



# Keihan Group's Long-term Management Strategy and Medium-term Management Plan “BIOSTYLE: Deepening and Challenge”

March 30, 2023 Keihan Holdings Co., Ltd.



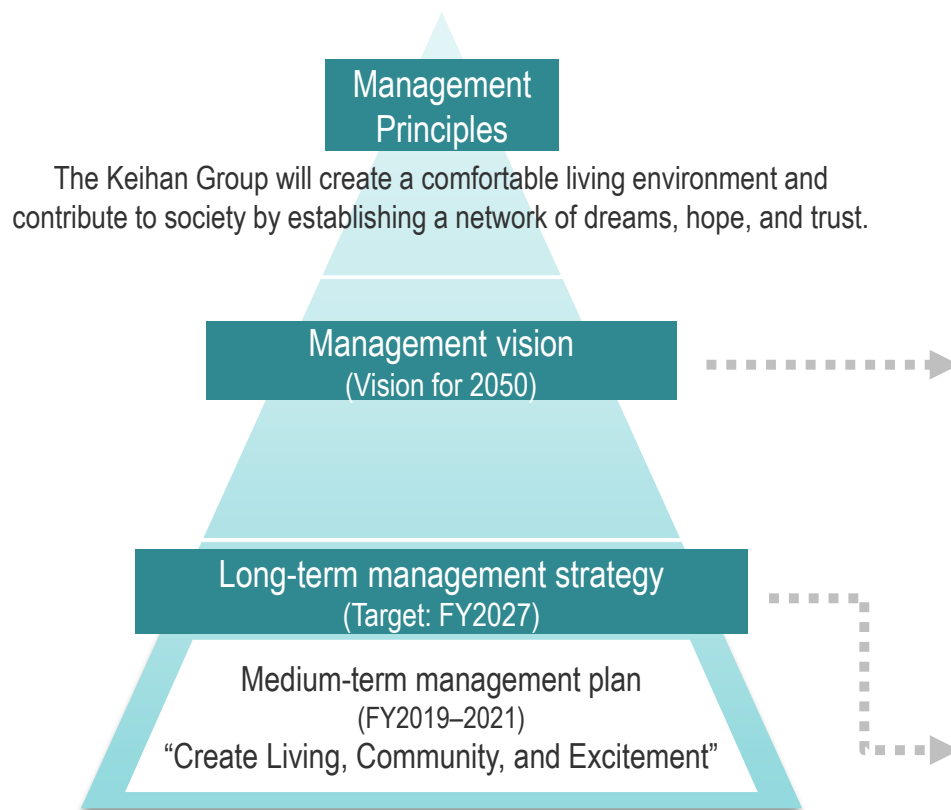
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# 1. Background to Formulation of the New Long-term Management Strategy and Medium-term Management Plan

May 2018

- Formulated the **Keihan Group's long-term strategic concept** as a guideline for the future, with a view to achieving further growth as a corporate group that is valued by society even in the midst of anticipated changes in the social and economic environment

## Keihan Group's long-term strategic concept (as of May 2018)



### 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 time.
- We will create a beautiful life cycle in areas along Keihan Railway lines that brings fullness to the mind and body and contributes to the realization of a sustainable society, and spreads 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.

Started initiatives to achieve our management vision based on **“safety and challenge”** using a backcasting approach

Designed to establish a foundation as a corporate group that will grow sustainably in the future, with the target year of FY2027, when major large projects will be completed

FY2019–2021 (mid-year)  
Medium-term management plan  
“Create Living, Community, and  
Excitement”

FY2021 (mid-year) –2023  
Future Business Direction

- The main strategies included in the long-term management strategy (to redevelop Keihan areas, co-create tourism opportunity, and create relatable contents), as well as the strategy for each business, were **mostly achieved**.

COVID-19 pandemic

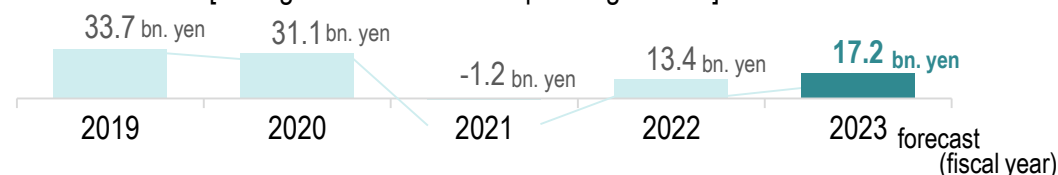


- The flow of people has significantly decreased and **the values and lifestyles of customers have drastically changed**.

- While assessing the rapidly changing business environment in the immediate future, we worked to rebuild the management base by implementing measures based on **Safety & Security, Structural Reform, and BIOSTYLE**.
- We advanced the main strategies (to redevelop Keihan areas, co-create tourism opportunity, and create relatable contents) while reviewing them to achieve sustainable growth in the future.

- **Establishment of a system to respond to changes in demand** through structural reform is **mostly complete**. In line with the trend toward normalization of social and economic activities, our business performance is on a recovery track.

[Changes in consolidated operating income]



- The management vision for 2050 and the basic policy for its achievement, “safety and challenge,” remain unchanged. However, due to changes in the external environment accelerated by the COVID-19 crisis and the postponement of large projects, **the long-term management strategy** with the target year of FY2027 **needs to be revised, as its preconditions are now far from those when it was formulated**.
- Based on the above, we have **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 “re-growth trajectory” phase, in order to build a foundation for sustainable growth in the post-pandemic era.

# (Reference) Reflections on the Future Business Direction

Three directions	Companies involved	Main projects	Completion period*
Safety & Security	Keihan Electric Railway	■ Installing screen doors on the inbound platform of Kyobashi Sta.	Feb. 2022
	Keifuku Electric Railroad	■ Adopting the “barrier-free fare system”	Apr. 2023
	Eizan Electric Railway	■ Completing accessibility upgrading on the Kitano Line	May 2021
	Keihan Hotels & Resorts	■ Fully resuming service on the Kurama Line	Sep. 2021
Structural Reform	Keihan Real Estate	■ Obtaining “Sakura Quality: A Clean Practice” certification for THE THOUSAND KYOTO and Biwako Hotel	Feb. 2022
		■ Selling condominiums associated with medical institutions, etc.	—
	Keihan Electric Railway	■ Completing sales of magnetic commuter passes	Mar. 2021
	Keihan Electric Railway/ Eizan Electric Railway Eizan Electric Railway/ Keifuku Electric Railroad	■ Establishing a management system to respond to changes in demand	To be continued
BIOSTYLE	Keihan Bus	■ Updating train schedules	Sep. 2021
	Bus companies	■ Revising fares	Apr. 2023
	Keihan The Store	■ Revising discount services for PiTaPa	Jun. 2022
	Department stores and hotels	■ Updating bus schedules and revising fares	To be continued
		■ Converting the in-station convenience store “Anthree” to the food market “Moyori-ichi”	FY2024
		■ Establishing a management system featuring multitasking	To be continued
	Keihan Electric Railway	■ Introducing six sets of energy-saving 13000-series train cars	Sep. 2021
	Keihan Bus	■ Introducing electric vehicles for the Station Loop Bus service	Dec. 2021
	Keihan Real Estate	■ Opening the glamping facility Everglades Biwako	Apr. 2021
		■ Developing ZEH condominiums	—

\*Scheduled completion period for projects currently in progress

## What is BIOSTYLE?

- Initiative by the Keihan Group to create **“products, services and businesses that can increase people’s life value and solve social issues at the same time”**
- Unique guidelines have been established to promote BIOSTYLE.

BIOSTYLE  
PROJECT  
Guidelines

GOOD for Health



GOOD for Minds



GOOD for Local



GOOD for Social



GOOD for Earth



GOOD for  
KEIHAN Brand

GOOD for  
KEIHAN Business



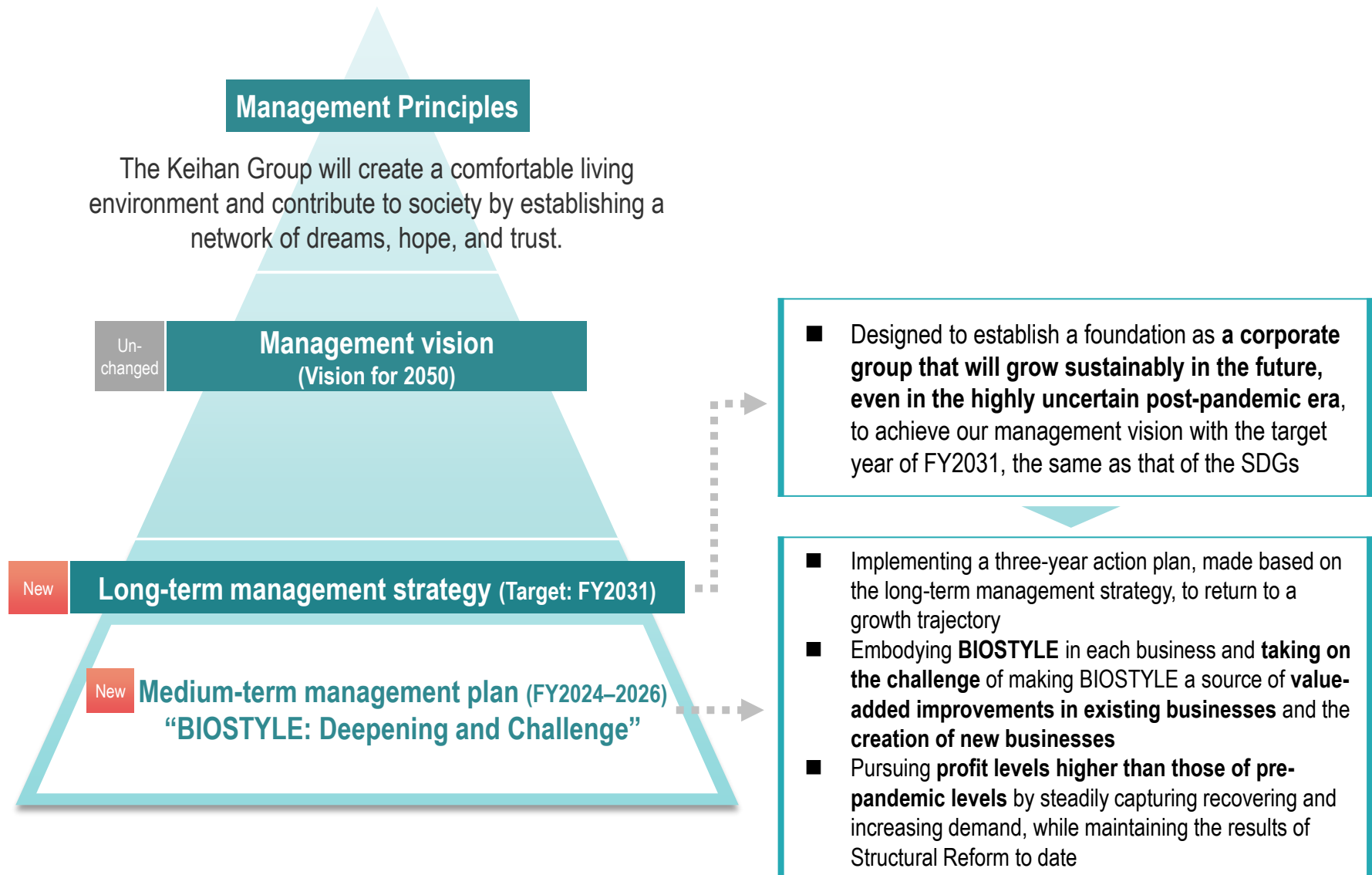
## 2. Long-term Management Strategy (Until FY2031)

Medium-term Management Plan (FY2024–2026)

“BIOSTYLE: Deepening and Challenge”

# Positioning of the Long-term Management Strategy and Medium-term Management Plan

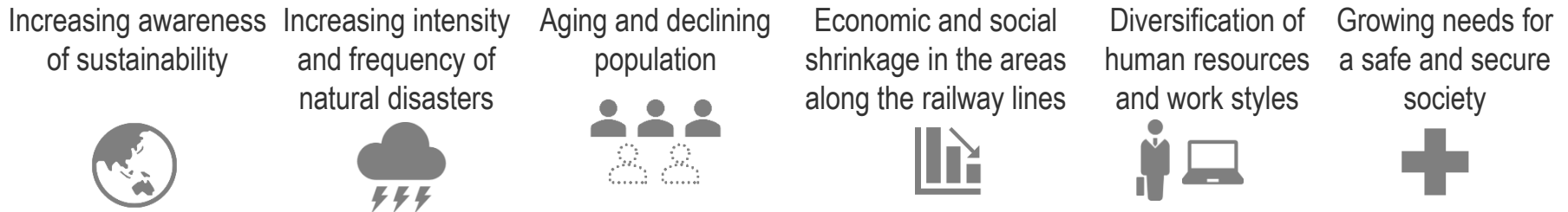
## Keihan Group's long-term strategic concept (FY2024 onward)





# Important Changes in the External Environment and Four Priority Themes

## Changes in the external environment



## 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

## Priority themes

- Four priority themes have been established based on changes in the external environment and opportunities/risks. Main strategies, strategy for each business, etc. under the new long-term management strategy and the medium-term management plan are formulated based on these themes.

### Four priority themes



Creation of businesses that contribute to the solution of social issues

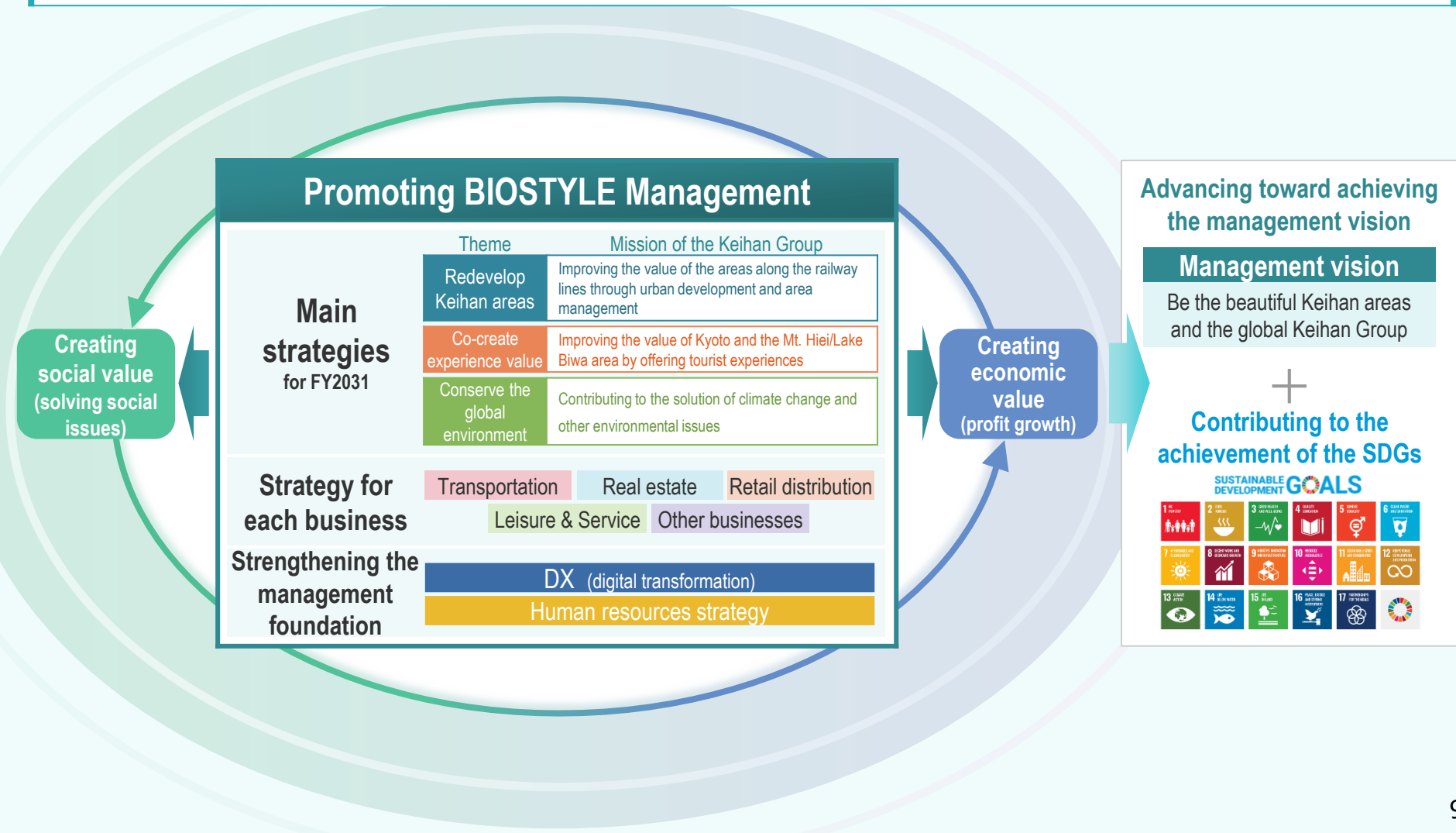
Operation in consideration of the environment and society

Organization and human resources that continue to grow

Sustainable and strong management foundation

# Overview of the Long-term Management Strategy

Placing “**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, we will promote **BIOSTYLE Management** that creates both social and economic value.



# Long-term Management Strategy:

## Main Strategies (Redevelop Keihan areas)

### Basic policy

With railway stations as a base, we will promote urban development featuring the characteristics of local history, culture, and industries, as well as area management involving local communities. By connecting the areas 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.

### Priority measure 1 Regaining the glory of Osaka's east-to-west axis

- Promoting urban development by taking advantage of regional characteristics along Osaka's east-to-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 IR project is under way

#### Nakanoshima 4-chome International Hub for Medical Innovation Project

Completion FY2024

Total floor area Approx. 57,000 m<sup>2</sup>

See p. 17 for details



Rendering

#### Own site development in Nakanoshima 4-chome

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

#### Joint reconstruction of Keihan Midosuji Building and Nittochi Yodoyabashi Building

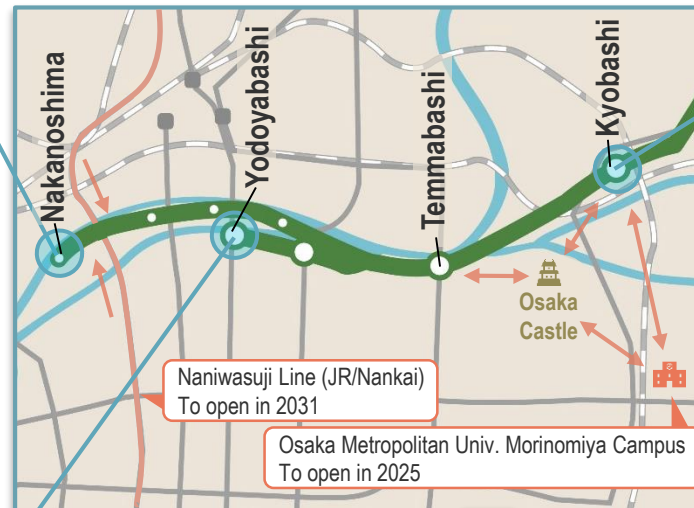
Opening Summer 2025

Total floor area Approx. 72,850 m<sup>2</sup>

See p. 17 for details

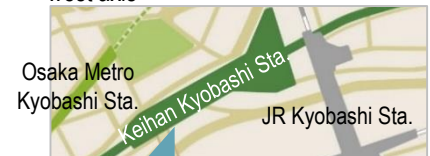


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#### Redevelopment of the Kyobashi Station area

Advancing consideration of the launch of development as a critical area for regaining the glory of Osaka's east-to-west axis



Kyobashi Station boasts the largest ridership on the Keihan Line. The area houses Keihan Mall and Hotel Keihan Kyobashi Grande.

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

Deepening discussions with a view to 2030 and beyond

# Long-term Management Strategy: Main Strategies (Redevelop Keihan areas)

## Priority measure 2 Carrying out community building starting from railway stations

- **Concentrating urban functions around railway stations** and continuously implementing community building that takes advantage of regional characteristics, including history and culture, in cooperation with local businesses and communities
- Evolving railway stations from mere boarding and alighting spots to spaces where people gather and **new communication is inspired** by integrating the station and the community

### Type-1 urban redevelopment project in Hirakatashi Station area

Completion Around summer 2024

Total floor area Approx. 94,000 m<sup>2</sup>

See p. 17 for details

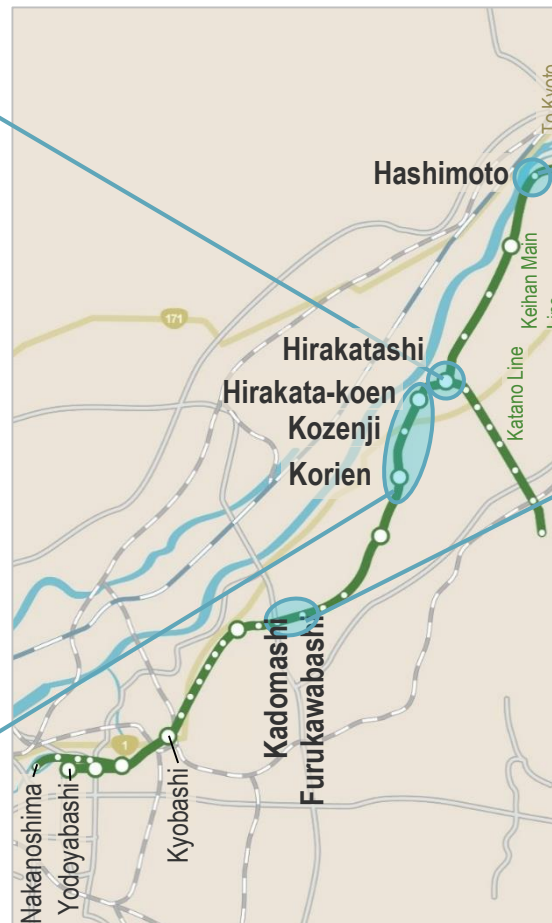


Rendering

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

Considering the development of new elevated stations and areas under the elevated tracks for regional development through the integration of urban areas now divided by tracks



### Development of the Hashimoto Station area

Promoting the development of a sustainable community where multiple generations can gather and continue to live with peace of mind, utilizing company-owned land near the station

### 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



North of Furukawabashi Sta. (rendering)



# Long-term Management Strategy:

## Main Strategies (Co-create experience value)

### Basic policy

We will discover and improve valuable resources mainly along the 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.

### Priority measure 1 Developing new tourist bases

- Developing tourist bases that will provide new options for Kyoto visitors in **the area southeast of Kyoto Station** near Kyoto City University of Arts (which will be relocated to the east of Kyoto Station in 2023) and **the Sanjo area** near tourist attractions in Higashiyama, among other areas

#### Kyoto Station Southeast Area Project

Completion FY2025

Total floor area Approx. 10,000 m<sup>2</sup>

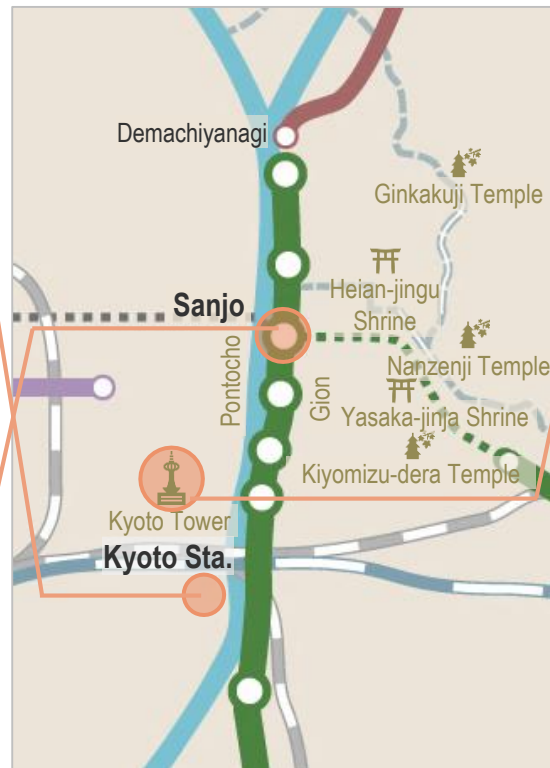
See p. 17 for details



Rendering

#### Redevelopment of the Sanjo Station area

Developing a complex facility in front of Sanjo Station, which will serve as a tourist base in Higashiyama and promote Japanese and Kyoto culture, thereby enhancing its function as a terminal station



#### Redevelopment of Kyoto Tower

Deepening discussions about the redevelopment of Kyoto Tower for FY2031 and beyond

#### Renovating facilities at the top of Mt. Hiei

Renovating facilities at the top of Mt. Hiei to make the area more attractive to tourists



# Long-term Management Strategy:

## Main Strategies (Co-create experience value)

### Priority measure 2 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: Rakuhoku–Higashiyama–Fushimi/Uji



#### Co-creating tourist experiences with local communities in each area

##### Higashiyama–Kyoto Station Area

###### Theme: **Traditional industry and art**

Developing **craft and art tourism** in cooperation with local communities, in conjunction with the Sanjo Station area redevelopment project, to provide a deeper experience of traditional industry nurtured over generations and of newly emerging art forms

##### Fushimi/Uji Area

###### Theme: **Food and food-related tradition and culture**

Developing **gastronomy tourism** in cooperation with local communities based on sake, vegetables, and Uji tea, which are produced by the excellent water of Fushimi, and other related culture and traditions

##### Mt. Hiei/Lake Biwa/Oku-Kyoto Area

###### Theme: **History and nature**

Establishing **adventure tourism** in cooperation with Hieizan-Biwako DMO and other organizations, featuring the rich natural surroundings and scenery, as well as learning of the history and culture, of Mt. Hiei and Oku-Kyoto (inner Kyoto area)

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

- Focusing on the **“Flow of Water,”** which runs from Lake Biwa to Kyoto and Osaka Bay through the Yodogawa River with its rich history, culture and scenery, to create tourism and experience-based content centered on waterway transportation (river and sea boats), while taking advantage of the extension of the Lake Biwa Canal Cruise to Otsu Port, improvement of the flow conditions between Fushimi and Hirakata for the launch of large boats, and construction of the Yodogawa Ozeki Lock
- Encouraging use of the Keihan Line by creating and promoting tourism content unique to the Keihan area, based on the theme of **art**, in cooperation with museums and other facilities in Kyoto and Nakanoshima, Osaka



Lake Biwa Canal



Cruise boat Himawari on the Yodogawa River

# Long-term Management Strategy:

## Main Strategies (Conserve the global environment)

### Basic policy

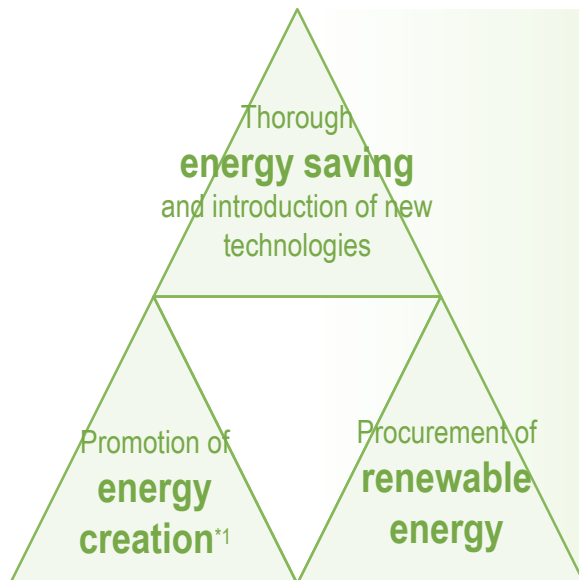
To achieve our CO<sub>2</sub> emission reduction target, we will steadily reduce energy consumption through thorough energy saving and introduction of new technologies, and consider promoting energy creation, such as PV power generation, and procuring renewable energy. We will also work on developing 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 released in May 2022

### Course of action

Promoting the reduction of CO<sub>2</sub> 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**”



### Reducing CO<sub>2</sub> emissions

#### CO<sub>2</sub> emission reduction target\*2

**Reducing** CO<sub>2</sub> emissions **by 46%** by FY2031 (compared to FY2014), with the goal of achieving net-zero CO<sub>2</sub> emissions by FY2051

\*2 Applies to nine companies (Scope 1 & Scope 2)



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

\*1 Introduction of PV power generation equipment, etc.



# Long-term Management Strategy:

## Main Strategies (Conserve the global environment)

### Thorough energy saving and introduction of new technologies

- Reducing energy consumption and CO<sub>2</sub> emissions through capital investment and more efficient business operations

#### Main investments

- Accelerating the introduction of **energy-saving train cars** in the railway business
- Promoting the introduction of **electric buses**
- **Converting all lighting to LED lighting** in company-owned facilities such as stations, office buildings, commercial facilities, and hotels
- Obtaining **DBJ Green Building Certification** for newly developed buildings
- Optimizing operation and upgrading air conditioning, gas, and other facilities

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

- Developing **new products and services that will be chosen in a decarbonized society** through the promotion of energy creation and the procurement of renewable energy
- Launching a service to **install PV power generation equipment at no initial cost** to residents in newly built detached houses for sale in the real estate sales business



### Promotion of energy creation

- **Promoting the installation of PV power generation equipment, etc.** at Group-owned facilities
- Considering participation in a program to install PV power generation equipment outside of the Group's premises



PV power generation equipment will be installed at **Fushimi-inari Sta.** on the Keihan Main Line (FY2025)

### Procurement of renewable energy

- Purchasing J-Credits, non-fossil certificates, etc.

**GOOD NATURE STATION** starts operation with virtually 100% renewable electricity (FY2024)



### Efforts for information disclosure

- Promoting information disclosure and specific initiatives to reduce CO<sub>2</sub> emissions **throughout the supply chain**

### Promoting a circular economy

- Contributing to the creation of a recycling-oriented society by promoting waste recycling

# Long-term Management Strategy: Main Strategies (Schedule)

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 Midosuji 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 consecutive grade separation project on the Keihan Main Line	Under consideration and deliberations					
	Development of the Hashimoto Sta. area	Under consideration and deliberations					
	Redevelopment of the areas in front of Kadomashi Sta. and north of Furukawabashi Sta.	Completion of the Furukawabashi project      The Kadomashi project under consideration and deliberations					
Co-create experience value	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					
Conserve the global environment	Thorough energy saving and introduction of new technologies, promotion of energy creation, procurement of renewable energy	Under consideration to be implemented as needed					

# Medium-term Management Plan: Main Strategies

## Redevelop Keihan areas

### Nakanoshima 4-chome International Hub for Medical Innovation Project

Completion FY2024

Total floor area Approx. 57,000 m<sup>2</sup>



Rendering

- 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

## Redevelop Keihan areas

### Joint reconstruction of Keihan Midotsuji Building and Nittochi Yodoyabashi Building

Opening Summer 2025

Total floor area Approx. 72,850 m<sup>2</sup>

#### Property use

30F Commercial area, observation terrace  
12F–29F Offices  
10F–11F Business lounge  
4F–8F Offices  
B1F–2F Commercial area



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Rendering

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

FY2024

FY2025

FY2026

## Redevelop Keihan areas

### Type-1 urban redevelopment project in Hirakatashi Station area

Opening Around summer 2024

Total floor area Approx. 94,000 m<sup>2</sup>



Rendering

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- Building “a walkable community” by developing a large-scale commercial facility, offices, a hotel, and rental high-rise residences, which will be connected to the commercial space under the elevated railway tracks, in an integrated manner with the station
- Participating in area management and other intangible aspects of community building around the station as a member of the Hirakata HUB Council, a community development organization formed through industry-government-academia collaboration

## Co-create experience value

### Kyoto Station Southeast Area Project

Opening FY2025

Total floor area Approx. 10,000 m<sup>2</sup>



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- Participating in an LLP led by teamLab Inc. to establish and operate a cultural complex that connects the area with the world with a focus on art as a “base for creating and sharing new value”

## To be implemented as needed

### Co-create experience value

Establishing the Kyoto Tourism Golden Route through themed tourism, creating tourism content that connects Kyoto and Osaka

### Conserve the global environment

Thorough energy saving and introduction of new technologies, promotion of energy creation, and procurement of renewable energy

# Medium-term Management Plan: Strategy for Each Business (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.

## Main measures for BIOSTYLE Management

### Promoting more eco-friendly transportation business

- Driving the **consecutive grade separation project on the Keihan Main Line** (eliminating traffic congestion by removing railroad crossings and reducing CO<sub>2</sub> emissions)
- Accelerating the introduction of eco-friendly **13000-series train cars** at Keihan Electric Railway
- Introducing vehicles equipped with VDF inverters and regenerative braking, remodeling existing vehicles with regenerative braking, and newly installing regenerative power storage equipment on **Keifuku Electric Railroad**
- 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

### Further efforts for safety and security

#### Keihan Electric Railway

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



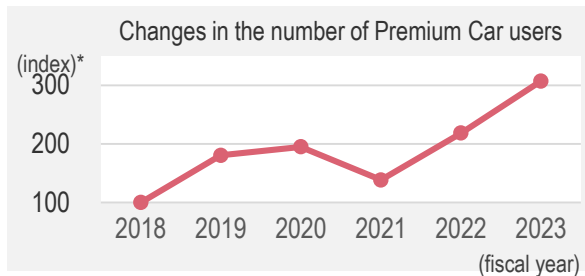
Platform screen doors will be installed on eight tracks in four stations, including Hirakatashi Station, by FY2026

- Installing **on-board security cameras** on newly built or remodeled vehicles
- Driving the **consecutive grade separation project on the Keihan Main Line** (improving operational security by removing railroad crossings)

# Medium-term Management Plan: Strategy for Each Business (Transportation)

## Providing special riding experiences on Keihan Electric Railway

- **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



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

## 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

- 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

## 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 FY2030
- Improving convenience for tourists by utilizing **MaaS** and introducing **QR code tickets**, as well as by strengthening cooperation 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





# Medium-term Management Plan: Strategy for Each Business (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.

## Main measures for BIOSYLE Management

### 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

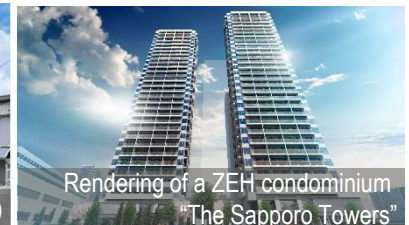


Promoting sustainable community  
building that circulates residents and  
generations

### Developing products and services that meet diversifying values and lifestyles

#### Real estate sales

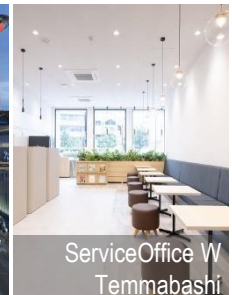
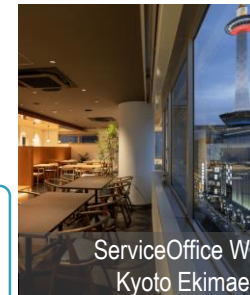
- Developing and marketing **environment-conscious** houses and offices, such as ZEHs and wood-frame buildings



#### Real estate leasing

- Increasing service locations in the **workplace rental business**

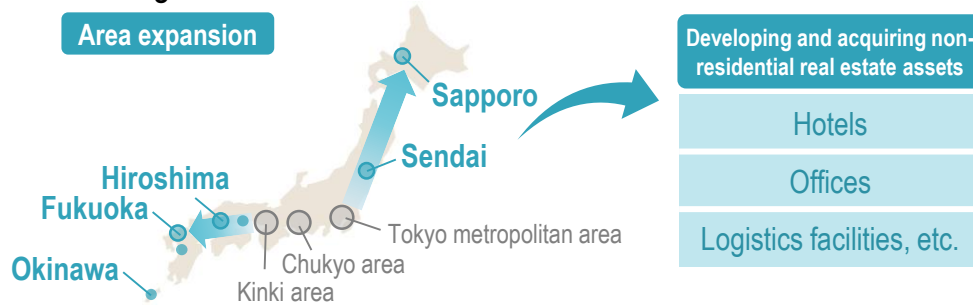
Gradually expanding  
from the current two  
locations (Kyoto Station  
and Temmabashi)



# Medium-term Management Plan: Strategy for Each Business (Real estate)

## 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



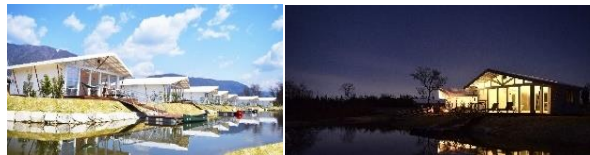
## Effective utilization of owned properties

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

### Major upcoming projects

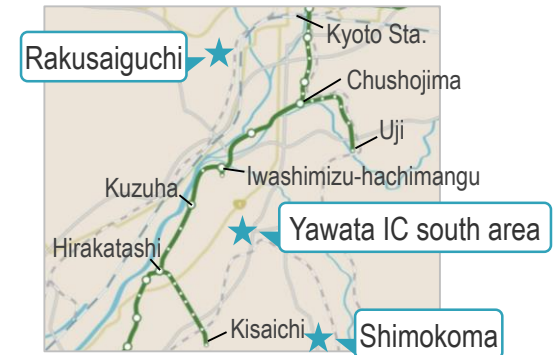
- **Land in Omi-Maiko** (Otsu City, Shiga)
- **Land in Deyashiki, Hirakata City** (Hirakata City, Osaka)
- **JCB Sapporo Higashi Bldg.** (Chuo-ku, Sapporo City, Hokkaido)

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



## 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**



## 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



# Medium-term Management Plan: Strategy for Each Business (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.

## Main measures for BIOSTYLE Management

### 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

### 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.

# Medium-term Management Plan: Strategy for Each Business (Retail distribution)

## 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 Midosuji Building and the Nittochi Yodoyabashi Building**  
Creating a commercial space on lower floors (B1–2F)



## 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



# Medium-term Management Plan: Strategy for Each Business (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.

## Main measures for BIOSTYLE Management

### Enhancing competitiveness through SDG-oriented rebranding

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

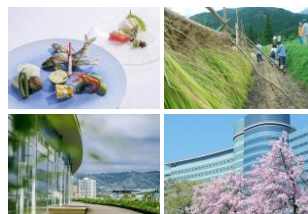
#### THE THOUSAND KYOTO

- **Rebranded** in July 2022 to drive sustainability for the entire Keihan Group
- Providing comfortable and sustainable experiences and undertaking 100 SDG 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

### 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.



- 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.



# Medium-term Management Plan: Strategy for Each Business (Leisure & Service)

## 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**



## 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

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



# Medium-term Management Plan: Strategy for Each Business (GOOD NATURE STATION)

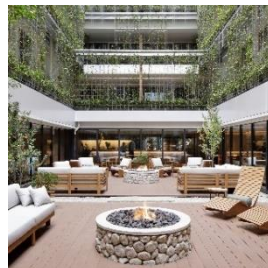
While increasing the visibility and expanding the sales channels of the GOOD NATURE STATION, a commercial complex offering sustainable experiences, and the product brands NEMOHAMO, RAU, Sachi Takagi, and GOOD NATURE MARKET, we will conduct new product development and new store launches on a continuous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

## Establishing own brands

 <p><b>NEMOHAMO</b></p>	 <p><b>RAU Sachi Takagi</b></p>	 <p><b>GOOD NATURE MARKET</b></p>
<p>An organic cosmetics brand that uses natural ingredients, without any petroleum-derived ingredients</p> <ul style="list-style-type: none"> <li>■ Focusing on its marketing as a hotel amenity (expanding B2B sales channels)</li> <li>■ <b>Opening a new flagship store in Tokyo</b></li> </ul>	<p>Patisserie brands offering sweets that are both beautiful and delicious and that no one has ever seen before</p> <ul style="list-style-type: none"> <li>■ <b>Opening permanent stores</b>, mainly in department stores in the Tokyo metropolitan area</li> <li>■ Strengthening production infrastructure and the production management system</li> </ul>	<p>A food brand that develops products using materials that would normally be discarded (e.g., cacao shells)</p> <ul style="list-style-type: none"> <li>■ Enhancing product development and expanding the product lineup</li> <li>■ Expanding sales channels by <b>focusing on wholesaling</b></li> </ul>

## 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



## 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



# Medium-term Management Plan: Strengthening the Management Base (DX)

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

## Creating experience value

Main measure Promoting the Keihan Group's digital strategy

### 1. Digitalizing customer contact points



- ▶ Expanding points of contact with customers through the development of products and services, utilizing digital technology to attract new customers and increase membership

Developing the Keihan Group Digital Ticketing System

Developing an e-commerce platform

Utilizing Kansai MaaS

### 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

Redesigning the websites of Keihan Holdings/Electric Railway

### 4. Developing new products, services, and businesses that enhance the experience value of customers



- ▶ Developing new products, services, and businesses that enhance the experience value of customers through co-creation with businesses and startups inside and outside the Group

Data utilization, sales promotion support, and joint planning of new products and services by the entire Keihan Group

## Sophisticating the Group's business management

- Promoting the digitalization of business management (e.g., 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

# Medium-term Management Plan: Strengthening the Management Base (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.” This will enable us to continue to create new value and achieve sustainable enhancement of corporate value.

## 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”**

**Maximizing the abilities and performance of each individual**

Improving work engagement (job satisfaction)

Promoting human resources diversity



**Reforming the corporate culture to encourage challenges and innovation**

Developing a system that encourages challenges and motivates self-directed growth

Promoting management that makes the most of human resources

### 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

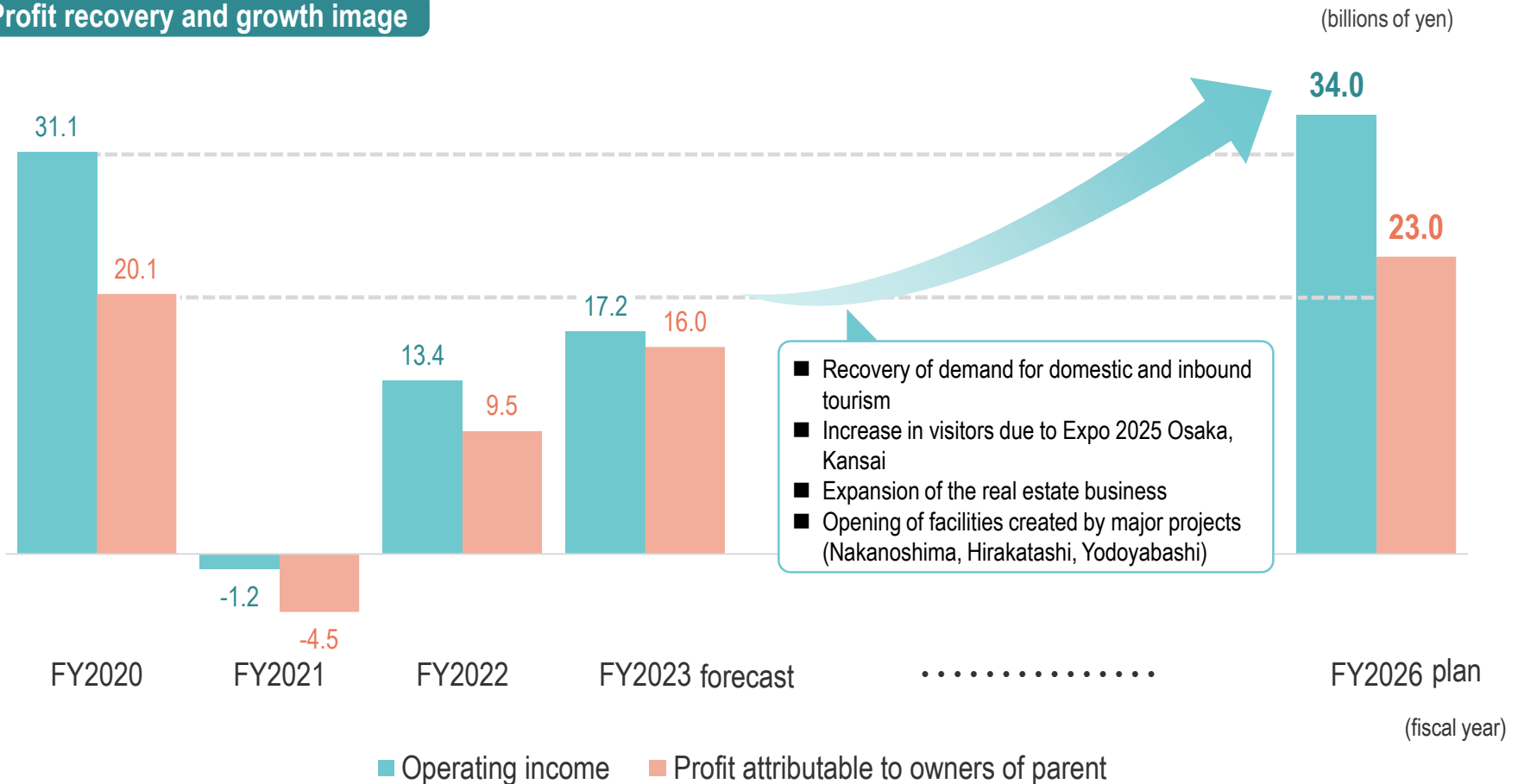


# Medium-term Management Plan: Profit Recovery and Growth Image

## Preconditions for revenue

- Keihan Electric Railway's passenger revenue (excluding the effects of future measures, etc.)
  - ▶ FY2026 Non-commuter pass passenger revenue: Around -10% compared to the average year
  - Commuter pass passenger revenue: Around -15% compared to the average year
- Inbound demand
  - ▶ Exceeds pre-COVID-19 crisis levels in FY2026, partly due to Expo 2025 Osaka, Kansai

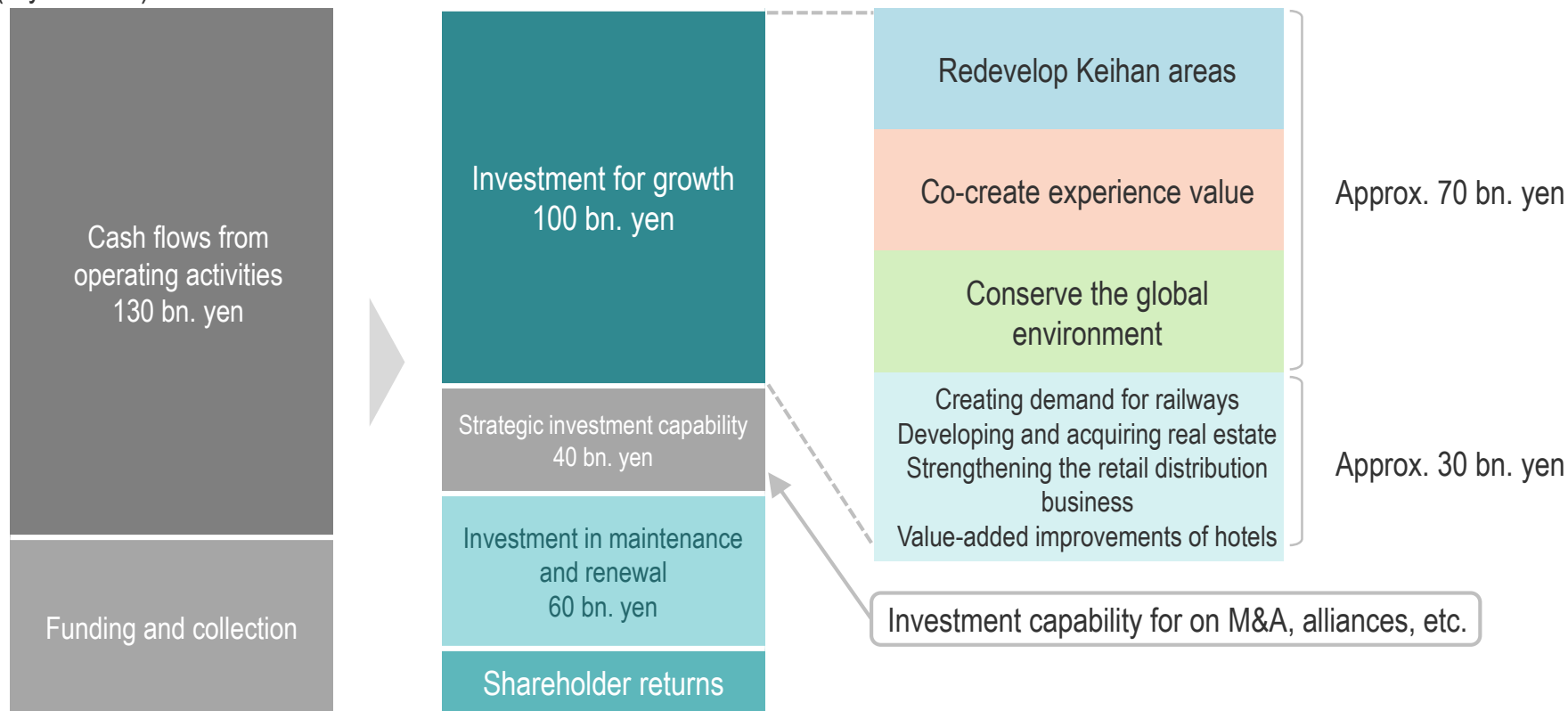
## Profit recovery and growth image



# Medium-term Management Plan: Idea of Fund Allocation

- Proactively making investment for growth that contributes to the enhancement of corporate value and the Keihan brand, centered around the three main strategies included in the long-term management strategy
- Continuing stable dividend payments in line with business performance and flexible share buybacks in terms of shareholder returns
  - \*Aiming for early resumption of a dividend of 35 yen per share (pre-COVID-19 crisis level) or above
- Taking on loans and issuing corporate bonds to secure funds while maintaining a balance with EBITDA
  - \*Targeting a net interest-bearing debt/EBITDA multiple of 6x level

(3-year total)



# Quantitative Targets

Management indicators	FY2023 forecast	FY2026 plan	FY2031 target level
Operating income	17.2 bn. yen	34 bn. yen	43 bn. yen or more
Profit attributable to owners of parent	16 bn. yen	23 bn. yen	30 bn. yen or more
EBITDA (operating income + depreciation)	37.4 bn. yen	58 bn. yen	70 bn. yen or more
Net interest-bearing debt /EBITDA multiple	8.96x	6x level	6x level
ROE	6.2%	7% level	8% level



Plans in this document are based on current information and assumptions regarding uncertain factors that may affect future business performance. Therefore, actual performance may differ due to various factors that may arise in the future.