in the hotel business will recover to around 40 to 50% in March 2021.</li> </ul>

# Consolidated Statement of Income (Performance Forecast)

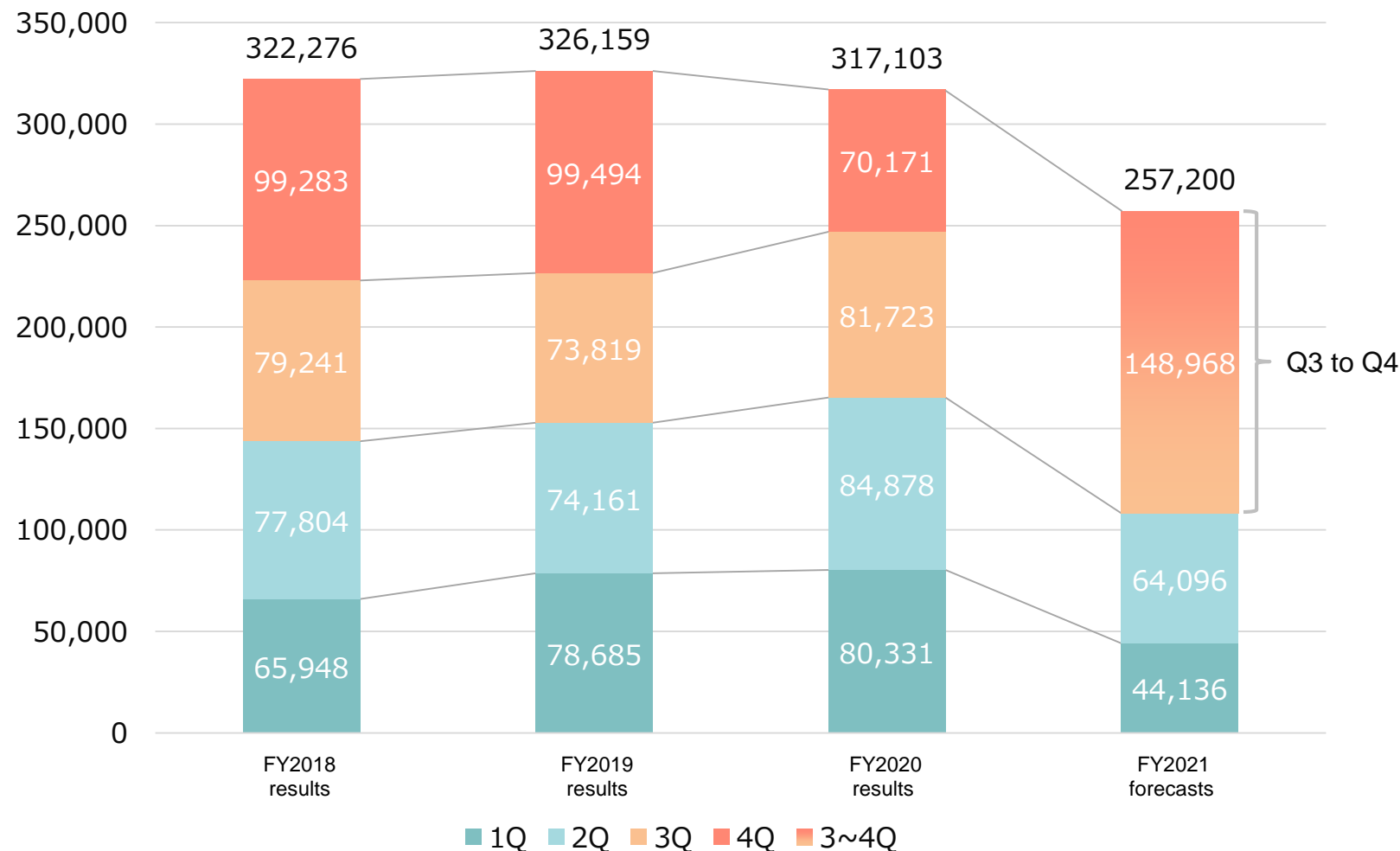
- The transportation business, the retail distribution business, and the leisure and service business reported significant decreases in revenues due to the COVID-19 pandemic. Profits at each stage are forecast to largely deteriorate despite efforts in reducing operating expenses, including labor costs and repair costs.

(millions of yen)

	FY2021 full-year forecasts	FY2020 full-year results	Change	Change (%)
Operating revenue	257,200	317,103	-59,903	-18.9%
Operating income	-1,300	31,123	-32,423	—
Ordinary income	-600	29,886	-30,486	—
Profit attributable to owners of parent	-3,400	20,121	-23,521	—
Capital expenditure	35,400	29,324	6,075	20.7%
Depreciation	21,400	20,784	615	3.0%
EBITDA	20,100	51,908	-31,808	-61.2%
Interest-bearing debt	356,000	327,132	28,867	8.8%
Interest-bearing debt/ EBITDA multiple (Times)	17.71	6.30	11.41	—
Net interest-bearing debt/ EBITDA multiple (Times)	16.87	6.01	10.85	—
Interest and dividend income	596	1,000	-403	-40.4%
Interest expenses	2,081	2,189	-107	-4.9%
Net interest expense	-1,484	-1,188	-295	—

# Transition of Consolidated Operating Revenue

(millions of yen)



# Segment Information (Performance Forecasts)

Main factors affecting performance:

- Transportation: Restraints on outings due to the impact of the COVID-19 pandemic
- Real estate: Strong housing sales, and acquired properties in the first half of this fiscal year that contribute to the full-year results
- Retail distribution: Business suspension due to the impact of the COVID-19 pandemic
- Leisure and service: Suspension and scaling back of business due to the impact of the COVID-19 pandemic

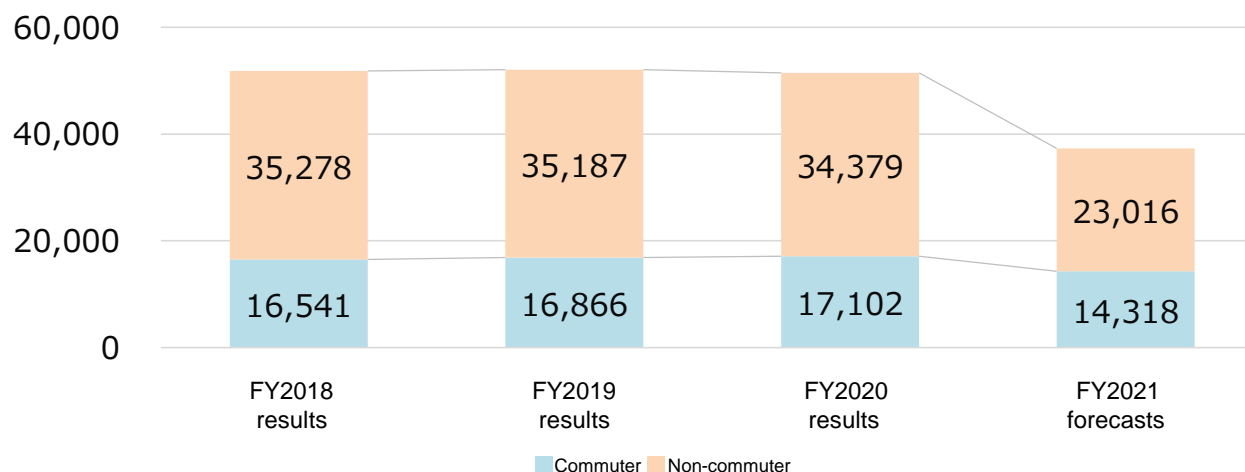
(millions of yen)

		FY2021 full-year forecasts	FY2020 full-year results	Change
Transportation	Operating revenue	69,200	93,365	-24,165
	Operating income	-7,600	10,862	-18,462
Real estate	Operating revenue	109,000	110,228	-1,228
	Operating income	17,600	16,906	693
Retail distribution	Operating revenue	85,000	98,186	-13,186
	Operating income	1,300	3,258	-1,958
Leisure and service	Operating revenue	10,000	32,081	-22,081
	Operating income	-11,500	1,336	-12,836
Others	Operating revenue	3,100	2,908	191
	Operating income	-1,500	-921	-578
Adjustments	Operating revenue	-19,100	-19,667	567
	Operating income	400	-319	719

# Operating Results for Transportation (Performance Forecasts) Keihan Electric Railway

	FY2021 full-year forecasts	FY2020 full-year results	Change	Change (%)
	(millions of yen)	(millions of yen)	(millions of yen)	%
Passenger transportation revenue	37,334	51,481	-14,147	-27.5
Non-commuter passes	23,016	34,379	-11,362	-33.1
Commuter passes	14,318	17,102	-2,784	-16.3
	(thousands of people)	(thousands of people)	(thousands of people)	%
Number of passengers	218,746	293,104	-74,358	-25.4
Non-commuter passes	97,232	145,643	-48,411	-33.2
Commuter passes	121,514	147,461	-25,947	-17.6

Passenger Transportation Revenue (millions of yen)



# Capital Expenditure by Segment (Performance Forecasts)

(millions of yen)

	FY2021 full-year forecasts	FY2020 full-year results	Change
Capital Expenditure	35,400	29,324	6,075
Transportation	12,500	13,283	-783
Real estate	11,400	11,824	-424
Retail distribution	700	1,073	-373
Leisure and service	2,400	1,933	466
Others	200	862	-662
Adjustments	8,200	348	7,851

# EBITDA by Segment (Performance Forecasts)

(millions of yen)

	FY2021 full-year forecasts	FY2020 full-year results	Change
EBITDA	20,100	51,908	-31,808
Transportation	4,100	22,597	-18,497
Real estate	24,000	22,893	1,106
Retail distribution	2,600	4,513	-1,913
Leisure and service	-10,000	2,775	-12,775
Others	-1,300	-807	-492
Adjustments	700	-64	764

# Response to the COVID-19 Pandemic

## Cost reduction

- Operating expenses were reduced by 13.5 billion yen in this fiscal year.

Main Items	Details	FY2021 Target	1H FY2021 Result
Personnel expenses	Executive compensation cut and labor cost cut by furlough	13.5 bn. yen	5.9 bn. yen
Repair expenses	Capital Expenditure project cut		
Advertising expenses	Poster reduction		
Power & fuel expenses	Usage reduction		
Other operating expenses	Outsourcing expenses cut		

## Investment reduction

- Investment was reduced by 9.7 billion yen (21.5%) in this fiscal year relative to the original plan.

	FY2021 full-year forecasts	FY2021 Initial Plan	Reduction amount	Reduction rate
Capital expenditure	35.4 bn.	45.1 bn.	9.7 bn.	21.5%

## Securing liquidity on hand

- In September 2020, 30 billion yen of corporate bonds were issued to secure sufficient liquidity on hand.
- For flexible financing, loan programs from financial institutions and the short-term corporate bond issuance limit were extended.



## ■ Dividend policy

Continuing stable provision of dividends

- In order to achieve sustainable growth and increase corporate value via proactive investments, and maintain performance-based shareholder returns, the company will continue its policy of stable profit-sharing in consideration of equity capital and business results.

## ■ Revision of dividend forecast for FY2021


- Being severely affected by the COVID-19 pandemic, the transportation business, the leisure and service business and the retail distribution business are projected to post losses for FY2021 (full year).
- In consideration of business results and the financial position for FY2021, based on the company's stable profit-sharing policy, **the year-end dividend forecast is 25 yen per share.**

# Future Business Direction for the Keihan Group

## Termination of the Existing Medium-term management plan “Create Living, Community, and Excitement” (FY2019 to FY2021)

- Due to the impact of the COVID-19 pandemic, the business environment has changed significantly since the early planning stage.
  - The quantitative target of the Medium-term management plan was mostly achieved as of FY2020 if the impact of the COVID-19 pandemic is excluded.
- ⇒ Given that, **although it is in the middle of FY2021, the existing Medium-term management plan has now been terminated.**

### Quantitative target achievement status:

	FY2020 Results 	FY2020 w/o pandemic impact (assumption)	FY2021 Target
EBITDA	51.9 bn.	<b>56.8 bn.</b>	57 bn.
Net interest-bearing debt /EBITDA multiple	6.01x	<b>5.50x</b>	6x level
ROE	8.3%	<b>8.9%</b>	8% or more
Operating income	31.1 bn.	<b>36 bn.</b>	33.5 bn.

\* EBITDA: Operating income + Depreciation  
 ROE: Net income to shareholders' equity ratio

## Progress of main strategies & business strategies:

		Status	Details	Completion Time (*)
Main Strategies	Redevelop Keihan areas	Completed	■ Renewing Hirakatashi Station	Dec. 2018
		Underway	■ Reconstruction of Yodoyabashi Midotsuji Bldg. ■ Promoting the Nakanoshima 4-chome International Hub for Medical Innovation project ■ Redevelopment of the area around Hirakatashi Station ■ Redevelopment of the area around Kyobashi Station	FY2026 FY2024 FY2024 TBD
	Co-create tourism opportunity	Completed	■ Opening of THE THOUSAND KYOTO	Jan. 2019
		Underway	■ Redevelopment of the area around Sanjo Station	TBD
	Create relatable contents	Completed	■ Opening of GOOD NATURE STATION	Dec. 2019
Business Strategies	Transportation	Completed	• Renewing Kitano-Hakubaicho Station • Renewing Kibuneguchi Station	Mar. 2020 Mar. 2020
		Underway	• Introduction of the 3000 series • Installing new ATS systems to the entire Keihan Railway network	Jan. 2021 Mar. 2021
	Real estate	Completed	• Completing the Toranomom Hills Business Tower	Jan. 2020
	Retail distribution	Completed	• Renewing FREST Matsui-Yamate Shop	Nov. 2018
			• Renewing KEIHAN CITY MALL	Mar. 2019
	Leisure and service	Completed	• Renewing Kuzuha Golf Links	Sep. 2019
		Underway	• Opening of Hotel Keihan Tenmabashi-ekimae • Opening of Hotel Keihan Namba Grande (tentative name)	Spring 2021 Spring 2023

\* The completion time is stated for underway projects.

## Factors that Change Consumer Behavior

Pandemic

Natural disasters

Employment &  
household budget

Aging society



## Medium-to-long Term Changes in Lifestyle

Establishing health and  
prevention-conscious  
behavior

Spreading new ways of  
work and life (remote  
work, etc.)

Raising awareness of  
environmental and  
social issues



## Future Business Direction

- Given drastically changing lifestyles, the Keihan Group will steer its business toward **Safety & Security, Structural Reform, and BIOSTYLE** in the future.
- The Keihan Group will implement measures in each segment based on this business direction to restore its management foundation.

**Safety &  
Security**

**Structural  
Reform**

**BIOSTYLE\***

\*BIOSTYLE: Lifestyle proposed by the Keihan Group as the Keihan version of the SDGs, aimed at achieving a healthy, beautiful, and high-quality life and contributing to a recycling-oriented society

## Safety & Security

- Providing products and services that can reassure customers even under a pandemic, natural disaster, or other insecure conditions

### Main measures by segment

Segment	Measures
Transportation	<ul style="list-style-type: none"> <li>■ Enhancing safety, disaster prevention (natural disasters) and hygiene (cabins and stations) measures</li> </ul>
Real estate	<ul style="list-style-type: none"> <li>■ Prioritizing measures for safety, security and environmental protection, and developing and promoting houses and facilities that can flexibly respond to changes in customer needs</li> </ul>
Leisure and service	<ul style="list-style-type: none"> <li>■ Promoting products and services from the viewpoint of users</li> </ul>

### Railway safety and disaster prevention measures

- The Comprehensive Training Center was newly established in November 2020 to provide training to employees of Keihan Electric Railway. Operation training with a new simulator and other instructions are provided at the center to further raise the safety awareness of employees.
- To maintain and increase the operation safety level, antiseismic measures, the update of substations, and the installation of continuous ATS systems handling large amounts of information throughout the entire Keihan Railway network were implemented in FY2021.



Operation training facility with a new simulator installed

## Expanding the premium car service

- Car No. 6 of the 3000-series train will become a premium car in January 2021.
- Like the 8000-series premium car, fine ions are used to purify the air in the car. A device that generates nanoeX\* is installed. This service provides reserved seats and a high-quality travel space, so passengers can avoid congestion and ensure safe mobility.



\* nanoeX is a trademark of Panasonic Corporation.

## Developing condominiums that cooperate with medical institutions, etc.

- Holistic support in cooperation with medical institutions, etc., ranging from healthcare to nursing care, is provided to residents depending on their life stage.  
Service examples: Health checks, consultations with family doctors, home-visit medical examinations, home nursing care, rehabilitation, etc



## Initiatives at Biwako Hotel

- Biwako Hotel began to offer the Lakeside Workation plan in September 2020, which allows customers to avoid congestion and work in a comfortable environment with a view of Lake Biwa.
- Biwako Hotel offers in-room dining and other ways to avoid congestion.





## Structural Reform

- Establishing a system that can cover decreased demand in existing segments and promoting products and services that can flexibly respond to new lifestyles

### Main measures by segment

Segment	Measures
<b>Transportation</b>	<ul style="list-style-type: none"> <li>■ Updating the train schedule to respond to changing customer needs and level out demand</li> <li>■ Streamlining the railway business using digital technology, etc.</li> </ul>
<b>Retail distribution</b>	<ul style="list-style-type: none"> <li>■ Building an e-commerce platform to promote unique products and services in cooperation with group companies</li> </ul>
<b>Leisure and service</b>	<ul style="list-style-type: none"> <li>■ Making use of geographical advantages to utilize assets</li> </ul>

### Updating the train schedule to respond to changing customer needs

- Reviewing the train schedule drastically to respond to changing lifestyles (adjusting the number of train services, moving forward last train times, etc.)



### Increasing operation efficiency with digital technology

- Using drones to inspect bridges and other railway facilities, thereby increasing operation efficiency



- Using remote surveillance control systems, robots, etc. for operation at stations, thereby providing efficiently operated services



Remote control





## ■ Building an e-commerce platform

- Building an e-commerce website that offers Keihan Group's products and services in a simplified category structure
- Making the best use of know-how from group companies to offer rare, special, and highly professional products and services, including those selected or planned by department store buyers and food planned by top-notch chefs



## ■ Making use of geographical advantages to promote the use of hotels

- Kyoto Tower Hotel Annex, which is accessed with a three-minute walk from Kyoto Station, was renovated and reopened by making use of its geographical advantage to install a coworking space in a part of the ground floor which used to be the restaurant REGINA.
- Other hotels are exploring the lease of some land lots to secure profits by making use of their geographical advantages.



# Measures by Segment (BIOSTYLE)

## BIOSTYLE

- Promoting products and services that can increase people's life value and solve social issues at the same time

### Main measures by segment

Segment	Measures
Real estate	<ul style="list-style-type: none"> <li>■ Prioritizing measures for safety, security and environmental protection, and developing and promoting houses and facilities that can flexibly respond to changes in customer needs</li> <li>■ Working on the vacant house issue and other issues to promote sustainable community development in areas along the Keihan Railway lines</li> </ul>
Leisure and service	<ul style="list-style-type: none"> <li>■ Promoting BIOSTYLE ("Ethical," "Well-being," and "Entertainment") to differentiate the company from competitors and enhance its competitive edge</li> </ul>
Across the Group	<ul style="list-style-type: none"> <li>■ Promoting and establishing the BIOSTYLE PROJECT within the Group (supporting the achievement of the SDGs and the commercialization of related products and services, and promoting communication in consideration of ESG)</li> </ul>

### \*BIOSTYLE

- BIOSTYLE is a lifestyle newly proposed by the Keihan Group, aimed at achieving a healthy, beautiful, and high-quality life and contributing to a recycling-oriented society.
- BIOSTYLE is regarded as the Keihan version of the SDGs, and the guidelines are established to encourage group companies to actively work on the BIOSTYLE PROJECT.

BIOSTYLE PROJECT Guidelines		Priority SDGs
Activity Guidelines	GOOD for Health	  
	GOOD for Minds	  
	GOOD for Locals	    
	GOOD for Social	     
	GOOD for Earth	       
Group Guidelines	GOOD for KEIHAN Brand	
	GOOD for KEIHAN Business	

## House building in consideration of the environment and health

- Zero Corporation opened the Zero Home Moriguchi Housing Exhibition Ground in July 2020, proposing ZEH (net zero energy house) and other environmentally-friendly houses.
- The company also proposes ways to utilize used houses and vacant houses, thereby contributing to sustainable community development.
- All new houses built and sold by the company incorporate a photocatalytic coating that produces antibacterial and antiviral effects.



## Opening a glamping facility

- Keihan Dentetsu Real Estate will open a glamping facility in a company-owned field adjacent to the Omi Maiko lagoon on Lake Biwa, Shiga Prefecture in April 2021.
- People can experience rich natural surroundings, including Lake Biwa and the Hira Mountains, by making a tour of the lagoons on Lake Biwa, observing wild birds and aquatic creatures native to Lake Biwa, and enjoying meals in the great outdoors.
- The company aims to operate the business by emphasizing coexistence with nature through natural environment surveys and rare species conservation.



Image



## BIOSTYLE initiatives at hotels

### ■ Ethical

Considering the environment, people and the entire community

- BIOSTYLE Co., Ltd. will introduce its original cosmetics brand, NEMOHAMO, as hotel amenities.
- Restaurants will use organic vegetables and consume local produce.



### ■ Well-being

Aiming to enjoy physical, mental and social health and satisfaction

- Providing visibly healthy food, mainly salads
- Offering yoga opportunities on the rooftop terrace for relaxing



### ■ Entertainment

Aiming to add value to experience

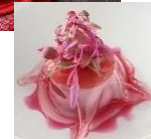
- Renovating hotel rooms to concept rooms in collaboration with Keihan Railway
- Examining e-sports-related services
- Offering special experience plans to visit non-public spots of famous shrines and temples



## GOOD NATURE STATION

**WELL-certified, LEED-certified, with one Michelin star and three pavilions earned**

- In August 2020, GOOD NATURE HOTEL KYOTO was awarded WELL\* (v1) Certification at the Gold level, and GOOD NATURE STATION was awarded LEED\* Certification at the Silver level.
- Furthermore, in October 2020, three restaurants were given one star, while the hotel was rated as three pavilions in the Michelin Guide Kyoto Osaka + Okayama 2021.



- GOOD NATURE STATION will aim to grow its appeal as the hub for promoting the BIOSTYLE PROJECT and a commercial facility that provides services pleasing to customers.

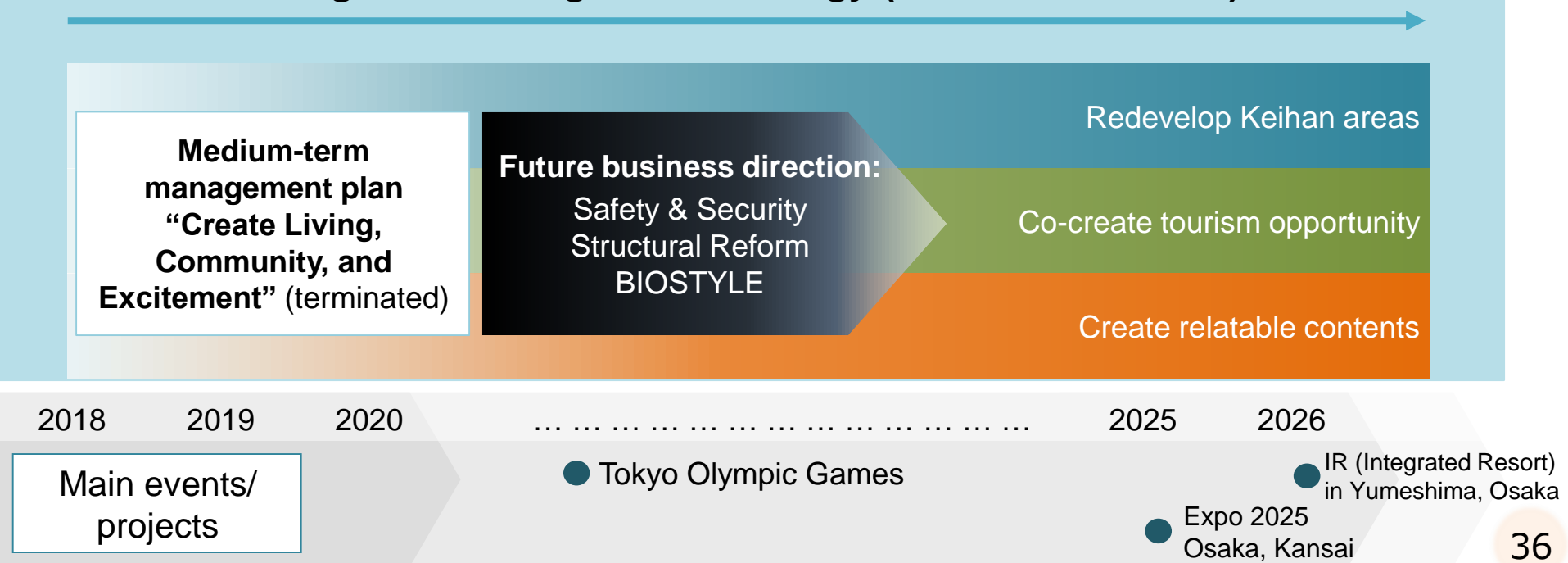
\*WELL Certification: Building and indoor environmental assessment system that focuses on the health and comfort of residents living and working in buildings

\*LEED Certification: Environmental assessment system of the built environment (architecture and city environment)

# Long-term management strategy

- To achieve sustainable growth in society during and after the COVID-19 pandemic, the Keihan Group will promote the main strategies advocated in the long-term management strategy toward FY2027 while reviewing them according to the changing business environment.
- \* While assessing the rapidly changing business environment in the immediate future, we will implement the main strategies and measures based on Safety & Security, Structural Reform and BIOSTYLE to restore the company's management foundation.

## Long-term Management Strategy (FY2019 to FY2027)



# Main Strategies

Redevelop Keihan areas	<ul style="list-style-type: none"> <li>Increasing the value of the areas along the Keihan Railway lines is the basis for the Keihan Group's business. So, we will continue developing the <b>Yodoyabashi</b>, <b>Nakanoshima</b> and <b>Hirakatashi</b> station areas in line with changing lifestyles.</li> </ul>
Co-create tourism opportunity	<ul style="list-style-type: none"> <li>In anticipation of the medium- to long-term recovery of the tourism market, we will assess the tourism situation during and after the COVID-19 pandemic and then develop the <b>Sanjo</b> station area, etc.</li> </ul>
Create relatable contents	<ul style="list-style-type: none"> <li>The COVID-19 pandemic has brought BIOSTYLE to the attention of customers. Given that, the Keihan Group will promote and establish the <b>BIOSTYLE PROJECT</b>.</li> </ul>

		2019	2020	2021	2022	2023	2024	2025	2026	2027
Redevelop Keihan areas	Reconstruction of Yodoyabashi Midotsuji Bldg.	Establishment of the urban development plan ○ <div>○ Start of demolition work</div> <div>○ Start of construction work</div> <div>Completion ●</div>								
	Promoting the Nakanoshima International Hub for Medical Innovation Project	Opening of the International Hub for Medical Innovation ●								
	Redevelopment of the area around Hirakatashi Station	Establishment of the urban development plan ○ <div>○ Launch of the redevelopment project</div> <div>Company-owned area opening ○</div> <div>Project scheduled to be completed ●</div>								
	Regaining the glory of Osaka's east to west axis	Redevelopment of the area around Kyobashi Station, extension of the Nakanoshima Line								
Co-create tourism opportunity	Redevelopment of the areas around Sanjo, Demachiyanagi and Chushojima Stations	Developing the Sanjo Station area, etc.								
Create relatable contents	Promotion of BIOSTYLE	Opening of GOOD NATURE STATION ● Promoting and establishing the BIOSTYLE PROJECT throughout the entire Group								