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Management Philosophy & Material Issues

Basic Philosophy

The Sotetsu Group delights customers and contributes to the enrichment of local communities through businesses that support comfortable lifestyles.

Management Stance

1. Thorough implementation of customer perspective

In order to provide products and services that exceed customer expectations, we will always strive to make improvements from the customer's point of view.

2. Maximize Group consolidated profits

We aim to maximize consolidated profits by demonstrating comprehensive strength of the Group through collaboration based on the premise of independent management of each Group company.

3. Cultivate a dynamic corporate culture

We value a dynamic corporate culture in which each individual employee builds their own abilities and has a strong can-do spirit.

4. Contribution to a better society

As a good corporate citizen, we conduct responsible corporate activities and contribute to the creation of a better society.

Code of Conduct

"Does your action lead to customer satisfaction?"

Material issues

To delight customers and contribute to the enrichment of local communities, the Sotetsu Group has identified and determined issues of particular importance that should be addressed as a priority in its medium- to long-term business activities, based on the expectations and requirements of its stakeholders. In this way, it aims for the realization of a sustainable society and the further advancement of the Sotetsu Group. P17

Improvement of the global environment for future generations

Our vision

Together with the community, we will strive to realize a decarbonized society, a circular society, and a society that coexists with nature, in order to pass on a sustainable environment rich in nature to future generations.

Creation of workplace environments that are comfortable and provide job satisfaction

Our vision

The Sotetsu Group will continue to develop human resources with high market value and to be the employer of choice for these human resources thanks to our comfortable working environments and the job satisfaction they provide.

Creation of a solid governance structure

Our vision

We will build a fair and honest governance structure that lives up to the trust of all of our stakeholders and contributes to the creation of a better society.

Development and co-creation of appealing communities

Our vision

We will strive to carry out urban development that enables people to enjoy "vibrant lives" in the 100-year-life age by providing products and services closely tailored to our diverse customers, providing them with safer, richer lives.

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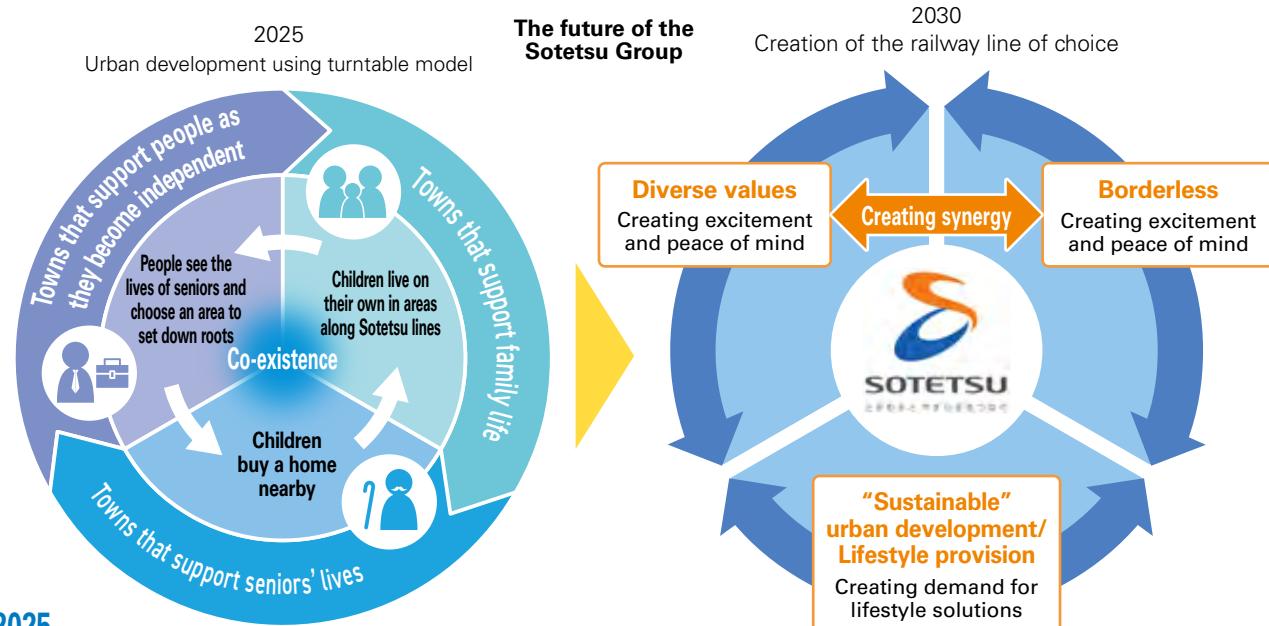
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Messages to Stakeholders & Main Issues of Interest to Stakeholders

Messages to Stakeholders

Sotetsu Group Integrated Report 2025 has been published to explain to our stakeholders in an easily understood manner our initiatives aimed at "realizing a sustainable society." In addition to a message from the new president and a round-table discussion among Outside Directors, it features interviews with employees on the ease of working at the Sotetsu Group, which is an essential foundation to realizing our management strategies. It also includes an explanation of the material issues, which were revised in FY2024 in response to recent changes in the external environment and social issues, and, through the Long-Term Vision "Vision 2030" and the 7th Medium-Term Management Plan (FY2025 to FY2027), an explanation of the Sotetsu Group's medium- to long-term management vision is provided, using comprehensive financial and non-financial information. We will continue to enhance the value of the Integrated Report so that it serves as a useful tool for communication with our stakeholders.



Major Points in the SOTETSU GROUP INTEGRATED REPORT 2025

POINT 1

Message from the President

In a message to stakeholders, the new President recounts his aspirations on his appointment, his intentions toward the Sotetsu Group, the significance of the new material issues for the Group, and the story and outlook for the long-term vision presented by the 7th Medium-Term Management Plan, based on the 6th Medium-Term Management Plan.

▶ P8

POINT 2

Material Issues

We explain the process of identifying the new material issues, which were reviewed in response to the increasingly diverse social issues and changes in the external environment that affect the Sotetsu Group's sustainability management, as well as the main non-financial indicators and the risks and opportunities of the social issues that are to be addressed.

▶ P17

POINT 3

7th Medium-Term Management Plan

The Sotetsu Group formulated the new Medium-Term Management Plan (FY2025 to FY2027) and positioned it as a period for a new stage in which we will work toward the realization of the Sotetsu Group's vision. The new Plan is explained in easily understood terms, including a message from the General Manager in Charge of the New Medium-Term Management Plan.

▶ P23

POINT 4

Human Resources Strategy

The Process of Creating Value Through Investment in Human Capital, which was established alongside the 7th Medium-Term Management Plan, is explained along the theme of "the Sotetsu Group will continue to develop human resources with high market value and to be the employer of choice for these human resources thanks to our comfortable working environments and the job satisfaction they provide," as well as the vision that we are aiming toward, with mention of the three sources of value creation that were considered from the dual angles of people and organizations.

▶ P40

POINT 5

Round-table Discussion among Outside Directors

Newly appointed Outside Director, Ms. Mieko Yoshinaka, describes her aspirations for her new position, and the Outside Directors reflect on FY2024, describe their expectations for the new management team, and identify challenges the Sotetsu Group faces from an outside point of view, such as the improvement of the effectiveness of the Board of Directors, as well as discussing proposed directions for their solutions.

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Editorial Policy

This report integrates financial and non-financial information, including business performance, management policies and business strategies for medium to long-term value creation, in order to explain the Sotetsu Group's efforts toward sustainable value creation.

■ Target scope

Sotetsu Holdings, Inc. and consolidated subsidiaries

■ Target period

FY2024
(April 1, 2024 to March 31, 2025)
However, this includes some disclosure items and business activities that started after April 2025.

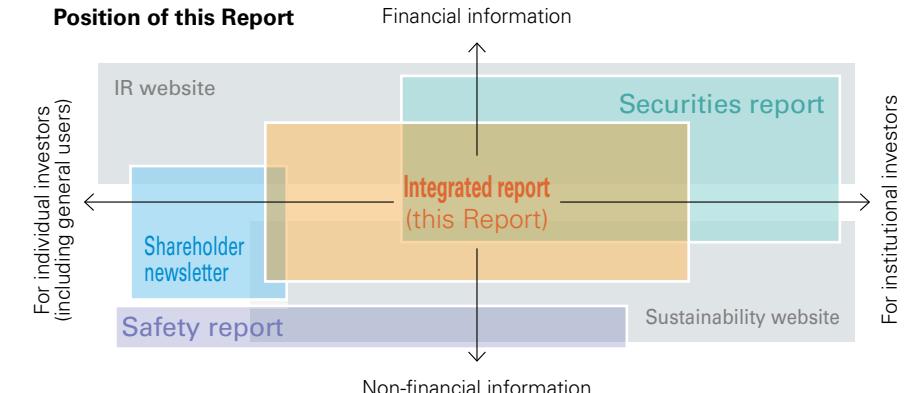
■ Reference guidelines

- "International **IR** Framework" by the International Integrated Reporting Council (IIRC)
- "Guidance for Collaborative Value Creation" by the Ministry of Economy, Trade and Industry
- 
- "The Task Force on Climate-related Financial Disclosures (TCFD) Final Report"

Notes on Forward-Looking Statements

Forward-looking statements in this report, such as performance forecasts, are based on information currently available to the Company and certain assumptions that we deem to be reasonable, but actual results may differ materially due to various factors.

Position of this Report



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2019—

Started service into central Tokyo

In November 2019, we opened a direct Sotetsu-JR Direct Line through Nishiya Station on the Sotetsu Line to Hazawa Yokohama-Kokudai Station, heading towards Shibuya and Shinjuku, and improved access to the central Tokyo. In March 2023, the Sotetsu-Tokyu Direct Line also opened. Like the JR direct line, it passes through Hazawa Yokohama-Kokudai Station, making it possible to take subway lines from Meguro Station and Shibuya Station to government areas and business districts. This improved access to Shin-Yokohama Station and formed a wide-area network that extends to Tokyo and Saitama, thereby improving the convenience of the Sotetsu line and furthering development of each region.



A departure ceremony for opening of Sotetsu-JR Direct Line at Ebina Station

History of the Sotetsu Group

- Management and Systems
- Traffic
- Development
- Lifestyles and Services

- 1917 ● Founding of Jinchu Railway and Sagami Railway
- 1926 ● Started operations on the line between Futamatagawa and Atsugi
- 1947 ● Started urban development along the Sotetsu lines
- 1949 ● Listed on the Tokyo Stock Exchange
- 1952 ● Started development of Yokohama Station west exit area
- 1964 ● Opening of Diamond Underground Mall
- 1973 ● Opening of Sotetsu JOINUS

2024—

Opening of "THE YOKOHAMA FRONT" and "YUMEGAOKA SORATOS"

With the start of the Sotetsu Line's direct connection to central Tokyo and other developments, the Sotetsu Group has been implementing the six major development projects along the Sotetsu lines to create attractive areas, aiming to improve value along the lines. With the completion of "THE YOKOHAMA FRONT" and "YUMEGAOKA SORATOS" in 2024, all projects have been completed.



The first in Japan

Certified as a "national strategic housing construction project"

What is a national strategic housing construction project?

A project aimed at facilitating the development of the housing required to bolster the international competitiveness of industry and form hubs for international economic activity in the National Strategic Special Zones.



* The area key map above schematically represents the area around the site, and geographical features, the sizes and shapes of buildings, distances, directions, etc. differ from the actual ones. Buildings and roads surrounding the site are omitted or simplified.

THE YOKOHAMA FRONT

In June 2024, THE YOKOHAMA FRONT, a super high-rise complex building opened, conveniently located a 3-minute walk from the N. west exit of Yokohama Station through Hama Rail Walk pedestrian deck directly connected to the Station. It is a high-rise complex building with 43 floors above ground and 2 floors below ground, 178 meters in height, which houses residences, hotels, commercial facilities, etc. Primarily at "Vlag yokohama," the place for interactions on the top floor, activities at THE YOKOHAMA FRONT, with its global-standard residences, has contributed to improving the appeal of and maximizing the value of the Yokohama Station west exit area.

YUMEGAOKA SORATOS

In the "Yokohama City Urban Planning Master Plan/Izumi Ward Plan," the approximately 24 hectare area being developed under the "Izumi Yumegaoka area land readjustment project" is positioned as a "district where we will make efforts to create an urban area that will foster new liveliness and interaction," and we implemented urban development of the district as a new station-front hub urban area. In July 2024, the Sotetsu Group opened YUMEGAOKA SORATOS, a large-scale complex commercial facility. Moreover, construction of the "Gracia Wellith Yokohama Yumegaoka," a large-scale condominium housing a total of 335 residential units, is scheduled to be completed in January 2026. Furthermore, in addition to attracting a large hospital and developing detached houses, we implemented initiatives such as renovating Yumegaoka Station, so that the Yumegaoka town has been significantly renewed.



- 1976 ● Opening of the Izumino Line (between Futamatagawa and Izumino)
- 1977 ● Start of sales of Izumino residential area
- 1986 ● Start of sales of Ryokuentoshi residential area
- 1990 ● Izumino Line 2nd phase opening (between Izumino and Izumi-chuo)
- Became a major private railway company
- 1998 ● Opened Yokohama Bay Sheraton Hotel & Towers
- 1999 ● Izumino Line 3rd phase opening (between Izumi-chuo and Shonandai)
- 2005 ● Transitioned to a group management system
- 2007 ● Entered the accommodation-specific hotel business
- 2009 ● Changed company name to Sotetsu Holdings
- 2014 ● Sunroute joins the Sotetsu Group
- 2015 ● Started DESIGN BRAND UP PROJECT
- 2017 ● Sotetsu Group 100th Anniversary
- 2018 ● Opened JOINUS TERRACE Futamatagawa
- 2019 ● Started direct connection with JR lines
- 2023 ● Started direct connection with Tokyu lines
- 2024 ● Opened THE YOKOHAMA FRONT
- Opened YUMEGAOKA SORATOS

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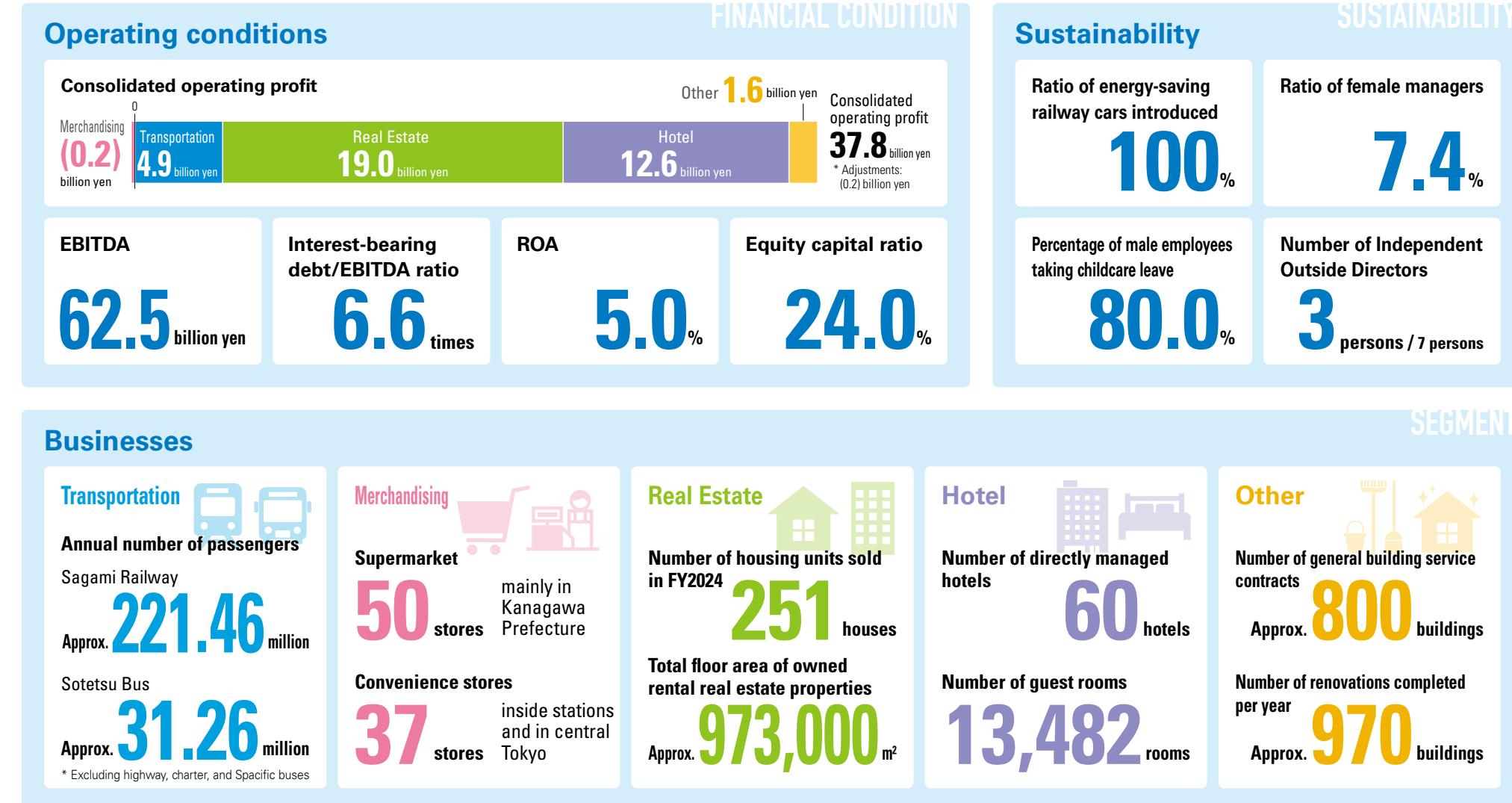
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At a Glance

The Sotetsu Group is a corporate group consisting of 47 subsidiaries and 6 affiliated companies, with Sotetsu Holdings as the holding company. The Group conducts business activities in transportation, merchandising, real estate, hotel, and other fields.

As of March 31, 2025



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Business Area

The Sotetsu Group has been promoting urban development and development of commercial facilities, centering on the railway line that runs from Yokohama Station to central Kanagawa Prefecture. Currently, we are engaging in business not only along railway lines, but also in Japan and abroad.

Major businesses in areas along railway lines and neighboring areas along railway lines	Transportation	Merchandising	Real Estate	Hotel
<ul style="list-style-type: none"> • Railway • Bus (shared buses, highway buses) 	<ul style="list-style-type: none"> • Supermarket 	<ul style="list-style-type: none"> • Real estate sales • Real estate rental • Shopping center 	<ul style="list-style-type: none"> • Hotels 	

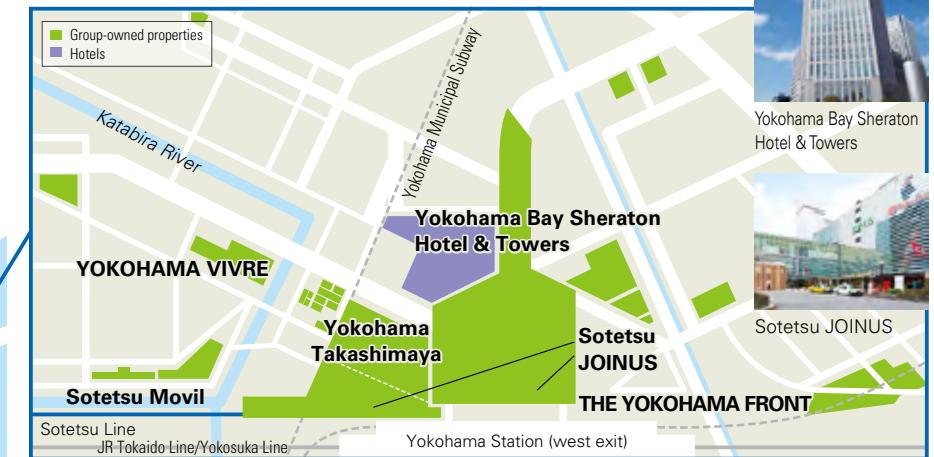
Areas along railway lines and neighboring areas along railway lines



Main business in Japan	Hotel	Real Estate
<ul style="list-style-type: none"> • Hotels (in Tokyo, Osaka, Kyoto and other parts of country) 	<ul style="list-style-type: none"> • Hotels 	<ul style="list-style-type: none"> • Real estate sales (in Tokyo, Chiba, Saitama, Kanagawa) • Real estate rental (in Tokyo, Kanagawa)

Group-owned properties in Yokohama Station (★) area

* Partly includes facilities co-owned with companies outside the Group



Business areas overseas



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Message from the President



**Demonstrating leadership
to support sustainable
growth, I will embrace the
challenge of value creation
suited to the new era.**

Takamasa Kato
Representative Director, President and Executive President

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Aspirations on appointment as President and management convictions

I will bring to management the convictions that I have formed by learning from the front lines and its people and embracing change

On my appointment as Representative Director, President in June 2025, I have assumed the position of leading the Sotetsu Group as its top management executive. Mr. Takizawa, who was my predecessor as President for six years and is now Chairman, indicated our directions for sustainable growth under our long-term vision toward FY2030 and led the recovery of the Group's performance after the COVID-19 pandemic. Having been handed the reins of those initiatives, I will devote my efforts to contributing to the further advancement of the Sotetsu Group.

My duty in the new management team is to respond to changes in the times and realize sustainable growth, while inheriting the Sotetsu Group's social trust and business performance. At the same time, it is also my mission to foster a corporate culture in which our employees can work with pride and motivation and to build a more robust organization. I also recognize that it is my role to present a clear vision for the future and demonstrate a willingness to move forward by embracing change and challenge myself.

“ Respond to changes in the times and realize sustainable growth ”

History of Value Creation

◎ P4

I joined Sagami Railway (now Sotetsu Holdings) 40 years ago in 1985, beginning my working life as a station attendant. Later, I transferred to the development division of the real estate sales business, where my job involved communicating with people from local community groups and landowners. I was also seconded to a resort facility in Guam at one stage and was later involved in launching the hotel business. My other various experiences in the organization include Division Manager of the Corporate Strategy Division at the Head Office. Since 2019, I have served as the President of the hotel business's operating companies, a role that I continue to hold today.

My career journey has been a series of "learning from the front lines and from people and continuing to embrace change." In that process, I have formed three essential convictions about management with which I have refined my leadership.

The first of those is "creativity that starts at the front lines." The front lines of our business, which are the closest to our customers, are the places that tell us most directly about the strengths and challenges of our business management. I firmly believe that listening to voices from the front lines and incorporating the insights thus gained into our strategies form the foundation for sustainable value creation.

My second conviction is "a willingness to embrace challenge without fearing change." When I worked on launching and advancing the hotel business, I learned the importance of having the courage and flexibility to leap into unknown territory and leadership that encourages others to take the initiative and say, "Let's give it a try." To create new value, we need approaches



that are not bound by conventional ways of doing things, along with a willingness to lead the transformation ourselves.

My third conviction is "belief in people and the organization." It is the mission of a leader to maximize the potential of individuals, while also drawing out their full strength as a team. To put this into practice, I have focused on "building a collaborative organization," in which every individual employee takes pride in their own role and makes proactive contributions.

Holding these three convictions close to my heart, I will demonstrate leadership to drive the sustainable growth of the Sotetsu Group and embrace the challenge of value creation that is suited to the new era, alongside all our stakeholders.

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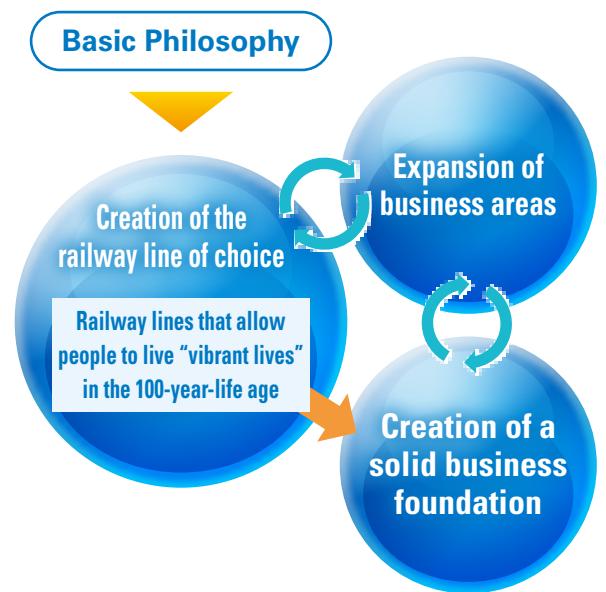
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To materialize the Sotetsu Group's Management Philosophy

Creating shared prosperity with stakeholders and responding to the expectations of society

I believe that the basic philosophy of management, namely, delighting customers and contributing to the enrichment of local communities through businesses that support comfortable lifestyles, is an indication of our social *raison d'être* as the Sotetsu Group. Our efforts to stay closely connected to the lives of the people living along our railway lines, to help enrich their lives, and to shape the future of local communities present a wide range of opportunities. However, this also comes with great responsibility, and we must respond to society's expectations without betraying its trust.



Management Philosophy

▶ P.1

“ I learned the importance of communication ”

Through our business, we hope to create shared prosperity and happiness with all stakeholders, including the people living along our railway lines, who are our customers, as well as our shareholders and investors, business partners, and our employees, who support our business activities. Putting smiles on the faces of every one of these people is the true mission of the Sotetsu Group.

The hotel business whose management I have been involved in has the slogan of "Best Smiles for You," which we share as our attitude and values toward our work. I hope to bring this same awareness to the management of the Group as it advances a wide range of businesses. At hotels, where large numbers of staff work together, every individual is called on to respect each other's diversity and cooperate with each other, working in harmony toward their objective of delighting their guests. To achieve this, close communication among staff members is essential. In my own day-to-day work, I make a conscious effort to improve the quality of my communication and achieve mutual understanding with others. Going forward, I will strive to foster high-quality communication not only with our organizations and employees, but also with all our stakeholders. By building stronger relationships with them, I will aim to expand the value we deliver.

Our aim is to continue the "creation of the railway line of choice" and realize "railway lines that allow people to live 'vibrant lives' in the 100-year-life age." We will also focus our efforts on and proactively take up the challenge of "venturing outside," including expansion into areas outside the areas along Sotetsu lines and developing business overseas.

Long-Term Vision

▶ P.20

Corporate image presented by redefined material issues

Linking to the Long-Term Vision and the Medium-Term Management Plan to create both social value and corporate value

Regarding our material issues for the promotion of sustainability management, in November 2021, we defined 11 material issues from the perspectives of "Safety and Security," "Environment," "Society," and "Governance," and the entire Group has worked together on activities for which non-financial indicators have been set for the solution of various social issues. However, given the subsequent diversification of social issues and changes in the external environment that have the potential to affect our sustainability management, as well as the growing need to enhance corporate value at the same time as maintaining the creation and provision of social value, we undertook a sweeping review of our material issues to reflect these factors and redefined them in March 2025.

Our four new material issues are "Improvement of the global environment for future generations," "Development and co-creation of appealing communities," "Creation of workplace environments that are comfortable and provide job satisfaction," and "Creation of a solid governance structure." When setting the relevant social issues to address and non-financial indicators, we incorporated perspectives that had not been included in the previous material issues, such as "biodiversity," "respect for human rights," and "supply chain management."

The social issues and non-financial indicators are aligned with our Long-Term Vision "Vision 2030" and the Medium-Term Management Plan. They are closely linked to priority strategies such as strengthening urban development and the real estate business, human resources, and DX, and they are a clear indication of how our business activities will contribute to society. In

New Medium-Term Management Plan

▶ P.23

Material Issues

▶ P.17

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addition, by systematically organizing the material issues, we are able to communicate both internally and externally the social *raison d'être* of the Sotetsu Group, thus creating a system for gaining the empathy and trust of society. By strengthening our sustainability management, it is our intention to create both social value and corporate value, connecting them to the improvement of evaluation of the Group by external stakeholders, including the share markets.

The four newly defined material issues could all be described as preconditions for accomplishing the sustainable growth of the Sotetsu Group and surviving in society. While of course, these four issues all carry the same weight of importance, for my own part, I personally place particular importance on "Development and co-creation of appealing communities," which is positioned at the heart of the Group's business, and "Creation of workplace environments that are comfortable and provide job satisfaction," from the perspective of protecting our people, who are both the core of our business activities and the source of our growth. My reason for emphasizing the latter is that, unless our employees are happy, we will not be able to deliver good services to our customers. I also firmly believe that it is from there that ideas for realizing the "Development and co-creation of appealing communities" will emerge.

I see these four material issues not as mutually independent, but rather as interconnected elements that impact each other. We will engage in them sincerely with a strong awareness of the non-financial indicators that have been set, moving them forward steadily so that our efforts toward the material issues will create synergies, leading to a virtuous cycle.

“Preconditions for achieving sustainable growth and surviving in society”

Outcomes of the previous Medium-Term Management Plan and remaining challenges

Steady execution of priority strategies led to achievement of targets Further improvement of financial structure is a challenge

FY2024, the final year of the 6th Medium-Term Management Plan, was a year of excellent results, in which we achieved increases in revenue for the third consecutive year from the initial year of the Plan (FY2022), and record-high profit levels in consolidated operating profit, ordinary profit, and profit attributable to owners of parent.

If we look back on the year by segment, amid a recovery in demand in the transportation business, the increase in passenger numbers resulting from established ridership on the Sotetsu Shin-Yokohama Line led to a significant increase in profit. In the real estate business, the opening of YUMEGAOKA SORATOS and THE YOKOHAMA FRONT in the rental business and sales of large-scale properties in the real estate sales business boosted our results. The hotel business continued to enjoy high occupancy rates due to the increase in travelers, particularly inbound tourists, resulting in increases in revenue and profit that exceeded expectations.

As a result of the above, our consolidated financial results were operating revenue of 292,178 million yen (up 8.2% year on year), operating profit of 37,820 million yen (up

30.6%), ordinary profit of 34,812 million yen (up 29.0%), and profit attributable to owners of parent of 22,407 million yen (up 39.3%). Operating profit margin increased from the previous fiscal year's 10.7% to 12.9% and ROE increased from 10.4% to 12.9%.

In the 6th Medium-Term Management Plan, which began in FY2022 as the first stage of our Long-Term Vision "Vision 2030," we set final-year targets of 30.5 billion yen in operating profit, 17.7 billion yen in profit attributable to owners of parent, equity capital ratio of 22.3%, and interest-bearing debt/EBITDA ratio of 7.4 times or less. Ultimately, with the financial results described above, these profit targets were achieved, and in terms of financial stability as well, we met our target levels for equity capital ratio and interest-bearing debt/EBITDA ratio of 24.0% and 6.6 times respectively.

In our efforts over the three years of the Plan, we completed the direct connection service plans, a long-standing aspiration for the Sotetsu Group, and the six major projects for increasing the appeal of the areas

Real Estate	Message from the General Manager in Charge of DX/ICT	Message from the General Manager in Charge of Human Resources	Message from the Officer in Charge of Finance
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“ We achieved increases in revenue for the third consecutive year and record-high profit levels ”

along our lines were all completed with the opening of Hoshiten qlay, YUMEGAOKA SORATOS, and THE YOKOHAMA FRONT. We have also made steady progress and achieved a certain level of success in the "Decisive implementation of structural reforms" mentioned at the beginning in our priority strategies, as well as the new strategies of "Strengthening of earning power" and "Fundamental strengthening of the real estate business" as the pillar of revenue.

However, amid this progress, in the merchandising business, improvement of revenue was delayed due to intensifying competition and changes in the consumption environment, making the acceleration of business structural reforms a necessity. In the large-scale properties whose development has been completed as well, the reinforcement of profitability and operational capabilities from now on will be a major challenge, and we must work to increase the effects of those investments.

The improvement of financial structure remains an ongoing process. As I mentioned earlier, while we cleared our targets for equity capital ratio and interest-bearing debt/EBITDA ratio, the standard is still low in terms of securing financial soundness, and further strengthening of financial structure is required. In terms of outstanding challenges, we will further strengthen our management foundations by building systems for Group-wide human resources development and DX promotion, while pursuing synergies across the Group.

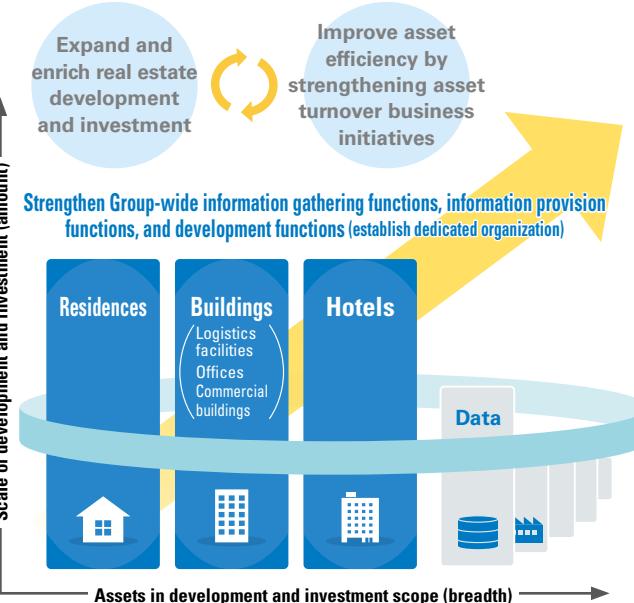
Merchandising Business

▶ P33

The Sotetsu Group's goals for the three years of the new Medium-Term Management Plan

Toward a stage of steadily reaping the results of the seeds sown to date

Based on the outcomes and remaining challenges of the 6th Medium-Term Management Plan, we have formulated and launched the 7th Medium-Term Management Plan (FY2025 to FY2027). We have positioned the next three years as a period for reaping the results of the seeds that we have sown to date. While building up the resilience of each segment through the continuation of structural reforms, we will focus efforts on the strengthening of earning power to raise our competitiveness and growth potential. For the



Positioning of the 7th Medium-Term Management Plan

▶ P25

realization of the Sotetsu Group's vision, in addition to developing our growth story centered on the real estate business, we intend to establish robust financial foundations in preparation for cash outflows during the large-scale investment phase, with the future Yokohama Station west exit area major reconstruction plan in mind.

The real estate business leverages diverse business models, such as rental, asset turnover, and fund structures, to flexibly generate revenue according to the market environment and management circumstances. Among these, we view the "value-up" model, which involves increasing asset value through the processes from development through to sale, as the key to future growth in the real estate business, and we intend to address this by establishing advanced operational capabilities. In addition, by promoting the enhancement of our information gathering functions, information provision functions, and development functions across the Group, we will create a unique advantage for the Sotetsu Group.

In the transportation business, we will work on further increasing the number of passengers using the Sotetsu Shin-Yokohama Line by enhancing convenience and offering new value propositions. In the merchandising business, we will concentrate our efforts on the development of appealing ready-to-eat products and the supply of highly fresh produce, strengthening our product line-up that will motivate customers to visit our stores. At the same time, we will work on reviewing merchandise, reducing loss rates, and securing gross profit margins through appropriate selling prices in our efforts to restore business performance. With the hotel

“ Growth story centered on real estate business ”

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Message to Stakeholders

To deliver the best smiles to our stakeholders

Earlier, I mentioned the hotel business's slogan of "Best Smiles For You." I recognize that it is our mission to deliver the best smiles to all our stakeholders, from our customers and local communities to shareholders and investors, business partners, and our employees.

Based on this mission, each individual working in the Sotetsu Group dedicates themselves earnestly to their work, creating and delivering outstanding value. The profits generated from those efforts are returned to our stakeholders and circulated as funds for further growth. By continuing to rotate this cycle of value co-creation, the Sotetsu Group will advance together with you all and, I believe, continue to survive as a company that is indispensable to society.

Even in times of significant change in the social environment, we will constantly embrace challenge without fear of failure, and all employees will join forces to forge the future of the Group. I ask all of our stakeholders for your continued and enduring support.

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Sotetsu Group's Value Creation Process

Following the Sotetsu Group's Management Philosophy, we aim to solve issues affecting our society and create new value through various businesses based on urban development centered on railways and stations.



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Management challenges of Sotetsu Group

- Make structural reforms to existing businesses and strengthen new earning power
- Implement management focused on developing a strong financial base
- Create the railway line of choice; develop and enhance our human resources, DX, organization and corporate management structure
- Implement ESG/SDG initiatives to strengthen our foundation for sustainable value creation

Inputs

Financial capital

- Consolidated net assets **182.0** billion yen ➤ P78
- Rating **A-** (R&I, JCR) ➤ P79
- Equity capital ratio **24.0%** ➤ P6

Manufacturing capital

- Capital expenditure **197.0** billion yen (Medium-Term Management Plan (3 years))
- Sotetsu line (passenger line) length Total of **42.2** km ➤ P7
- Sotetsu Bus **124** routes ➤ P7
- Supermarket **50** stores ➤ P6
- Total floor area of owned rental real estate properties Approx. **973,000** m² ➤ P6
- Number of directly managed hotels **60** hotels ➤ P6

Intellectual capital

- **Know-how** cultivated through management along the Sotetsu lines for 100 years, mainly railways and stations ➤ P4
- **Marketing** through Sotetsu Points and Data Lab ➤ P38
- **Low-cost operations** at accommodation-specific hotels ➤ P36

Human capital

- Consolidated number of employees **10,312** (including temporary workers*)
- * The number of temporary workers was calculated as the average of the number of workers at the end of each quarter, following the conversion to standard working hours.
- Diverse **human resources** and **training systems** ➤ P43

Natural capital

- **A natural environment** along the Sotetsu lines that enriches the lives of residents ➤ P63

Social and relationship capital

- 100 years of trust since our founding ➤ P4
- Regional community development, area management activities ➤ P54
- Sotetsu Innovation Lab, open innovation hub ➤ P53
- Group customer base (Sotetsu Point service members: **840** thousand, Sotetsu Hotels Club members: **630** thousand)

Capital strengthening initiatives

To improve PBR and boost our stock price, we will focus on improving ROE and ROA. By emphasizing business-specific ROIC, we aim to optimize capital efficiency. Based on this approach, we will engage in capital investment that takes the improvement of capital efficiency into consideration, while focusing on enriching internal reserves aimed at ongoing sound management.

Railway

Promotion of the underground track project for the section including Tsurugamine Station; introduction of new 13000 series railway vehicle ➤ P32

Bus

Demonstration testing of domestically produced bio-diesel; introduction of EV buses ➤ P58

Supermarket

Enhancement through product and sales reforms ➤ P33

Real Estate

Expansion of business areas to engage in comprehensive real estate business ➤ P34

Hotel

New hotel openings, both domestic and overseas, in line with various needs ➤ P36

With our accumulated and developed know-how, we are cultivating the "creation of the railway line of choice." In the hotel business, we strive to develop business that is resilient and has high levels of growth in the face of changing environments from the perspectives of business schemes, new hotel opening areas, and brands. We will update Sotetsu Group's digital platforms and fuse them with real-world touchpoints to maximize the value we provide to customers.

To maximize the Sotetsu Group's comprehensive strength and support its growth strategy, we will establish a process of creating value through investment in human capital. Aiming to continue to develop human resources with high market value and to be the employer of choice thanks to our comfortable working environments and the job satisfaction they provide, we will quantify the impacts and targets to promote data-driven human resources measures.

Based on the Sotetsu Group Environmental Policy and Environmental Vision, we will appropriately rely on and manage natural capital in our business areas and strengthen our efforts to realize a society that coexists with nature.

Through active dialogue with our stakeholders and other internal and external parties, we seek to understand and consistently meet society's expectations, thereby realizing sustainable urban development and strengthening and expanding our capital base.

Outputs



Safe and secure transportation service

Provision of a rich diet

Provision of convenient facilities and housing that support a comfortable and prosperous life

Improvement of the appeal of cities through effective use of real estate assets

An accommodation-specific hotel chain with comfort and high-quality hotel management that provides comfort and relaxation

Negative outputs

- Greenhouse gas
- Waste generation
- Wastewater

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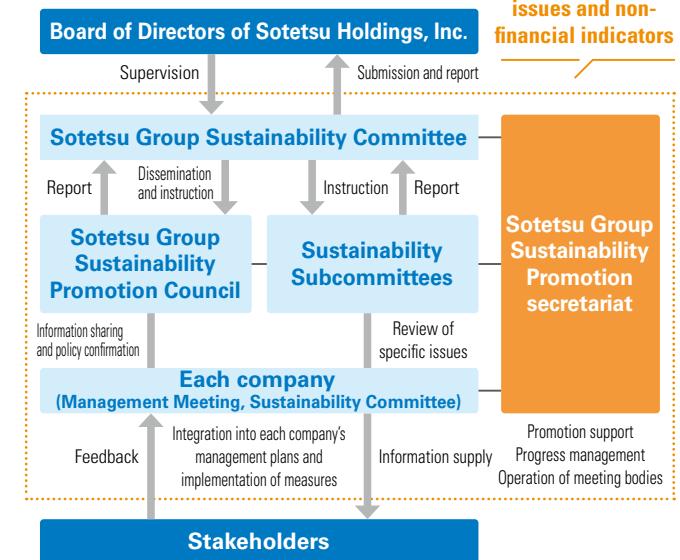
Sotetsu Group's Sustainability Management

Regarding the Management Philosophy as its top concept, the Sotetsu Group will promote sustainability management through its approach to sustainability, aiming to realize a sustainable society and further improve its corporate value through initiatives on priority themes of material issues.



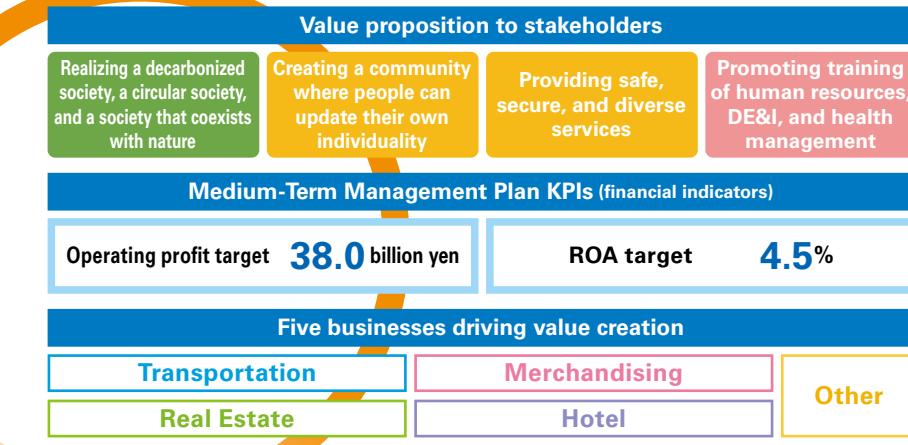
System to Promote Sustainability

In April 2022, we established the Sotetsu Group Sustainability Committee, which is chaired by the President of Sotetsu Holdings and consists of Directors (Division Manager, Corporate Strategy Division; and in charge of the General Affairs and the Labor Departments), in order to contribute to the realization of a sustainable society and further strengthen initiatives aimed at realizing sustainable growth for the Sotetsu Group. We also established the Sotetsu Group Sustainability Promotion Council as an organization to develop and promote sustainability initiatives throughout the Group. Under the Council, subcommittees were established to review and deliberate on specific issues concerning sustainability activities. Through these bodies, we share information across Group companies, integrate it into their management plans and implementing measures to promote initiatives for sustainability material issues. The matters determined by the Sotetsu Group Sustainability Committee are brought up for discussion to the Board of Directors.



Overview of Sustainability Management

To delight customers and contribute to the enrichment of local communities



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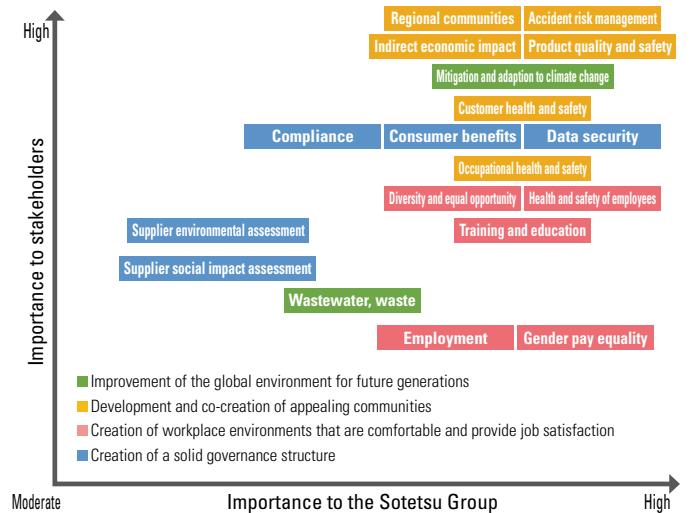
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Material Issues

To address the increasingly diverse social issues and changes in the external environment affecting the Sotetsu Group's sustainability management, we started reviewing our material issues in April 2024. When identifying material issues, we extracted and organized issues by referring to international guidelines and other sources, while taking into account the Sotetsu Group's Management Philosophy, approach to sustainability, and management issues.

Mapping diagram



After doing so, we conducted interviews with stakeholders of the Sotetsu Group, including outside experts, customers, partners, employees, local communities, and shareholders. Through these interviews, we organized, evaluated, and verified issues based on the two axes of "importance to stakeholders" and "importance to the Sotetsu Group." We then identified and determined material issues through discussions held by the Sustainability Committee in March

2025 and the Executive Committee, followed by resolutions made by the Board of Directors.

We will periodically review our material issues to ensure that the Group's sustainability management aligns with our Long-Term Vision, Medium-Term Management Plans, and the evolving economic, environmental, and social impacts, as we adapt to changing times and external environments.

Material Issues Identification Process



Material issues	Vision	Social issues
Improvement of the global environment for future generations	Together with the community, we will strive to realize a decarbonized society, a circular society, and a society that coexists with nature, in order to pass on a sustainable environment rich in nature to future generations.	<ul style="list-style-type: none"> Mitigate and adapt to climate change Promote resource recycling Protect and restore biodiversity
Development and co-creation of appealing communities	We will strive to carry out urban development that enables people to enjoy "vibrant lives" in the 100-year-life age by providing products and services closely tailored to our diverse customers, providing them with safer, richer lives.	<ul style="list-style-type: none"> Revitalize regional economies Develop regional communities Improve product and service quality and safety Provide services that fit diverse values and lifestyles
Creation of workplace environments that are comfortable and provide job satisfaction	The Sotetsu Group will continue to develop human resources with high market value and be the employer of choice for these human resources thanks to our comfortable working environments and the job satisfaction they provide.	<ul style="list-style-type: none"> Develop human resources capable of sustainable corporate management Respect human rights and promote diversity, equity, and inclusion Promote the health and safety of employees
Creation of a solid governance structure	We will build a fair and honest governance structure that lives up to the trust of all of our stakeholders and contributes to the creation of a better society.	<ul style="list-style-type: none"> Build compliance education and corporate governance management structures Strengthen protection of personal information and data security Build a sustainable supply chain

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Material Issues, Main Risks and Opportunities

Material issues	Vision	Social issues	Main risks	Main opportunities
 Improvement of the global environment for future generations	Together with the community, we will strive to realize a decarbonized society, a circular society, and a society that coexists with nature, in order to pass on a sustainable environment rich in nature to future generations.	Mitigate and adapt to climate change Promote resource recycling Protect and restore biodiversity	<ul style="list-style-type: none"> ● Natural disasters, infectious diseases, etc. ● Cost increases due to stricter regulations <ul style="list-style-type: none"> ● Impact of resource shortages on business activities ● Increase in procurement costs for raw materials due to soaring energy prices <ul style="list-style-type: none"> ● Cost increases due to regulatory compliance ● Increase in procurement costs for raw materials due to resource shortages ● Decline in the quality of the living environment due to environmental damage and reduced biodiversity 	<ul style="list-style-type: none"> ● Creation of new businesses relating to renewable energy procurement and energy creation ● Cost reduction due to the development of energy saving technologies ● Increasing opportunities to provide new products and services due to changes in lifestyles and the business environment ● Regional economy revitalization caused by local energy production for local consumption ● Growing demand for businesses that use resources more efficiently ● Growing demand for new products and services due to changes in consumer preferences ● Providing a comfortable living environment rich in nature ● Increasing opportunities to provide new products and services through lifestyle changes and addressing environmental issues ● Strengthening collaboration with the community to enhance experience value and foster community formation <ul style="list-style-type: none"> ● Increasing domestic and inbound tourism demand expected to continue after the opening of GREEN-EXPO 2027 ● Creating business opportunities through resolving social and environmental issues in areas along the Sotetsu Lines ● Increasing opportunities to acquire customers, driven by the direct connection service of railway to central Tokyo and development along the Sotetsu Lines ● Regional economy revitalization caused by local energy production for local consumption ● Providing new products and services due to changes in lifestyles and the business environment ● Growing demand for experience value and community formation ● Increasing business opportunities through resolving social and environmental issues in areas along the Sotetsu Lines ● Earning stakeholders' trust ● Acquiring revenue opportunities by improving the value of our brand ● Improving the value of areas along the Sotetsu Lines through development of safer and more resilient transportation and urban infrastructure ● Improving labor productivity by saving labor for facilities and services ● Deepened services caused by diversified consumption patterns ● Improving customer convenience through the integration of point services and IDs ● Increasing business opportunities by facilitating the movement of people, goods, and money through the use of digital technologies ● Increasing the points of contact with customers and creating opportunities for real experience through a digital entrance ● Improving labor productivity by saving labor
 Development and co-creation of appealing communities	We will strive to carry out urban development that enables people to enjoy "vibrant lives" in the 100-year-life age by providing products and services closely tailored to our diverse customers, providing them with safer, richer lives.	Revitalize regional economies Develop regional communities Improve product and service quality and safety Provide services that fit diverse values and lifestyles	<ul style="list-style-type: none"> ● Declining birthrate, aging population, shrinking population, and consequent fall in the number of users ● Decreasing population and outflow of customers along the Sotetsu Lines due to a concentration around station terminals ● Obsolescence of existing business models ● Intensifying competition for acquiring human resources caused by job mobility <ul style="list-style-type: none"> ● Declining birthrate, aging population, shrinking population, and consequent fall in the number of users ● Reduced opportunities for community interaction due to lifestyle changes ● Damage and loss of credibility due to man-made accidents ● Decline in food safety ● Aging of urban infrastructure ● Earnings declining due to intensified price competition <ul style="list-style-type: none"> ● More new entrants across industries and categories ● Reduced competitiveness due to the delayed adaption to changes in behavior pattern and needs, and the obsolescence of existing business models ● Lowered evaluation caused by the delayed response to a change in consumer preferences 	<ul style="list-style-type: none"> ● Increasing domestic and inbound tourism demand expected to continue after the opening of GREEN-EXPO 2027 ● Creating business opportunities through resolving social and environmental issues in areas along the Sotetsu Lines ● Increasing opportunities to acquire customers, driven by the direct connection service of railway to central Tokyo and development along the Sotetsu Lines ● Regional economy revitalization caused by local energy production for local consumption ● Providing new products and services due to changes in lifestyles and the business environment ● Growing demand for experience value and community formation ● Increasing business opportunities through resolving social and environmental issues in areas along the Sotetsu Lines ● Earning stakeholders' trust ● Acquiring revenue opportunities by improving the value of our brand ● Improving the value of areas along the Sotetsu Lines through development of safer and more resilient transportation and urban infrastructure ● Improving labor productivity by saving labor for facilities and services ● Deepened services caused by diversified consumption patterns ● Improving customer convenience through the integration of point services and IDs ● Increasing business opportunities by facilitating the movement of people, goods, and money through the use of digital technologies ● Increasing the points of contact with customers and creating opportunities for real experience through a digital entrance ● Improving labor productivity by saving labor
 Creation of workplace environments that are comfortable and provide job satisfaction	The Sotetsu Group will continue to develop human resources with high market value and be the employer of choice for these human resources thanks to our comfortable working environments and the job satisfaction they provide.	Develop human resources capable of sustainable corporate management Respect human rights and promote diversity, equity, and inclusion Promote the health and safety of employees	<ul style="list-style-type: none"> ● Aging employees ● Intensifying competition for securing human resources ● Business continuity crisis caused by difficulty in hiring employees ● Declining service quality and safety caused by a failure to appropriately deploy human resources <ul style="list-style-type: none"> ● Damage to social trust caused by human rights violations ● Declining competitiveness due to slow adoption of diversity, equity, and inclusion ● Intensifying competition for securing human resources ● Impact on business model resulting from changing sense of values placed on working <ul style="list-style-type: none"> ● Aging employees ● Intensifying competition for securing human resources ● Declining service quality and safety due to a shortage of human resources ● Loss of social trust caused by a failure to respond to a heightened awareness of health and safety 	<ul style="list-style-type: none"> ● Creating an opportunity for innovation with the enhancement of employee engagement ● Creating greater economic and social value by actively engaging human resources ● Enhancing competitiveness through talent acquisition aligned with the human resources strategy ● Improving work quality and productivity by assembling diverse human resources ● Creation of new businesses caused by diversification of workstyles and lifestyles ● Enhancing competitiveness by acquisition of human resources with an awareness of diversity, equity, and inclusion ● Promoting the utilization of human resources through the implementation of workstyle reforms ● Creating an opportunity for innovation with the enhancement of employee engagement
 Creation of a solid governance structure	We will build a fair and honest governance structure that lives up to the trust of all of our stakeholders and contributes to the creation of a better society.	Build compliance education and corporate governance management structures Strengthen protection of personal information and data security Build a sustainable supply chain	<ul style="list-style-type: none"> ● Legal regulations ● Occurrence of misconduct ● Loss of social trust due to a discovery of compliance violation <ul style="list-style-type: none"> ● Legal regulations ● Occurrence of misconduct ● Loss of social trust due to a leak of personal information ● Increasing cyberattacks and security risks ● Occurrence of a failure in the Group's operating systems <ul style="list-style-type: none"> ● Legal regulations ● Occurrence of misconduct ● Disruption to business continuity and loss of credibility due to supply chain risks 	<ul style="list-style-type: none"> ● Improving operational productivity ● Gaining social trust <ul style="list-style-type: none"> ● Gaining social trust <ul style="list-style-type: none"> ● Building a sustainable management system and a supply chain management system ● Improving operational productivity ● Gaining social trust

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Main Non-Financial Indicators

* For an overview and scope of each item, please refer to the Sustainability section of our website: <https://www.sotetsu.co.jp/sustainability/>

Material issues	Vision	Social issues	Main non-financial indicators			
			KGI (An indicator aimed at medium- to long-term economic/social value creation)	FY2024 Actual	FY2027 Target	FY2030 Target
 Improvement of the global environment for future generations	Together with the community, we will strive to realize a decarbonized society, a circular society, and a society that coexists with nature, in order to pass on a sustainable environment rich in nature to future generations.	<ul style="list-style-type: none"> Mitigate and adapt to climate change Promote resource recycling Protect and restore biodiversity 	CO ₂ emissions reduction rate (Scope 1 and 2) CO ₂ emissions (Scope 3) Waste generation (general and industrial) Recycling rate Water consumption	2.2% reduction (compared to FY2020) 747,893t-CO ₂ 10,600t 78.9% 2,433 thousand m ³	29% reduction (compared to FY2020) Monitoring Monitoring Monitoring Monitoring	42% reduction (compared to FY2020) Monitoring Monitoring Monitoring Monitoring
 Development and co-creation of appealing communities	We will strive to carry out urban development that enables people to enjoy "vibrant lives" in the 100-year-life age by providing products and services closely tailored to our diverse customers, providing them with safer, richer lives.	<ul style="list-style-type: none"> Revitalize regional economies Develop regional communities Improve product and service quality and safety Provide services that fit diverse values and lifestyles 	Population along the Sotetsu lines Well-being of residents living along our railway lines (Well-being index) Customer satisfaction Safety improvement (number of serious accidents)	1,544 thousand — 82.6 points 3 cases	Monitoring Ongoing review Ongoing review	Monitoring Ongoing review Ongoing review
 Creation of workplace environments that are comfortable and provide job satisfaction	The Sotetsu Group will continue to develop human resources with high market value and be the employer of choice for these human resources thanks to our comfortable working environments and the job satisfaction they provide.	<ul style="list-style-type: none"> Develop human resources capable of sustainable corporate management Respect human rights and promote diversity, equity, and inclusion Promote the health and safety of employees 	Satisfaction in education provided by the company Sense that the company is offering career support and opportunities Percentage of managers with experience in multiple business segments Resonance with the Group's Management Philosophy Ratio of female managers Sense that the company has a culture that welcomes diversity Obesity rate (BMI of 25 or higher)	55% 55% 73.2% 72% 7.4% 61% 34.8%	60% 60% 70% 75% 9% 70% 20%	70% 70% 80% 80% 10% 80% 10%
 Creation of a solid governance structure	We will build a fair and honest governance structure that lives up to the trust of all of our stakeholders and contributes to the creation of a better society.	<ul style="list-style-type: none"> Build compliance education and corporate governance management structures Strengthen protection of personal information and data security Build a sustainable supply chain 	[SHD] Number of Independent Outside Directors [SHD] Number of Directors Establishment of a corporate governance management structure Number of serious legal and regulatory violations Critical cybersecurity incidents	3 7 Properly managed 1 case 1 case	Maintain level required by CG Code Monitoring Monitoring Maintain zero cases Maintain zero cases	Maintain level required by CG Code Monitoring Monitoring Maintain zero cases Maintain zero cases

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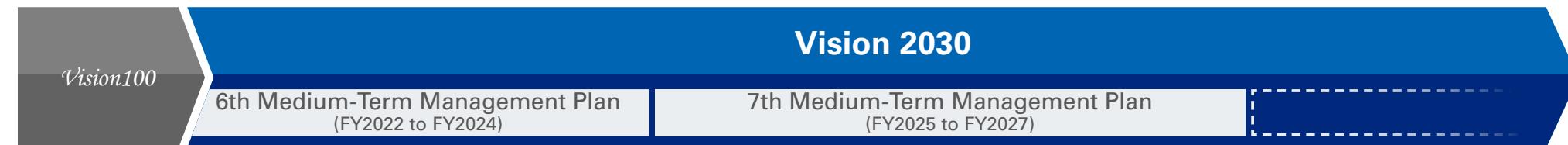
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Long-Term Vision "Vision 2030"



We established our new Long-Term Vision "Vision 2030" with the year 2030 as a target fiscal year, in November 2021, based on the recent changes in the business environments such as the lifestyles of people "living with COVID," and following the concept of the previous Long-Term Vision "Vision 100" (FY2010 to FY2019).

Through our business activities, we aim to become a company capable of contributing to the realization of a sustainable society, starting with the creation of towns where people can continue to live for generations.

◆ Background of "Vision 2030" formulation

Areas along the Sotetsu lines are the core of our sales foundation, and the decreasing population along the lines due to the declining birthrate and aging population, as well as an increase in active seniors due to longer lifespans, are the most significant changes in this business environment. Megatrends such as digitization, globalization, and ESG/SDGs are essential themes for corporate management. We also believe that the formulation of a business strategy based on the lifestyles of people "living with COVID" is inevitable. In particular, the retention of telecommuting has made a large impact on the railway and hotel businesses, and major challenges are posed in establishing business structures that balance risk and return.

◆ Our vision

In the "creation of the railway line of choice," we consider a compact business foundation and the start of direct connection as strengths in demonstrating mobility. By maximizing the use of assets and digital technology inside and outside the Group and solving the problems of customers and local communities, we aim to "create railway lines that allow people to live 'vibrant lives' in the 100-year-life age" and "build a solid Group business foundation."

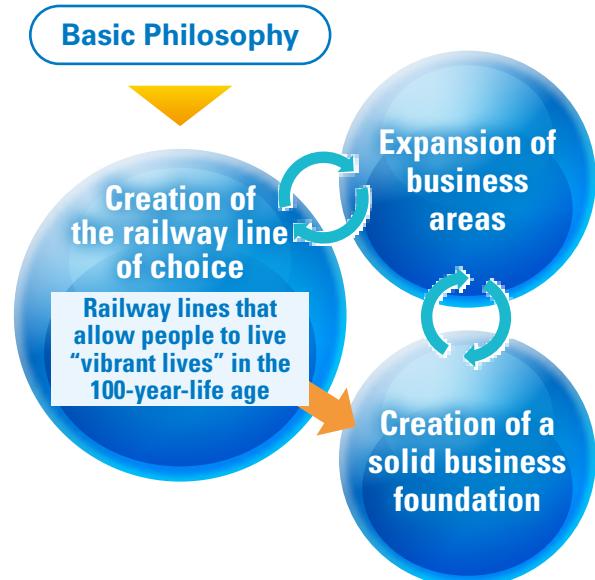
In addition, based on these efforts, we plan to expand horizontally outside the scope of railway lines and go overseas, and bring back the know-how gained there.

"With"

Key concept

- Tackle changes and issues in the social environment
- Be close to our customers and residents living along our railway lines
- Enhancements together with stakeholders
- Connect the diverse values of our customers and residents living along our railway lines

In order to communicate the Sotetsu Group's management policies and vision in an easily understood manner, we have made "With" the key concept of "Vision 2030." By putting "With" into practice, we will pursue further enhancement of the Sotetsu Group's corporate value.



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◆ Management policies

In "Vision 2030," we follow "Vision 100" in order to realize our Basic Philosophy, and have stated our intent to conduct well-balanced cultivation of the "creation of the railway line of choice" and "expansion of business areas," as well as "decisive implementation of structural reforms" and "strengthening of earning power" assuming transition to the new normal.

Furthermore, "Vision 2030" states our intent to "maximize the comprehensive strength of the Group" and "pursue sustainability" as areas to focus on more than ever.

We will work to promote cooperation between operating companies and strengthen cooperation with external companies, including start-ups, in order to make the most of the Group's business portfolio and achieve synergy inside and outside the Group.

In order for the Sotetsu Group to maintain sustainable corporate management for the next 100 years, we will practice sustainability management that links our business strategy and ESG initiatives, and also pursue our contributions to the realization of a sustainable society.

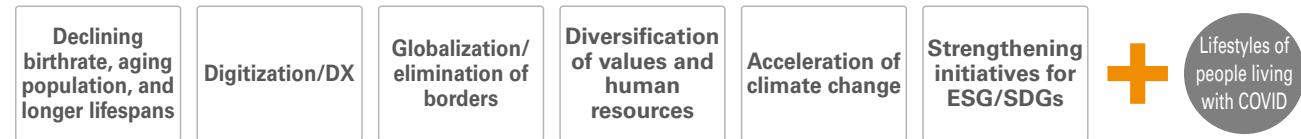
◆ Numerical targets

Toward FY2030, we aim for a business and financial structure that can stably and sustainably secure a consolidated operating profit of 30 billion yen through various initiatives and business structural reforms, while working to quickly recover to pre-COVID-19 levels. We have also set new non-financial objectives in line with our four priority themes.

Financial objectives ➔ P23

Overview of "Vision 2030"

■ Management environment



■ Management challenges

Establishing a business portfolio with balanced risk and return

Strengthening initiatives that capture the transition to the new normal

Building a sustainable Group management foundation

■ Management policies

Creation of the railway line of choice
Expansion of business areas

Decisive implementation of structural reforms
Strengthening of earning power

Maximizing comprehensive strength of the Group

Pursuing sustainability

■ Priority strategies



Non-financial objectives

Priority themes	Non-financial objectives
Safety and Security	Installing platform doors at all stations
Operational railway accidents, etc.	Zero operational railway accidents (accidents that Sotetsu is responsible for), zero incidents
Environment	Reduce CO ₂ emissions related to the electricity used in the railway business by 46% by FY2030 (compared to FY2013 levels, excluding low voltage power)
Society	5% by FY2024, and approximately 10% by FY2030
Ratio of new female employees	Consistently at 20% by FY2024, and approximately 30% by FY2030
Ratio of childcare leave taken by male employees	Approximately 50% by FY2024, and 100% by FY2030
Governance	Continuously maintain at a level above the CG Code by FY2030

*As of November 2021

◆ Portfolio strategy

In the railway business, we expect operating profit to decline due to the shrinking population along the Sotetsu lines, the spread of telecommuting, and increased investment in renewal of the railway vehicles. In response to this, we will increase operating profit from the real estate rental business mainly by strategically investing outside of areas along the Sotetsu lines through "fundamental strengthening of the real estate business."

We will work to expand our operations while paying more attention to the profitability and liquidity of our assets, as well as ensuring the balance of our business portfolio among segments, while keeping in mind the need to improve our financial base, which has been damaged by the COVID-19 pandemic.

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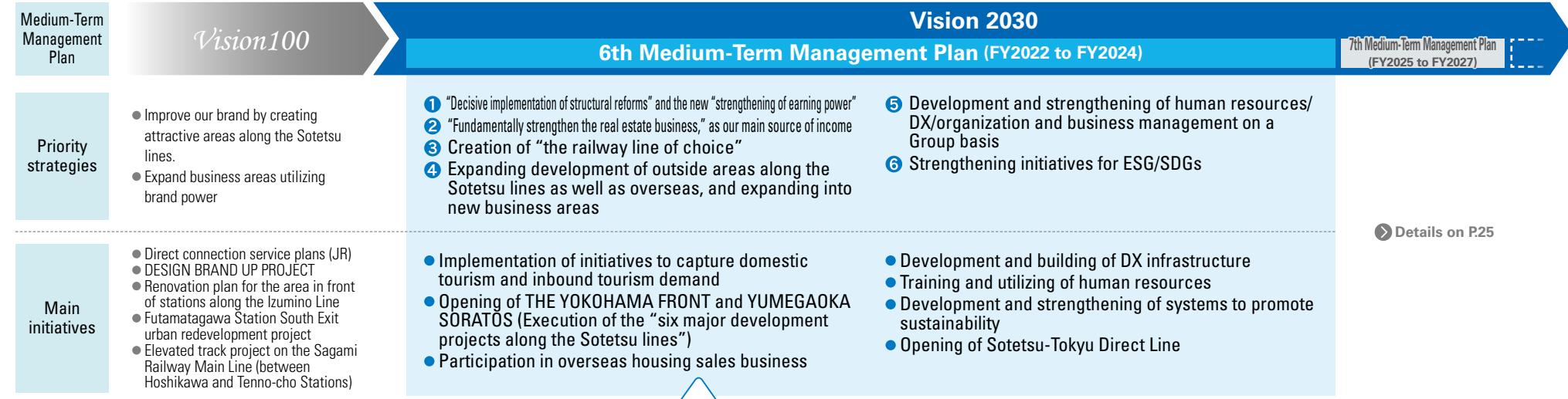
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Previous Medium-Term Management Plan

Review of the 6th Medium-Term Management Plan (FY2022 to FY2024)



Results

- Profitability was higher than planned. Due to the growth of inbound demand in the hotel business and strong real estate sales, consolidated operating profit for the fiscal year ended March 31, 2025 amounted to 37.8 billion yen.

This was approximately 20% higher than the 6th Medium-Term Management Plan target.

- Direct connection service plans were completed, and the construction of the Yokohama Station N. west exit area Tsuruya district type 1 urban redevelopment project (THE YOKOHAMA FRONT), Hoshiten qlay, and YUMEGAOKA SORATOS, which are among the six major development projects along the Sotetsu lines, were completed according to plan.

The flow of people along the lines was revitalized, with an increase in the number of people using Hoshikawa Station, Yumegaoka Station, and Shonandai Station.

- Steady progress was made on the priority strategies** during the 6th Medium-Term Management Plan period.

Priority strategies and issues for the 7th Medium-Term Management Plan

- 1 "Decisive implementation of structural reforms" and the new "strengthening of earning power"**
 - As performance deteriorated in the merchandising business due to changes in the business environment, we will undertake performance reforms through the two axes of "product reforms" and "sales reforms" in the next Medium-Term Management Plan.
- 2 "Fundamentally strengthen the real estate business," as our main source of income**
 - The asset turnover business made steady progress, and an asset management company was established as planned.
 - We will aim to obtain relevant licenses and to start fund management during the period of the next Medium-Term Management Plan.
- 3 Creation of "the railway line of choice"**
 - Development projects along the lines following the six major development projects along the Sotetsu lines.
- 4 Expanding development of outside areas along the Sotetsu lines as well as overseas, and expanding into new business areas**
 - The real estate sales business did not make progress in expanding into areas other than Tokyo, Chiba, Saitama, and Kanagawa, due to soaring construction costs.
- 5 Development and strengthening of human resources/DX/organization and business management on a Group basis**
 - We formulated a human resources strategy and DX strategy on a Group basis.
 - In the next Medium-Term Management Plan, we will promote strengthening of Group-wide human resources development and DX promotion systems and consider the optimal Group management structure.
- 6 Strengthening initiatives for ESG/SDGs**
 - We promoted initiatives for material issues while balancing economic value with social value.

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New Medium-Term Management Plan

7th Medium-Term Management Plan

(FY2025 to FY2027)

Period for a new stage in
which we will work toward
the realization of the Sotetsu
Group's vision

The Sotetsu Group formulated the new Medium-Term Management Plan (FY2025 to FY2027) and positioned it as a period for a new stage in which we will work toward the realization of the Sotetsu Group's vision. We will work to improve profitability through structural reforms of existing businesses and the establishment of new foundations for growth, demonstrating the growth of the Sotetsu Group. Through the fundamental strengthening of the real estate business, expansion of development outside the areas along the Sotetsu lines as well as overseas, and ongoing ESG/SDGs initiatives, we will aim to realize sustainable value creation.

Vision100

6th Medium-Term Management Plan
(FY2022 to FY2024)

Vision 2030

7th Medium-Term Management Plan (FY2025 to FY2027)

Review of material issues ▶ P17

FY2024 Actual
Forecast

Consolidated operating profit	37.8 billion yen
EBITDA	62.5 billion yen
Interest-bearing debt/EBITDA ratio	6.6 times
ROA	5.0%
Equity capital ratio	24.0%

FY2027 Targets

Consolidated operating profit	38.0 billion yen
EBITDA	67.0 billion yen
Interest-bearing debt/EBITDA ratio	6.9 times
ROA	4.5%
Equity capital ratio	26.5%

FY2030 Targets

Consolidated operating profit	Approx. 37.0 billion yen
EBITDA	Approx. 62.0 billion yen
Interest-bearing debt/EBITDA ratio	Less than 7 times
ROA	4.5%
Equity capital ratio	Upper 20% range

Backcast

* FY2030 targets will be revised in light of future changes in the business environment and other factors.

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Positioning of the 7th Medium-Term Management Plan

This latest Medium-Term Management Plan is the 7th for the Sotetsu Group. In September 2024, we announced the Yokohama Station west exit area major reconstruction plan. The environment is now in place to embark on the realization of our large-scale redevelopment plans, and these next three years mark the true start of this venture. As such, I believe that the 7th Medium-Term Management Plan has an important role to play in deciding the future direction of the Sotetsu Group.

Unlike previous Medium-Term Management Plan, the 7th Plan does not have glamorous development plans like the six major development projects along the Sotetsu lines, and if we consider the Yokohama Station west exit area major reconstruction plan, it will need to realize both "growth" and "strengthening of the financial base." For these reasons, instead of a conventional bottom-up methodology, we used a backcasting approach in the formulation of the 7th Plan.

Sense of anticipation toward growth

A key difficulty we faced in developing the 7th Medium-Term Management Plan was how to express "growth." Rather than

Message from the General Manager in Charge of the New Medium-Term Management Plan

A new start toward the future of the Sotetsu Group

more easily understood forms of growth such as major increases in profit and expansion of investment plans, our focus has been on growth by shifting to a leaner organization through a strong financial base, including preserving our "A" credit rating. As this is a period for firming up the foundations for realizing sustainable growth, in the course of the Plan's formulation, we engaged in extensive discussions about how best to express "fostering a sense of anticipation toward growth."

In that process, to strike a balance between "growth" and "strengthening the financial base," we introduced the approaches of cash allocation and business-specific ROIC, formulating a policy to aim for more sophisticated business administration on a Group-wide basis.

Regarding the introduction of business-specific ROIC in particular, because we were incorporating a perspective of "efficiency (return on invested capital)" in addition to the conventional indicators of growth potential, such as operating revenue, operating profit, and EBITDA, there was a sense of wariness within the Group that investment would be restrained, leading to the slowing of growth. In my view, the business-specific ROIC approach in the Sotetsu Group does not aim for short-term investment restraint. Rather, its objective is to enhance the value of existing assets and connect them to sustainable growth. The essence of efficiency for the Sotetsu Group is the strengthening of our operational capabilities. Instead of improving immediate investment efficiency, our focus is on the improvement and enhancement of business-specific ROIC from its current state with a medium- to long-term perspective. In introducing business-specific ROIC for the first time, after first ascertaining the current figures, we hope to verify whether the target figures we have set are appropriate during the period of this Medium-Term Management Plan. At this stage, we have not disclosed our target figures for business-specific ROIC, but we will work on this to ensure that we are on the right track.

Increasing value in both development and operation

The Sotetsu Group's aim is the realization of railway lines that allow people to live "vibrant lives" in the 100-year-life age

through the well-balanced cultivation of the "creation of the railway line of choice" and "expansion of business areas," as well as urban development that leverages our strengths.

As a Group engaged in urban development, the stability of our transportation business and the trust thus earned serve as our foundation. Based on this foundation, by pursuing real estate development, we have laid the groundwork for urban development, expanding our operations to include supermarkets, commercial facilities, hotels, and various management services.

When the Sotetsu Group first embarked on the development of Yokohama Station's west exit area, we were starting from scratch, and "development" was truly the main focus. More than seventy years have passed since then, and the area has grown into a place that has everything. In such an environment, in the major reconstruction of the Yokohama Station west exit area, our operational capabilities will, I believe, become a key point for making the Yokohama Station west exit area an area that people will choose to visit. For the Sotetsu Group to engage in sustainable value creation, we will aim to increase value by strengthening both development and operation sides.

For the growth of the Group

Although we have recently disclosed the 7th Medium-Term Management Plan, this is just the starting phase of our new endeavors, and in some respects, it is still in the "hypothesis" stage. For us to execute this Medium-Term Management Plan with certainty, instead of merely following precedents, I believe that it is vital for every individual in the Sotetsu Group to adopt a changed mindset when dealing with the Plan's completely new approaches and initiatives.

For the future growth of the Sotetsu Group, we must foster within the Group an awareness of "working to strengthen the financial base and the real estate business and aiming to realize a leaner organization." We will steadily execute these things during the period of this Medium-Term Management Plan with the aim of "maximizing comprehensive strength of the Group."

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Positioning of the 7th Medium-Term Management Plan

Period for a new stage in which we will work toward the realization of the Sotetsu Group's vision

Realize a sustainable society

through the creation of railway lines that allow people to live "vibrant lives" in the 100-year-life age



1. Make structural reforms to existing businesses and further strengthen new earning power, demonstrating the growth of the Sotetsu Group
2. Further fundamentally strengthen our real estate business and expand development outside the areas along the Sotetsu lines as well as overseas
3. Implement management focused on developing a strong financial base in preparation for cash outflow in the large-scale investment phase
4. Continue to create the railway line of choice; develop and enhance our human resources, DX, organization, and corporate management structure; and implement ESG/SDG initiatives to strengthen our foundation for sustainable value creation

Specific initiatives

- 1 Formulate growth strategies and develop our growth story for FY2025 and beyond**
(growth story centered on real estate business)
- Implementation of Management that is Conscious of Cost of Capital and Stock Price
- Fundamentally Strengthen the Real Estate Business
- Positioning of the Overseas Business
- 2 Continue decisive implementation of business structural reforms and establishment and expansion of infrastructure for new growth**
(strengthening earning power)
- Reinforce ESG/SDG Initiatives
- Create a Portfolio of Active Human Resources to Implement Corporate Strategies
- DX Strategy
- 3 Restore our "spirit of development" (getting back to basics) / Carry out development that leads to sustainable value creation**
- Yokohama Station West Exit Area Major Reconstruction Plan
- The Sotetsu Lines Urban Development Strategy



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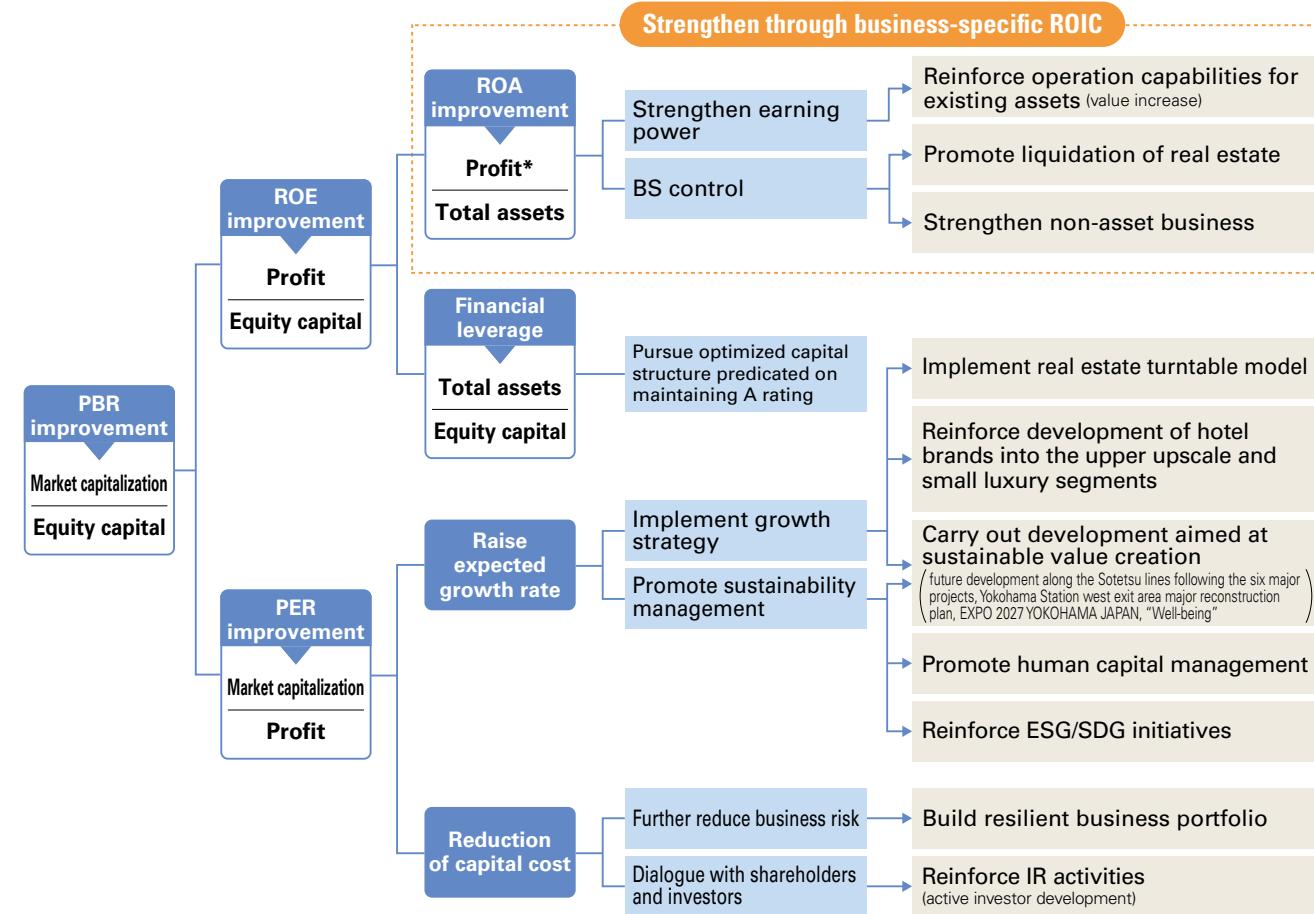
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① Formulate growth strategies and develop our growth story for FY2025 and beyond (growth story centered on real estate business)

Implementation of Management that is Conscious of Cost of Capital and Stock Price

As an initiative to improve PBR and boost our stock price, we are focused on improving ROE and ROA. Taking the formulation of the Medium-Term Management Plan as an opportunity, we introduced the approaches of business-specific ROIC and cash allocation. Through the enhancement of these approaches, we will incorporate efficiency perspectives, such as the optimization of capital efficiency, as well as growth potential and profitability of the businesses we have focused on. In addition to the strengthening and expansion of real estate development, we will focus our efforts on reinforcing operation capabilities for existing assets and strengthening non-asset business, with the aim of achieving ROE of 10% or higher, which exceeds the cost of shareholders' equity.

Main initiatives for achieving management that is conscious of cost of capital (PBR improvement)



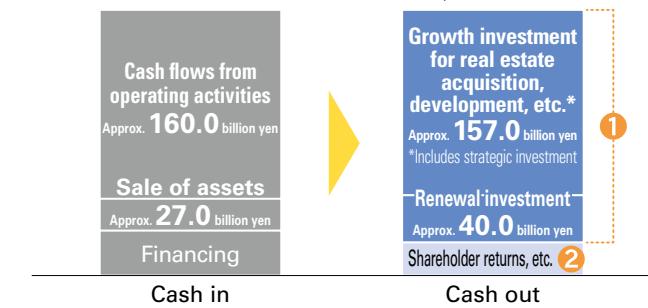
*Consolidated operating profit was used as the ROA management indicator (P23)

Financial Strategy - Cash Allocation

In preparation for the cash outflows of large-scale investment phases, we will maintain our financial soundness and make investments that contribute to sustainable growth, such as growth investment for acquiring and developing real estate.

We will consider the cost of capital and profitability, such as real estate liquidation, and control BS and interest-bearing debt.

(FY2025 to FY2027 (Total for 3 years))



① Investment plans

(Total 197.0 billion yen) Real estate acquisition/growth/infrastructure investment 157.0 billion yen (79.7%)

- New building acquisition, etc.
- New store openings such as hotels
- DX/ICT/systems

Others (renewal investments, etc.) 40.0 billion yen (20.3%)

② Shareholder returns

Provide stable shareholder returns while staying conscious of the balance between growth and financial soundness

Growth strategy	Engage in capital investment that takes the improvement of capital efficiency into consideration.
Shareholder returns	Allocate profits while striving for a 30% payout ratio. Continue deliberating what kinds of methods to use to provide returns.
Equity capital	Aim for an equity capital ratio in the upper 20% range. Focus on enriching internal reserves aimed at ongoing sound management.

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① Formulate growth strategies and develop our growth story for FY2025 and beyond (growth story centered on real estate business)

Fundamentally Strengthen the Real Estate Business

Expand business areas to engage in comprehensive real estate business

◆ Real estate business diversification

Have the options of engaging in **rental business, asset turnover business, and fund business**. Promote diversification of the ways in which we utilize the real estate owned and developed by the Sotetsu Group (such as rental condominiums, commercial buildings, offices, and hotels).

➡ **Strive to diversify business strategies and make the business profitable in line with the market environment and our operating conditions.**



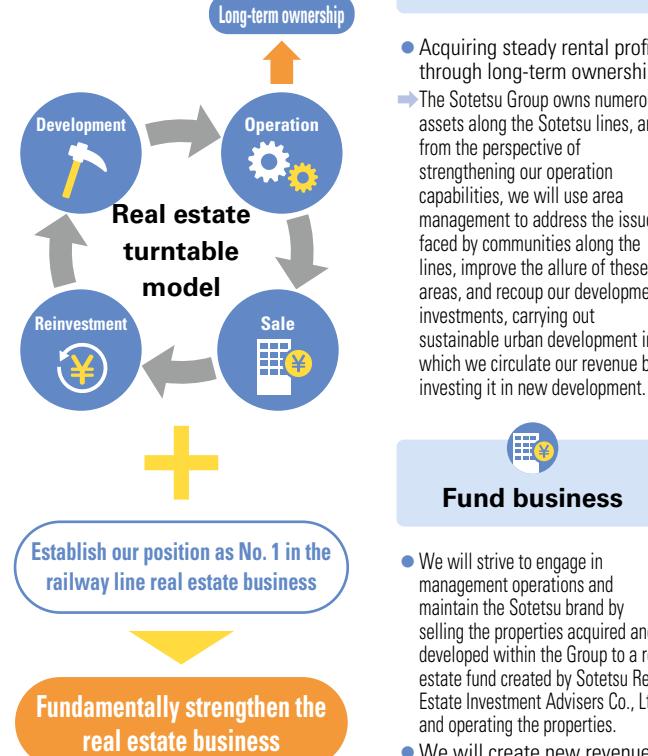
Asset turnover business

- Work in implementing a real estate turntable model (real estate turnover business model) backed by the reinforcement of operation capabilities. By implementing a cycle of **development, operation, sale, and reinvestment** throughout the Sotetsu Group, acquire sales profits and improve asset and capital efficiency, making this cycle one that supports the future creation of the railway line of choice.



Expand scope of assets to develop and invest in (expand applications and areas)

- We have become involved with logistics facilities (assets in new fields) and worked on condominiums for seniors as well as residences, commercial buildings, and hotels overseas, (expanding applications and areas). We will continue to work to further expand our range of assets.



Positioning of the Overseas Business

We will continuously strengthen our overseas business by focusing on countries where we already operate. We will place great importance on long-term growth, maintain steady operations, accumulate expertise, and establish a foundation for creating new value by leveraging the Group's management resources.

◆ Positioning of the overseas business between FY2025 and FY2027



Rental business

- Acquiring steady rental profit through long-term ownership
- The Sotetsu Group owns numerous assets along the Sotetsu lines, and from the perspective of strengthening our operation capabilities, we will use area management to address the issues faced by communities along the lines, improve the allure of these areas, and recoup our development investments, carrying out sustainable urban development in which we circulate our revenue by investing it in new development.



Sow the seeds that will grow into the pillars of future business



Contribute to the enrichment of local communities

- Contribute through urban development
- Leverage the strengths of our platform in railway line areas
- Apply the know-how we gained overseas to railway line areas

Railway line development - Start Yokohama Station west exit area major reconstruction

- Urban development idea
- Reinforce revenue foundation that supports long-term projects
- Diversify methods in order to secure profits for the Sotetsu Group



Supplementary business for the Yokohama Station west exit area major reconstruction

Global human resources

- Acquire human resources that can thrive not only with railway line and domestic operations but overseas as well (domestic → overseas)
- Acquire exceptional human resources overseas and leverage them within the Sotetsu Group (overseas → domestic)

Achieve sustainable growth

- Expand business areas
- Growth drivers with a long-term perspective
- Build a solid business foundation
- Risk hedging for business portfolio

The Sotetsu Group's vision for its overseas business

Organically link the Sotetsu Group's funds, knowhow, and human resources, both in Japan and overseas, to contribute to the creation of a cycle of enriching local communities across national borders

◆ Main initiatives between FY2025 and FY2027

- Rebuild strategies aimed at sustainable growth
- Coordinate with local partners to acquire business opportunities
- Secure and develop global human resources that will serve as sources of growth

Overseas business asset composition targets

- 10% of real estate asset balance
- 5% of total asset balance

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② Continue decisive implementation of business structural reforms and establishment and expansion of infrastructure for new growth (strengthening earning power)

Reinforce ESG/SDG Initiatives

We have set additional non-financial indicators related to the solving of social issues and carry out key initiatives, balancing them with economic value, to achieve the Group's vision.

Human capital investment

We have built a system to visualize our human resources strategy by formulating a Process of Creating Value Through the Investment in Human Capital and setting seven key tasks and indicators for realizing our vision for human resources and organizations.

Create a Portfolio of Active Human Resources

In addition to the creation of a human resources portfolio that is connected to corporate strategies and the development of human resources who can lead the Group as a whole, we will strive to enrich our portfolio of specialized human resources for each business and to further promote the advancement of women.

DX Strategy

Based on our long-term vision "Vision 2030," we will use digital platforms to accelerate the transformation of our business.

③ Restore our "spirit of development" (getting back to basics) / Carry out development that leads to sustainable value creation

Yokohama Station West Exit Area Major Reconstruction Plan

Based on the upper-level "Excite Yokohama 22" plan, we will work together with the public sector in urban development to revitalize the area as a globally competitive one that will attract people from around the world. We aim to create an appealing area befitting our new age in conjunction with surrounding areas, making it the gateway to the global city of Yokohama.

◆ The Sotetsu Group's vision for Yokohama Station's west exit

Adding "Well-being" to the allure of the Yokohama Station west exit area

Well-Crossing

The allure of Yokohama Station's west exit area

Gateway to Yokohama, Kanagawa

Value as Terminal

Entertainment Value

Well-being
Greater happiness
on a daily basis

Sustainability

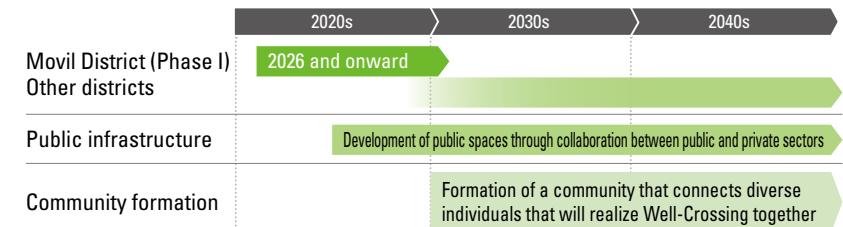
Diversity &
Inclusion

Inclusive urban development where the act of "Well-Crossing" leads to wonderful experiences and encounters



◆ Roadmap

During the 7th Medium-Term Management Plan period, we will formulate redevelopment plans that generate **excitement and expectation**, and we will begin the rebuilding of Sotetsu Movil (Sotetsu Minami-saiwai Building II).



*Schedule as of formulation of the project framework

The Sotetsu Lines Urban Development Strategy

As the Sotetsu lines urban development strategy to further increase the value along the Sotetsu lines, we divided up the areas along the Sotetsu lines and formulated the Sotetsu Lines Urban Development Strategy Concept, tailoring it to the features of individual areas. We will pursue the creation of sustainable, appealing areas along the Sotetsu lines through initiatives that fuse development and measures tailored to the features of individual areas.

Concept

The Well-being Sotetsu Model - Railway lines that allow people to live "vibrant lives" in the 100-year-life age
The railway line where people can choose Well-being that fits them based on their own lifestyles and life stages
A home base for people's lives, where they can update their own individuality

Development along the railway line

Restoring the "spirit of development" in the areas along the Sotetsu lines: Creating a distinctive area along the lines around the west exit of Yokohama Station



Well-Crossing

Development of individual areas that leverages their diverse characteristics

The Sotetsu lines urban development strategy

Strategic development of the Yokohama Station west exit and its areas along the Sotetsu lines, which is where Sotetsu began and is a major site for Sotetsu

Key measures

Measures that continue to contribute to creating greater area value and making areas places where people want to set down roots

Environment/
energy
① ②

Health/
healthcare
④

Senior
support
⑤ ⑦

Area
management
⑤ ⑦

Open
innovation
④

Food/
agriculture/
natural
environment
③

Childcare
support
⑤

Movement/
mobility
④ ⑥

Digital
platform
④ ⑥

Social issues to tackle through related material issues P17

① Mitigate and adapt to climate change

② Promote resource recycling

③ Conserve and restore biodiversity

④ Revitalize regional economies

⑤ Develop local communities

⑥ Improve product/service quality and safety

⑦ Provide services matched to diverse values/lifestyles

Urban development using the turntable model

Promotion of development along the Sotetsu lines + Implementation of key measures

Creation of the railway line of choice Aim to achieve the ideal vision for a railway line P2

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Message from the Officer in Charge of Finance



Yoshie Hirose

Director, Executive Officer
Division Manager,
Corporate Strategy Division

Formulation of the new Medium-Term Management Plan

Consolidated operating profit in the fiscal year ended March 31, 2025, the final year of the previous Medium-Term Management Plan, was 37.8 billion yen, exceeding the initial plan by about 20%. This was a record-high figure, as was the result for profit attributable to owners of parent. Major factors behind these results were the strong performances of the hotel business, backed by the sharp recovery in inbound tourism demand, and the real estate business, which was boosted by sales of outstanding properties.

The new Medium-Term Management Plan announced in April 2025 has been positioned as a period for a new stage in which we will work toward the realization of the Sotetsu Group's vision. In addition to indicating the growth of the

Looking toward the upcoming major reconstruction of the Yokohama Station west exit area, we will consider the balance between growth and financial soundness as we aim for the enhancement of corporate value.



Sotetsu Group, as we move toward a phase of large-scale investment in the form of the Yokohama Station west exit area major reconstruction plan, we will aim to realize management that is conscious of developing a strong financial base.

However, in the immediate term, given the growing uncertainty of the business environment, including soaring construction costs, rising interest rates, and the impact of the global economy, we are not in a position to be optimistic. Also, due to the special demand in the real estate business in the results for the fiscal year ended March 31, 2025 that I mentioned earlier, if we compare the numerical targets of the new Medium-Term Management Plan with the final year of the previous Plan, despite a major increase in operating revenue, the plan is for only slight increases in consolidated operating profit and profit attributable to owners of parent. While aiming for expansion of scale, we will pursue management that focuses on return on invested capital (ROIC) and financial soundness and build a business structure that will ensure stable consolidated operating profit in the 30.0 billion yen range. In such ways, we intend to aim for further upside toward FY2027, the final year of the new Medium-Term Management Plan.

Cash allocation

In the new Medium-Term Management Plan, we will conduct cash allocations to achieve the optimal balance of growth investment, financial soundness, and shareholder returns. We expect operating cashflow to be around 160.0 billion yen over the three years from FY2025, in addition to which we are planning for cash inflows of around 27.0 billion yen from the sale of assets.

In terms of cash outflows, as well as renewal works, the

plan is for outlays of approximately 157.0 billion yen for real estate acquisition and development. Around 45.0 billion yen of that will be investments with a relatively short recoupment period, such as equity investments and the asset turnover business, with the remainder to be allocated to growth investment. Regarding growth investment, we will follow the same policy as during the period of the previous Medium-Term Management Plan. In addition to the acquisition of properties in existing businesses, such as hotels and office buildings in Japan and overseas, we will also continue to work on expanding applications and areas.

Until now, through the promotion of the direct connection service plans and the six major development projects along the Sotetsu lines, as well as asset expansion aimed at diversification of asset types and the real estate business, investments have been made up-front, resulting in an increase in interest-bearing debt. However, going forward, by responding flexibly to the turnover-oriented businesses and replacement of assets and factoring in a certain level of investment recoupment through sales of assets, we will control that interest-bearing debt and ensure financial soundness, while making investments that will lead to sustainable growth. Sotetsu Real Estate Investment Advisors, which plays a central role in the formation and operation of funds, received formal registration as an investment advisory and agency business in June 2025 and has launched its asset management business in earnest.

We are also planning to start work on the Yokohama Station west exit area major reconstruction plan, starting with the rebuilding of the Sotetsu Minami-saiwai Building II (Sotetsu Movil district), which currently houses a movie theater. We are delving deeper into our considerations from various angles with the aim of creating a facility that will attract people to the Yokohama Station west exit area. Our current target is to start the project in FY2026. We will disclose concrete plans and investment amounts once they are finalized. Our hope is that, if the Sotetsu Movil district succeeds, it will garner a sense of anticipation for future projects and lead to the redevelopment of the entire Yokohama Station west exit area.



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Initiatives for recognition of cost of capital and PBR improvement

The cost of capital disclosed in the Medium-Term Management Plan was estimated at 6.0% to 7.5% using the Capital Asset Pricing Model (CAPM). From the results of interviews with and questionnaire surveys of institutional investors as well, we recognize that, because the transportation sector is relatively resilient to economic fluctuations and maintains stable performance, market expectations differ little from the level that we disclosed. Regarding the improvement of PBR, we will work to improve ROIC and reduce the cost of capital.

In terms of ROIC, our focus is on the improvement of ROE and ROA, and we took the opportunity of the formulation of the new Medium-Term Management Plan to introduce the approaches of business-specific ROIC and cash allocation. Through the enhancement of these approaches, in addition to the growth potential and profitability of our businesses, we will strengthen our perspective of the optimization of capital efficiency. We will focus our efforts on reinforcing operation capabilities for existing assets and strengthening non-asset business, with the aim of achieving ROE of 10% or more, exceeding the cost of shareholders' equity.

The Sotetsu Group's policy on cross-shareholdings is to hold such shares only when they facilitate our businesses and contribute to the enhancement of corporate value over the medium to long term. For this reason, we will proceed with the divestment of any shares that do not meet these criteria, while keeping an eye on market conditions, to increase capital efficiency.

For the reduction of cost of capital, we will strengthen our investor relations activities. In the fiscal year ended March 31, 2025, we achieved record-high profits and announced a new Medium-Term Management Plan, but the market reaction was muted, and these achievements were not reflected in the stock price. We have analyzed that one cause of this is our failure to demonstrate the corporate value of the Sotetsu Group and its future growth map to investors in a way that is easy for them to understand. We will place greater efforts into investor relations activities, including stepping up our dialogue with investors.

The secondary offering of shares that we conducted in February 2025 broadened our shareholder base and improved the liquidity of our shares. Although we had stopped holding briefings for individual investors during the COVID-19 pandemic, we resumed online company briefings in 2024, and we hope to enhance this initiative by holding more such briefings going forward.

We are striving to create sustainable corporate value over the medium to long term through the advancement of sustainability management. Most recently, as well as re-examining our material issues and non-financial indicators, we have strengthened our corporate governance, including formulating cybersecurity and human rights policies. In addition, we are placing efforts into the expansion of information disclosures that comply with international standards such as TCFD and ISSB. One outcome of those efforts was our recent inclusion in the FTSE ESG index (FTSE Blossom Japan Sector Relative Index).

We will continue to deepen our engagement with capital markets and realize highly reliable management, leading to the reduction of cost of capital.

◆ Medium-Term Management Plan (FY2027) Management Indicators

Consolidated figures

	Consolidated operating profit	Profit attributable to owners of parent	Equity capital ratio	Interest-bearing debt/EBITDA ratio
FY2027 Plan	38.0 billion yen	22.4 billion yen	26.5%	6.9 times
Change	+ 0.2 billion yen	+ 0.0 billion yen	+ 2.5 pt	+0.3
FY2024 Actual	37.8 billion yen	22.4 billion yen	24.0%	6.6 times



Shareholder returns

With regard to shareholder returns, our basic policy is to conduct profit distribution in line with performance, while monitoring the balance between dividends, capital expenditure, and interest-bearing debt, with a target consolidated payout ratio of 30%. We are expanding shareholder returns through profit growth. For FY2024, we issued an annual dividend of 65 yen, our highest on record, and we are planning to issue a dividend in the same amount for FY2025.

For a company like the Sotetsu Group, which supports transportation infrastructure and pursues the development of the area along our railway lines, as well as community building, ongoing investment and maintenance and management costs are a must. As such, rises in interest rates have a significant impact on our finances. In preparation for the cash outflows of large-scale investment phases and to realize stable financing with better economic conditions, maintaining our A rating will be a major prerequisite. For this reason, we recognize the need to operate our businesses while maintaining greater financial soundness than ever. Looking ahead, we will continue to consider appropriate shareholder returns while taking into account the external environment and the balance between growth and financial soundness.

I assumed the position of Officer in Charge of Finance at the Sotetsu Group in June 2025. I will continue to dedicate my utmost efforts to enhancing corporate value so that we may meet the expectations of our investors and all other stakeholders.

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Transportation

FY2024 Actual

Operating revenue

43.5 billion yen

Operating profit

4.9 billion yen

In order to create railway line of choice, we are promoting a variety of initiatives, including the expansion of the transportation network through the direct connection to central Tokyo, the facilitation of regional transportation through the elevated or underground track project, the improvement of safety by installing platform doors at all stations, and the enhancement of brand image through DESIGN BRAND UP PROJECT.

Major companies

- SAGAMI RAILWAY Co., Ltd.
- Sotetsu Bus Co., Ltd.

Overview of FY2024 (1)

In the railway business, we revised timetables to enhance convenience and comfort. Regarding facilities, we opened the "Soratos Ticket Gates" at Yumegaoka Station in conjunction with the opening of YUMEGAOKA SOROTOS, which improved accessibility. We also continued improvement work at Ebina Station. To enhance safety, we installed platform doors at Wadamachi and Kamishikawa Stations and advanced the underground track project for the section including Tsurugamine Station. On the sales front, we expanded the eligibility criteria for the "YOKOHAMA Docchimo Teiki" to include IC commuter passes for the Sotetsu-JR Direct Line. We also launched the "Sotetsu Shin-Yokohama Line Commuter Pass New Purchase/Route Change Campaign." The campaign was held during the spring and autumn commuter pass renewal periods to raise awareness of the Sotetsu-Shin-Yokohama Line and boost ridership. In the bus business, we revised fares for regular route buses to ensure safe and secure transportation services. Additionally, as part of our efforts to improve profitability, we took over the operation of certain routes from the Yokohama City Transportation Bureau and began operations. These initiatives contributed to increased revenue and profit.

Understanding of business environment

Strengths

- Yokohama Station, our main terminal, is served by six operators' lines
- Typical urban transportation primarily used by commuters for travel to and from work or school
- Located in highly populated areas that have a high standard of public safety in living conditions

Opportunities

- Enhanced brand image due to the start of direct connection services to central Tokyo
- Increase in the number of passengers thanks to initiatives to improve value along the Sotetsu Lines
- Increase in the number of users thanks to a customer-attraction complex development plan centered on a theme park in Kamiseya

Weaknesses

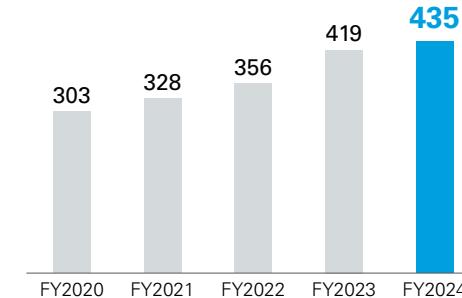
- Business form with a high fixed assets ratio due to being an equipment-dependent industry
- Insufficient brand recognition since our railway service to central Tokyo has not been provided until recently
- A low number of popular tourist sites and companies

Threats

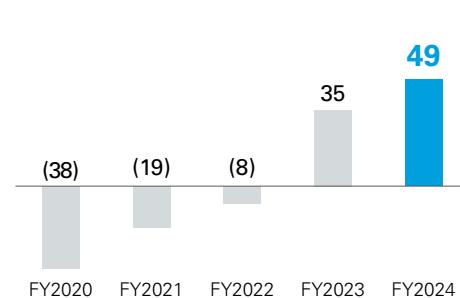
- The spread of a new lifestyle due to telecommuting and online classrooms
- Decrease in population along the Sotetsu Lines due to the declining birthrate and aging population
- Workforce shortage in the labor-intensive industry*

* An industry in which a large share of operations rely on human labor.

Operating revenue (100 million yen)



Operating profit or (loss) (100 million yen)



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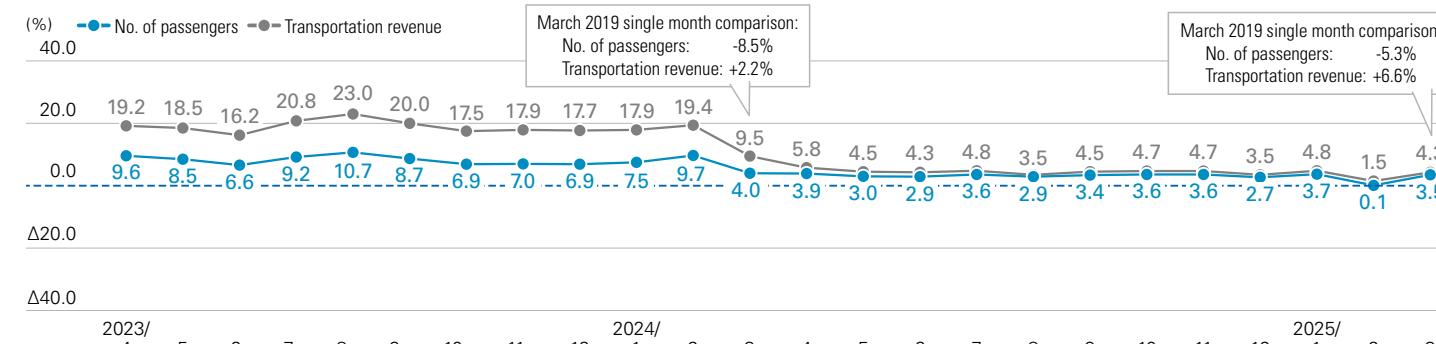
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Overview of FY2024 (2)

Year-on-year changes in number of passengers and transportation revenue



Management Plan Initiatives

◆ Enhancing comfort and considering the environment

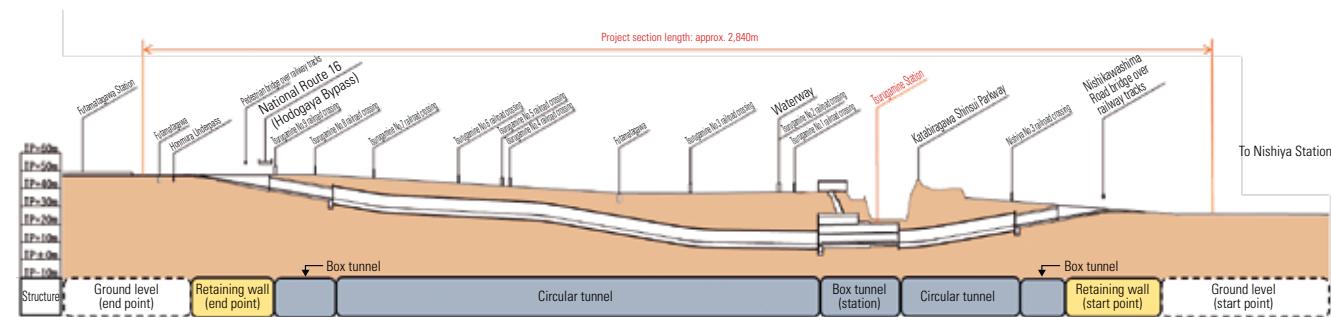
● Introduction of new 13000 series railway vehicle

Designed under the concept of "Safety x Security x Elegance x Future," the new 13000 series railway vehicle is scheduled to begin commercial operation in spring 2026 (8-car, 1 set). The vehicle features color-changing LED lighting that adjusts to the time of day, dedicated spaces for strollers and wheelchairs, and Universal Design seating. While introducing facilities that accommodate diverse needs, the vehicle also enhances safety and comfort with in-car security cameras. The vehicle is also more environmentally friendly, with power consumption reduced by up to 39% per car during operation compared to existing Sotetsu vehicles.

◆ Maintaining and improving safe, stable, and comfortable transportation

● Promotion of the underground track project (for the section including Tsurugamine Station) on Sagami Railway Main Line

To eliminate railroad crossing accidents and chronic traffic congestions, as well as to integrate the divided community, we plan to remove 10 railroad crossings by moving underground approximately 2.8 km of inbound/outbound lines, including through Tsurugamine Station section. Construction work began in November 2022, and the project is scheduled for completion in FY2033. We plan to construct an underground box tunnel at the shield machine's exit point (on the Futamatagawa Station side). As part of preparatory work, retaining walls are currently being installed to stabilize the surrounding soil.



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Merchandising

FY2024 Actual

Operating revenue

94.8 billion yen

Operating loss

(0.2) billion yen

Sotetsu Rosen, a supermarket operated primarily in Kanagawa Prefecture, has a vision of "creating a supermarket that you'll want to visit again." Through new store openings and renovations, we will strengthen ready-to-eat products such as prepared foods and bakery products, and by expanding our lineup of fresh foods, we are promoting the creation of stores that meet customer needs. In other areas of the merchandising business, we are proceeding with the reform of station kiosks along the Sotetsu Lines, and we aim to improve profitability by aggressively opening new stores through franchising of the "FamilyMart" convenience store.

Major companies

- SOTETSU STATION RETAIL Co., Ltd.
- Hayama BonJour Co., Ltd.
- SOTETSU ROSEN Fresh Foods Co., Ltd.
- SOTETSU ROSEN Co., Ltd.

Overview of FY2024

In the supermarket business, we opened the "Sotetsu Rosen Yumegaoka Soratos Store" in Izumi-ku, Yokohama City, and renovated 13 stores including the "Konandai Store" in an effort to revitalize them.

In other areas of the merchandising business, we also actively pursued business development by renovating and refurbishing convenience stores and opening new outlets inside Tokyo subway stations. However, revenue and profit declined year-on-year due to a decrease in the number of customers, driven by a shrinking population in the trade area and intensifying competition.

Understanding of business environment

Strengths

- A feeling of security and trust customers have about Sotetsu Group's operation
- Stores located in front of stations or at other convenient sites mainly in Kanagawa Prefecture and along the Sotetsu Lines
- Production and supply of products through fresh food processing centers, efficient store management, and strengthening of ready-to-eat products

Opportunities

- Influx of people from outside areas along the Sotetsu Lines in line with direct connection services to central Tokyo, expectations about GREENxEXPO 2027 (Kamiseya), etc.
- Increase of member customers mainly through the Sotetsu Group's digital measures
- Increase in use of ready-to-eat products due to changes in customer preferences (quick, simple, healthy, etc.)

Weaknesses

- Provision of products with added value and price control (to respond to competitors' influence and a surge in product prices)
- Control of various costs (that rise according to external environments)
- Response to a labor shortage in retail business

Threats

- Competitors' influence including new store openings, price competition, and food sales in other industries
- Consumers refraining from buying due to a decline in real wages and a surge in product prices
- Increase in fixed costs due to rising energy prices and labor costs
- Increased use of online shopping and consequent coexistence with in-store shopping

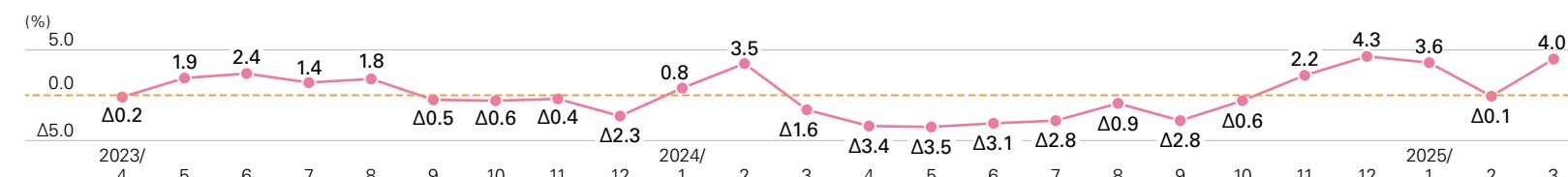
Management Plan Initiatives

Policy on the supermarket business

In the merchandising business, the Rosen Group is facing challenges from a changing business environment, including a wave of strong new competitors entering the market and the aging of its target demographic. In response, we will first prioritize near-term performance recovery by implementing product and sales reforms to improve business results. We are committed to thoroughly executing fundamental measures in the merchandising business to enhance performance.



Supermarket (Sotetsu Rosen): Year-on-year changes in monthly sales at existing stores*



* Existing stores in the above monthly changes refer to stores operating in both the relevant month and the same month of the previous year. Stores that opened or closed before the end of a month are excluded.

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Real Estate

FY2024 Actual

Operating revenue
71.2 billion yen
Operating profit
19.0 billion yen

In the real estate sales business, we sell condominiums in the "Gracia" series and single-family homes for sale in the "Gracia Life" series. In the real estate rental business, we are developing the "Gracia Fit" series of rental condominiums. We also handle real estate brokerage and condominium management services. In an aim to create the railway line of choice and attractive cities that are chosen by customers, in addition to owning and operating numerous facilities along the Sotetsu lines, centered around the Yokohama Station west exit area, we also own office buildings in Yokohama and central Tokyo.

Major companies

- SOTETSU REAL ESTATE Co., Ltd.
- Sotetsu Real Estate (Thailand) Co., Ltd.
- SOTETSU REAL ESTATE SALES Co., Ltd.
- SOTETSU LIVING SUPPORT Co., Ltd.
- SOTETSU Urban Creates CO., LTD.
- Sotetsu Building Management Co., Ltd.
- Sotetsu Real Estate Investment Advisors Co., Ltd.

Overview of FY2024

In the real estate sales business, the sale of the large-scale property, THE YOKOHAMA FRONT TOWER, led to significant increases in both revenue and profit.

In the real estate rental business, revenue and profit also rose, driven by gains from the sale of owned properties and the expansion of the property portfolio. This expansion included the commercial area of THE YOKOHAMA FRONT; Vlag yokohama, a complex facility for business co-creation; YUMEGAOKA SORATOS, a large-scale complex commercial facility directly connected to Yumegaoka Station; and the full opening of Hoshiten clay, a commercial facility utilizing the underpass between Hoshikawa and Tenno-cho Stations.

Number of condominiums and houses sold (Units)

	FY2021	FY2022	FY2023	FY2024
Condominiums	221	492	238	209
Houses	36	14	20	42
Total	257	506	258	251

Strengths

- Development capabilities exerted through collaboration with local governments and other businesses based on the Sotetsu Group's brand power and credibility
- Stable earning power by owning properties in good locations centered around the Yokohama Station west exit area
- Track record of housing development and urban development along the Sotetsu lines since the 1940s
- Group-wide integrated operation from development to sales and management

Opportunities

- Redevelopment such as the Yokohama Station west exit area major reconstruction plan in collaboration with local government and stakeholders
- Acquisition of new revenue sources through the expansion of the asset turnover business and participation in the fund business
- Influx of population due to development of various areas

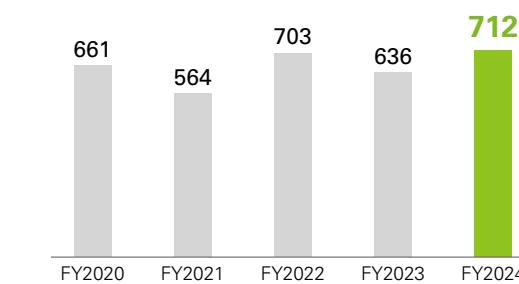
Weaknesses

- Aging of major owned real estate (Shin-Sotetsu Building, Movil, etc.)
- Portfolio of owned assets concentrated on the Yokohama Station west exit area and commercial facilities (areas and use)
- Less brand power than major housing developers

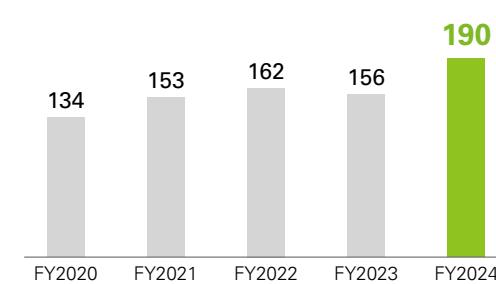
Threats

- Decrease in rent income due to the spread of telecommuting and the rise of stay-at-home consumption fueled by the popularization of e-commerce
- Contraction of regional economies due to the decrease and aging of the population along the Sotetsu lines
- Increase in investment costs due to soaring construction costs, higher interest rates, and weakening yen
- Decline in willingness to purchase real estate due to slowdown in the real estate market

Operating revenue (100 million yen)



Operating profit (100 million yen)



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Management Plan Initiatives

◆ "Fundamentally strengthen the real estate business," as our main source of income

In the real estate rental business, we have mainly engaged in ownership and operation of commercial facilities in front of Yokohama Station west exit and areas along the Sotetsu lines. Currently, our business is structured around three main areas: residences; buildings that include commercial buildings, offices, and logistics facilities; and hotels. In response to demand for data centers and factories, we plan to pursue development and investment projects in a wider range of markets. While our real estate development and investment activities have traditionally emphasized long-term ownership, we will also expand our asset turnover business to generate sales revenue and improve capital efficiency.

In December 2024, we completed construction of the Sotetsu Hamura Building in Hamura City, Tokyo—the Sotetsu Group's first logistics facility. In January 2025, we acquired

the Sotetsu Heiwajima Building in Ota-ku, Tokyo. Through investments in a diverse range of assets, we have expanded our real estate portfolio. In addition to these efforts, we established Sotetsu Real Estate Investment Advisors to enter the real estate fund business. As part of our new overseas expansion, we also acquired equity interests in local asset management funds in Sydney, Australia, and London, UK.

In this way, we have become involved with logistics facilities (assets in new fields) and worked on residences, commercial buildings, and hotels overseas, (expanding applications and areas). We will continue to work to further expand our range of assets. To achieve this, we must collaborate more closely across the Sotetsu Group (maximizing comprehensive strength of the Group) and strengthen our negotiation power with external parties. We will establish an organizational structure that promotes Group-wide initiatives, such as setting up a dedicated organization.

Major properties for sale

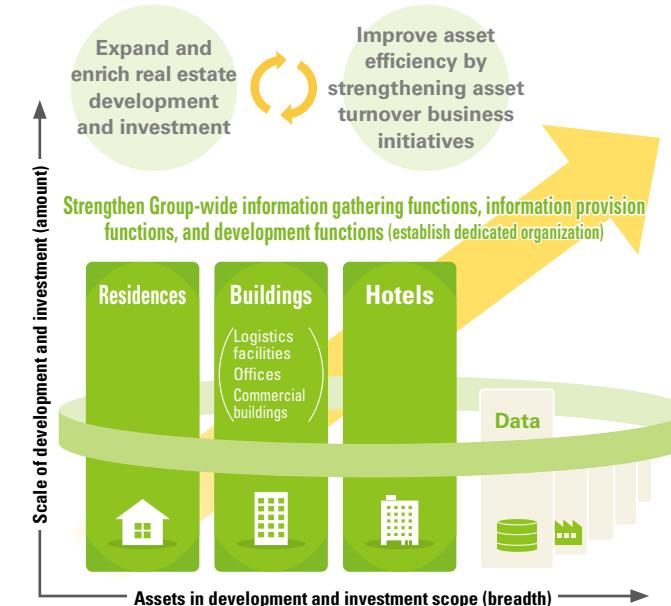
Fiscal Year	No. of units	Name of property
FY2025	Approx. 370	Gracia Wellith Yokohama Yumegaoka
FY2026	Approx. 350	Gracia Tower Minamisenju
FY2027	Approx. 400	(Tentative name) The Yumegaoka Condominium Project



Gracia Wellith Yokohama Yumegaoka



Gracia Tower Minamisenju



Sotetsu Hamura Building



Sotetsu Heiwajima Building

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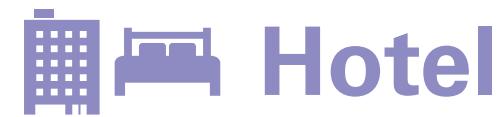
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FY2024 Actual

Operating revenue

66.9 billion yen

Operating profit

12.6 billion yen

Utilizing the real estate and service business know-how cultivated through urban management along the Sotetsu Line, we are currently operating the Yokohama Bay Sheraton Hotel & Towers, a full-service hotel located at the west exit of Yokohama Station, and in Japan and abroad the accommodation-specific hotels SOTETSU FRÉSA INN, SOTETSU GRAND FRÉSA, and THE SPLAISIR, as well as HOTEL SUNROUTE centered on the partner hotel business.

Major companies

- Sotetsu Hotels Co., Ltd.
- Sotetsu Hotel Management Co., Ltd.
- Sotetsu International Korea Co., Ltd.
- SOTETSU INTERNATIONAL VIETNAM CO., LTD.
- Sotetsu International Taiwan Co., Ltd.
- Sotetsu Hotel Development Co., Ltd.
- Thanh Van Hotel Development Investment Joint Stock Company
- Sotetsu International (Thailand) Co., Ltd.
- Sotetsu Hotel Development Taiwan Co., Ltd.

Overview of FY2024 (1)

In the hotel business, we achieved record-high operating profit, driven by increased inbound tourism demand and higher average revenue per room. At the Yokohama Bay Sheraton Hotel & Towers, we renovated facilities, including the 5th-floor banquet halls, the pastry shop "Dorer," and the all-day dining restaurant "Compass," to enhance competitiveness and attract more guests. For accommodation-specific hotels, we expanded and strengthened our business foundation by opening THE SPLAISIR YOKOHAMA, the first hotel under the SOTETSU HOTEL THE SPLAISIR brand in Japan, and SOTETSU GRAND FRESA BANGKOK, our first hotel in Thailand.

Understanding of business environment

Strengths

- Hotel development, openings, and high customer satisfaction enabled by the Sotetsu Group with security and trust
- The operation of a chain of hotels primarily at convenient locations within a 5-minute walk from major stations
- Low-cost operations through the introduction of automated check-in machines and cashless transactions
- Membership program with Sotetsu Hotels Club

Weaknesses

- Volatility of its store portfolio including hotel area and opening schemes, which has become apparent due to the spread of infectious diseases
- Response to a labor shortage

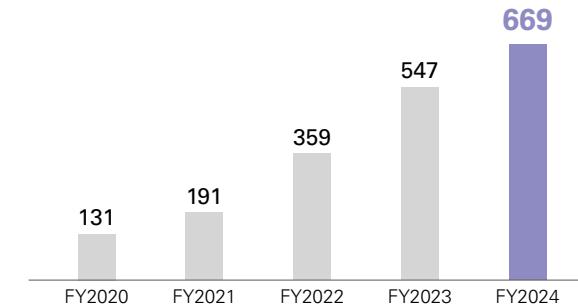
Opportunities

- A wave of tourists and business customers in Japan and abroad (Japan is experiencing growing inbound tourism demand.)
- Expansion of new tourist destinations, which are not limited to central Tokyo and major domestic tourist areas
- Expansion into areas such local regions with business demand, where demand was stable even during the spread of infectious diseases

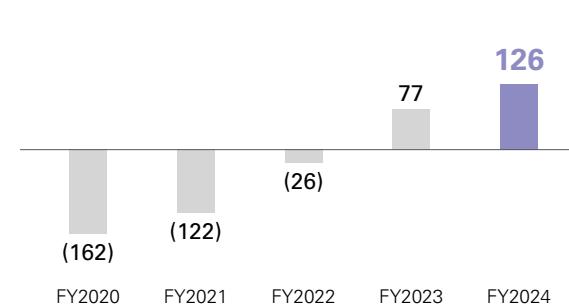
Threats

- Fluctuation in business demand due to the spread of online meetings
- Decrease in customers including inbound customers who use our services mainly due to a change in the international situation
- Trends of foreign-owned hotels and other competitors
- Competition for acquiring human resources in the hotel industry

Operating revenue (100 million yen)



Operating profit or (loss) (100 million yen)



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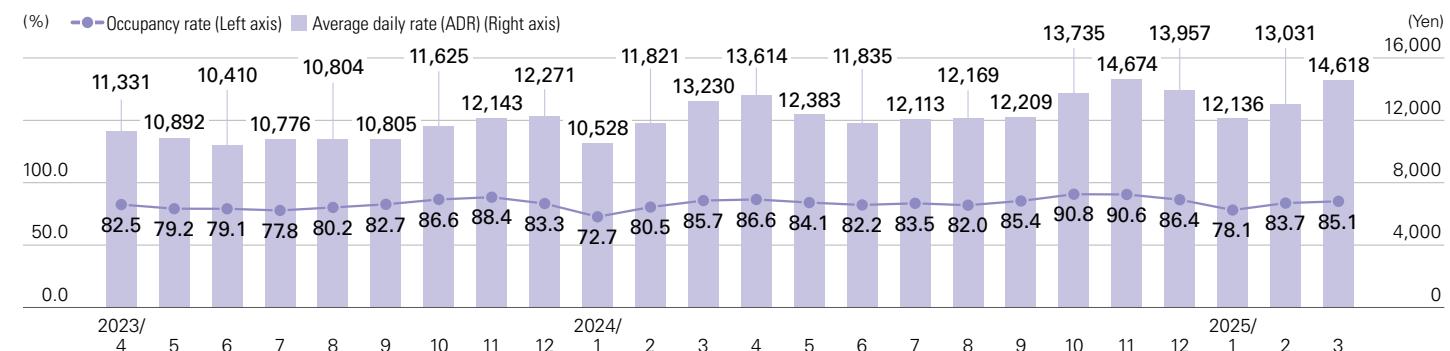
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Overview of FY2024 (2)

Accommodation-specific hotels in Japan: Occupancy rate and Average daily rate (ADR)


 SOTETSU HOTELS
THE SPLAISIR YOKOHAMA

 SOTETSU GRAND FRESA
BANGKOK

Management Plan Initiatives

◆ Overseas expansion of the hotel business

The Sotetsu Group started expanding its hotel business overseas with the opening of hotels in Seoul, South Korea in 2018. In July 2023, we opened our first hotel in Vietnam, followed by openings in Taiwan in February 2024 and Bangkok, Thailand, in April 2024. These hotels have been used by customers from Japan, China, South Korea, Taiwan, and other countries. After the COVID-19 pandemic, inbound tourism demand has rapidly recovered and is expected to further increase in FY2025.

As we look forward, we will give greater consideration to countries and regions with potential for future business expansion, particularly in Southeast and East Asia, taking into account economic growth and increasing travel demand. We will also explore opportunities in countries and regions where our Group's real estate businesses already have a presence, while carefully assessing country risks and potential synergies.

◆ Hotel openings scheduled in Japan

We aim to strengthen our brand development by expanding into the upper upscale and small luxury segments, extending beyond our existing brands—SOTETSU FRÉSA INN, SOTETSU GRAND FRÉSA, and THE SPLAISIR—to capture

growing demand more effectively. In terms of hotel opening strategies, we will maintain a competitive edge through flexible and swift decision-making, while hedging risks.

To hedge risks through geographical diversification and create more opportunities for new openings, we will expand into regional cities and areas surrounding major metropolitan centers, in addition to existing new hotel opening areas. We will intensify market research to identify high-demand areas and clearly define target markets and brands, thereby facilitating swift business execution.


 Sotetsu Fresa Inn
Sapporo-Susukino


Yokohama Bay Sheraton Hotel & Towers

◆ Sotetsu Group's hotel brands

Total number of directly managed hotels: 60,
Number of guest rooms: 13,482

Hotel	Concept	No. of hotels	No. of guest rooms
SHERATON Yokohama Bay Hotel & Towers	City hotel conveniently located at the west exit of Yokohama Station	1	348
SOTETSU FRESA INN	Accommodation-specific hotel	44	8,346
SOTETSU GRAND FRESA	Accommodation-specific hotel	7	2,563
HOTEL SUNROUTE	Accommodation-specific hotel	3	1,093
THE POCKET HOTEL BY SOTETSU	Compact private room hotel	2	268
THE SPLAISIR	Upper brand of accommodation-specific hotel	3	864
Total			60 13,482

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Message from the General Manager in Charge of DX/ICT

Shintaro Fujii

General Manager,
Corporate Strategy Division
In charge of DX/ICT Promotion



Based on the Long-Term Vision "Vision 2030," we will advance our DX strategy using digital platforms for the acceleration of business transformation. This strategy is designed to maximize the value we deliver to customers through marketing and operations and to promote business growth and synergies among businesses on the basis of digital technology.

By using data gathered and accumulated across the Group, we will promote data-driven management to make decisions that are based on that data. This will be done in stages, the first being to focus on the marketing domain and strengthen data-driven marketing management. In March 2024, the various points programs in the Group were integrated and the Sotetsu Point program was launched. Through this program, we are accumulating data such as purchases at commercial facilities and supermarkets and train rides, and using that customer data to conduct analysis.

Specifically, we are analyzing the accumulated customer

data to identify current issues. Using RFM analysis and clustering to identify customer segments and set hypotheses, we create and consider personas and customer journeys. Looking ahead, we will consider specific initiatives based on the collected data. After implementing those measures, we will verify their effectiveness to assess the validity of our hypotheses and the soundness of our strategies, before implementing marketing strategies based on the data.

Utilizing digital technology will enable data sharing among businesses and Group-wide marketing. We believe that this will bring us closer to delivering customer value that leverages the Group's comprehensive strengths.

To pursue these marketing strategies, we need to strengthen the work capabilities of individuals and organizations through the development of DX human resources. As a means to enhance customer experience through marketing, we will also work on improving skills using data and AI and operational productivity in our businesses and operations.

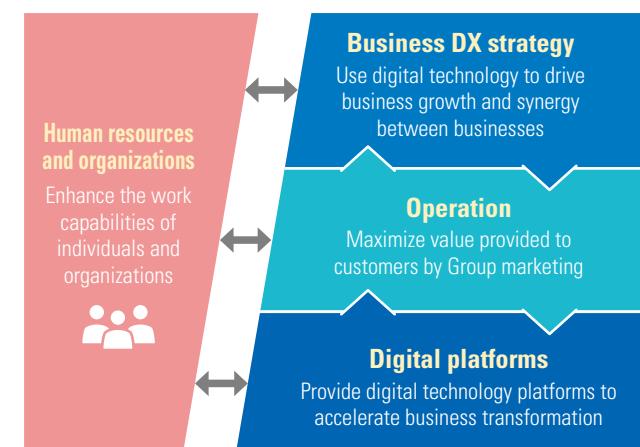
To prepare against risks associated with the introduction of digital technology, we are strengthening our security infrastructure to secure safe operations. Through the establishment of systems and frameworks, we are taking comprehensive measures against cybersecurity threats and

We will realize the maximization of the value we deliver to customers across the entire Sotetsu Group with data-driven marketing using digital platforms.

ensuring thorough risk management.

Our DX strategy is also contributing to social sustainability through the realization of the well-being of local communities and economic revitalization of areas along the Sotetsu lines. In this way, we are aiming for sustainable growth while taking impacts on the environment and society into account. Through these DX strategies, we will open up the future of the Sotetsu Group and contribute to the realization of a sustainable society.

DX Strategy - Concept



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To address the increasingly diverse social issues and changes in the external environment affecting the Sotetsu Group's sustainability management, we identified and determined our material issues in March 2025.

In addition, we formulated a new Medium-Term Management Plan covering FY2025 to FY2027 to achieve our vision.

We will ensure that our sustainability management aligns with our medium-and long-term management plans and the evolving economic, environmental, and social impacts, as we adapt to changing times and external environments.

Priority Strategies of the 7th Medium-Term Management Plan

1

Formulate growth strategies and develop our growth story for FY2025 and beyond
(growth story centered on real estate business)

2

Continue decisive implementation of business structural reforms and establishment and expansion of infrastructure for new growth (strengthening earning power)

3

Restore our "spirit of development" (getting back to basics) / Carry out development that leads to sustainable value creation

Material issues	Social issues	Specific initiatives at the Sotetsu Group
 Improvement of the global environment for future generations	<ul style="list-style-type: none"> 1. Mitigate and adapt to climate change 2. Promote resource recycling 3. Protect and restore biodiversity 4. Revitalize regional economies 5. Develop regional communities 6. Improve product and service quality and safety 7. Provide services that fit diverse values and lifestyles 8. Develop human resources capable of sustainable corporate management 9. Respect human rights and promote diversity, equity, and inclusion 10. Promote the health and safety of employees 11. Build compliance education and corporate governance management structures 12. Strengthen protection of personal information and data security 13. Build a sustainable supply chain 	 P58  P62  P63  P53  P54  P55  P53  P44  P47  P69
 Development and co-creation of appealing communities		
 Creation of workplace environments that are comfortable and provide job satisfaction		
 Creation of a solid governance structure		

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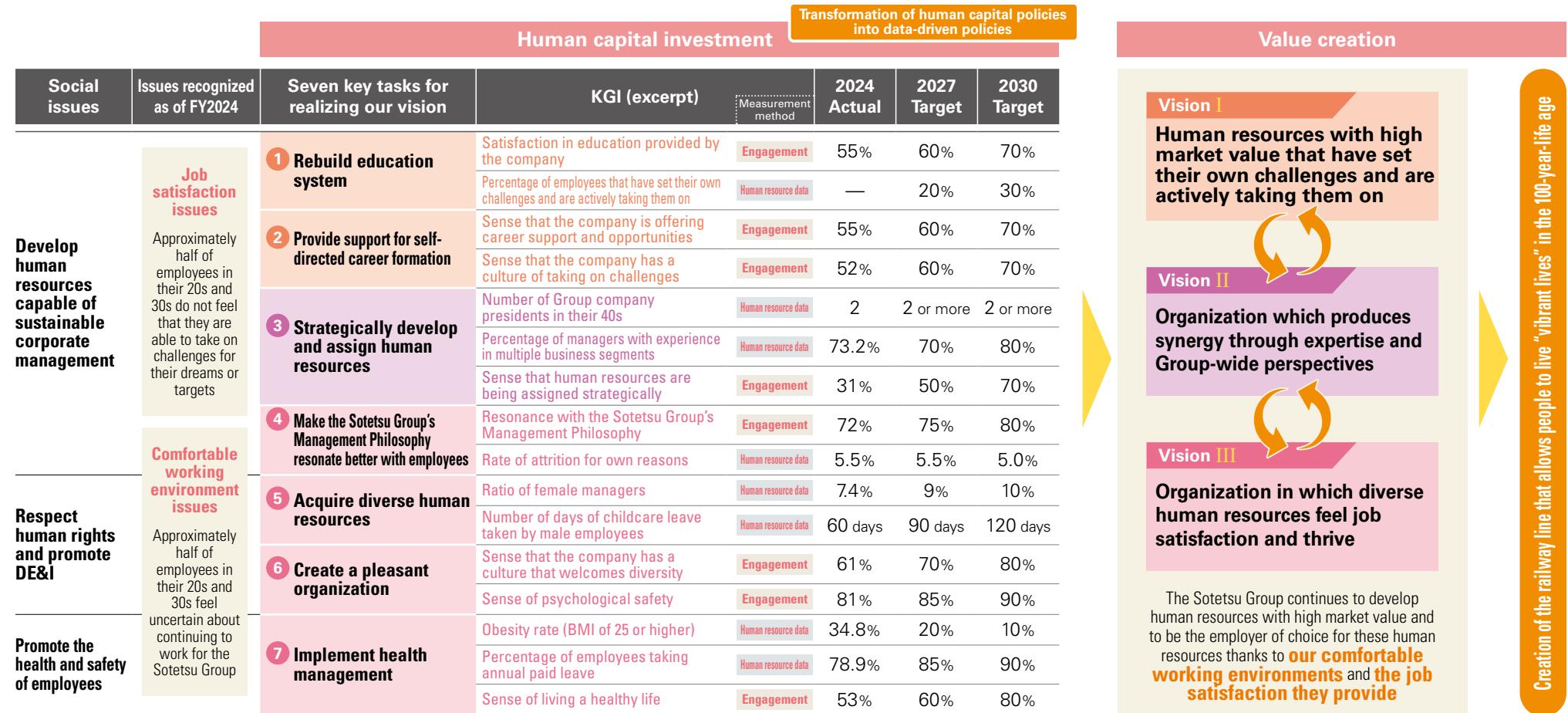


Creation of workplace environments that are comfortable and provide job satisfaction

Human Resources Strategy

Process of Creating Value Through Investment in Human Capital

In line with the 7th Medium-Term Management Plan, the Sotetsu Group has established a process of creating value through investment in human capital to maximize the Group's comprehensive strength and support its growth strategy. Aiming to "continue to develop human resources with high market value and to be the employer of choice thanks to our comfortable working environments and the job satisfaction they provide," we reviewed our initiatives for addressing social issues and analyzed the Group engagement survey. Based on these results, we considered our vision from both human resources and organizational perspectives and identified three sources of value creation. To realize our vision, we have defined seven key tasks and established medium- to long-term KGI and KPIs to address them. By quantifying the impacts and targets, we are committed to advancing data-driven human resources policies.



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Vision I

Human resources with high market value that have set their own challenges and are actively taking them on

In order for the Sotetsu Group to achieve sustainable growth and continue creating new value, we must respond flexibly to the rapidly changing business environment. This requires developing talent who can break away from precedent, independently identify issues, generate new ideas and approaches, and take on challenges while engaging those around them. To cultivate such human resources with high market value, we will focus on two key tasks: rebuilding the education system and providing support for self-directed career formation.



Group-wide training for new employees

① Rebuild education system

In addition to offering specialist training programs at each of our operating companies, the Sotetsu Group has also offered Group-wide training programs such as level-specific training, skills training, and selective training. To further promote investment in human capital, we will make the Sotetsu Business School program more systematic and enhance the Group's education and training framework. Furthermore, to proactively cultivate future Group executives, we will focus on providing opportunities for outstanding talent and establish an internal education system for talent development that aligns with corporate strategies.

② Provide support for self-directed career formation

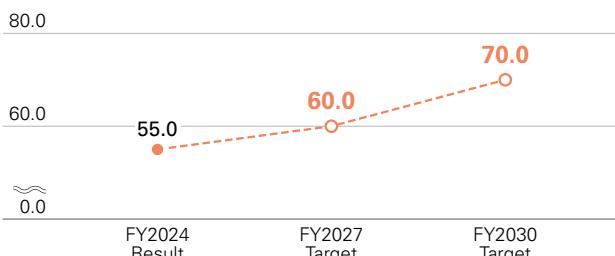
The Sotetsu Group has historically pursued company-led career development as its primary human resources policy. This approach has allowed many employees to gain experience across various operations through personnel transfers and acquire broad skills and knowledge by taking on different roles and responsibilities. However, in today's rapidly changing business environment, where diverse values are increasingly important, it is crucial to foster an environment in which each employee can proactively reflect on and shape their own career path. We will continue to promote talent development through proactive job rotation, while also creating an environment that supports self-directed career formation. Our goal is to provide highly motivated employees with opportunities to challenge themselves, pursue their goals and aspirations, and achieve growth.

► KGI and KPIs for rebuilding the educational system and providing support for self-directed career formation

KGI Satisfaction in education provided by the company* (%)



KGI Sense that the company is offering career support and opportunities* (%)



* Measured in the Group engagement survey

KGI	Scope	FY2027 Target	FY2030 Target
Percentage of employees that have set their own challenges and are actively taking them on*	Holding company	20%	30%

* Data collection is scheduled to begin in FY2027, following the implementation of the HR system.

KGI Sense that the company has a culture of taking on challenges* (%)



KGI Satisfaction with performance evaluation* (%)



KPI (initiative plans)	Scope	FY2025	FY2026	FY2027
Establishment of a systematic Sotetsu Business School program (Rebuild education system)	Group	Plan	Implement	
Career design training, career design consultation	Holding company	Pilot	Implement	
Manager training for employee development	Holding company	Pilot	Implement	

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Vision II

Organization which produces synergy through expertise and Group-wide perspectives

The Sotetsu Group has a diverse business portfolio, as it operates a wide range of businesses related to customers' daily lives. Each company within the Group is enhancing talent development focused on specialized expertise in their respective fields. By bringing together talent with specialized expertise, each company can enhance its competitive edge and offer higher-quality services.

Furthermore, collaboration among Group companies with different business domains and areas of expertise generates synergies that lead to the creation of new value unique to the Sotetsu Group. To realize such an organization, we will address the following key tasks.



③ Strategically develop and assign human resources

Sotetsu Holdings has developed and assigned human resources to promote the acquisition of broad, Group-wide perspectives and the development of capabilities. For junior employees, we offer development-based rotations to allow them to discover their aptitudes and to promote their growth through opportunities for success, while for managers and above we offer strategic deployment programs aimed at developing them into senior management.

Going forward, we will establish the "number of Group company presidents in their 40s" as a KGI. By involving them in the management of Group companies from an early stage, we aim to cultivate practical management perspectives and develop future leaders capable of steering the Group.

However, according to the engagement survey conducted in March 2024 among all regular employees across the Group, only 31% responded that they "sense that strategic human resource assignment contributes to the company's growth." Based on this result, we will strengthen our strategic development system aimed at cultivating future management talent across all Group companies. We will also implement development programs for junior employee to allow them to discover their aptitudes and to promote their growth through opportunities for success. Through these initiatives, we remain committed to advancing talent development from a medium- to long-term perspective.

► KGIs and KPIs for strategically developing and assigning human resources

KGI Sense that human resources are being assigned strategically* (%)



* Measured in the Group engagement survey

KGI	Scope	FY2024 Actual	FY2027 Target	FY2030 Target
Number of Group company presidents in their 40s	Group	2	2 or more	2 or more
Percentage of managers with experience in multiple business segments	Holding company	73.2%	70%	80%

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Vision III

Organization in which diverse human resources feel job satisfaction and thrive

We believe that building an organization in which diverse human resources feel job satisfaction and thrive is vital to our competitiveness and sustainable growth. Bringing together individuals with diverse backgrounds and perspectives generates fresh ideas and approaches, driving innovation and creating new value.

Furthermore, fostering an environment in which diverse talent can thrive enhances employee motivation and engagement, which in turn reduces attrition and increases productivity. To realize an organization where all employees feel job satisfaction and thrive, the Sotetsu Group focuses on four key tasks: "Make the Sotetsu Group's Management Philosophy resonate better with employees," "Acquire diverse human resources," "Create a pleasant organization," and "Implement health management."



④ Make the Sotetsu Group's Management Philosophy resonate better with employees

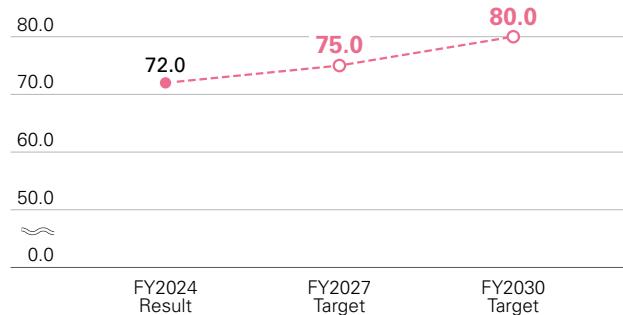
The Sotetsu Group's Management Philosophy clearly defines the Group's reason for existence and values, and set forth the vision we aim to realize. When employees embrace this philosophy, align it with their personal goals, and apply it in their daily work, it fosters a strong sense of job satisfaction and serves as a driving force that maximizes the Group's comprehensive strength.

The Group engagement survey conducted in March 2025 revealed that 72% of respondents resonated with the Management Philosophy. However, a significant difference in scores was observed between managers and non-managers when compared with other survey items. The survey highlighted strengths such as effective communication of the philosophy to managers and their deep understanding of the business, while also revealing that company policies are not being sufficiently explained to non-managers.

To help bridge these gaps, and in conjunction with the formulation of the 7th Medium-Term Management Plan, we held an explanatory session where the President of Sotetsu Holdings directly addressed all employees across the Sotetsu Group. We will continue to provide opportunities for senior management to communicate management policies directly to employees, with the aim of deepening their understanding and empathy, fostering a sense of belonging, and thereby reinforcing organizational cohesion.

► KGI and KPIs for making the Sotetsu Group's Management Philosophy resonate better with employees

KGI Resonance with the Sotetsu Group's Management Philosophy* (%)



KGI Sense of pride in belonging to the Sotetsu Group* (%)



* Measured in the Group engagement survey

KGI	Scope	FY2024 Actual	FY2027 Target	FY2030 Target
Rate of attrition for own reasons	Group	5.5%	5.5%	5.0%

KPI	Scope	FY2024 Actual	FY2027 Target	FY2030 Target
Management policy briefing by officers and above	Holding company	—	2 sessions	2 sessions



President Takizawa of Sotetsu Holdings addressing Group employees at the Sotetsu Group Medium-Term Management Plan briefing (as of May 2025)

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Vision III Organization in which diverse human resources feel job satisfaction and thrive

⑤ Acquire diverse human resources

For the Sotetsu Group to grow sustainably, it is necessary for us to constantly make innovations that respond to the ever-changing business environment and diverse needs. We believe that it is important to develop environments for the development of human resources who will be responsible for

this. Aiming for new value creation, we will recruit and develop diverse human resources including women, global talent, and mid-career hires with a range of career experiences.

Promotion of Diversity, Equity, and Inclusion (DE&I)

In the Sotetsu Group, the Diversity Promotion Subcommittee, which was set up in FY2022 as part of its sustainability promotion system, leads the Group-wide activities for the promotion of DE&I. In FY2024, we organized a lecture on the subject of childcare leave, featuring Sotetsu Bus's achievement of a 100% uptake rate of childcare leave by male employees. Guest speakers from outside the Group were also invited to share their advanced initiatives. Other activities included an in-house parenting class and a lecture on the importance of parental involvement in childcare.

We also invited external lecturers to speak to managers about psychological safety. For female employees, a "Rediscover Your Value" training program was offered to support deeper self-understanding, and for all employees, a lecture was held on the theme of a culture of taking on challenges.

From FY2025, the Diversity Promotion Subcommittee will expand its activities to DE&I initiatives by incorporating equity. As we advance DE&I, our goal is to create an environment where everyone can fully demonstrate their abilities, rather than simply acknowledging diversity.



Lecture on childcare leave by a guest speaker, organized by the Diversity Promotion Subcommittee



The left and right diagrams show different approaches to the goal of riding a bicycle. Instead of giving everyone the same bicycle, as in the left diagram, providing each person with a bicycle that suits them, as in the right diagram, enables each individual to perform at their best.

◆ Human Resource Portfolio Achievement Targets

- Develop human resources in connection with corporate strategies

We strive to hire and develop the following human resources, in particular, in line with the Group's overall corporate strategies, to create the human resource portfolio of Sotetsu Holdings.

Types of human resources to focus on	Definition of human resources	Vision for FY2030*
Corporate planning human resources	Human resources that have the skills needed to formulate and implement corporate strategies and who can lead the Group as a whole	Approx. 1.8 times (50% of employees)
Development human resources	Human resources who have the skills needed for real estate development and who can strategically carry out large-scale development work	Approx. 1.3 times (50% of employees)
DX human resources	Human resources who have the skills needed to promote DX and who can implement DX measures across the Group	Approx. 2.5 times (10% of employees)
Global human resources	Human resources who have the skills needed to carry out overseas business and who can produce results in global environments	Approx. 2.5 times (10% of employees)

* This indicates the percentage of the human resources who are employed by Sotetsu Holdings (all employees, including non-managerial employees), and includes employees seconded to Group companies.

We also aim to enhance the development of human resources with multiple areas of expertise, so the total of the percentages for each human resource will exceed 100%.

- We will strive to enrich our human resources so that, as a holding company, they can function laterally across the Group, leading the entire Group.
- We will strive to develop human resources with high market value, including types of human resources not indicated in the above portfolio.
- In our individual Group companies, we will strive to enrich our portfolio of specialized human resources based on each company's business.

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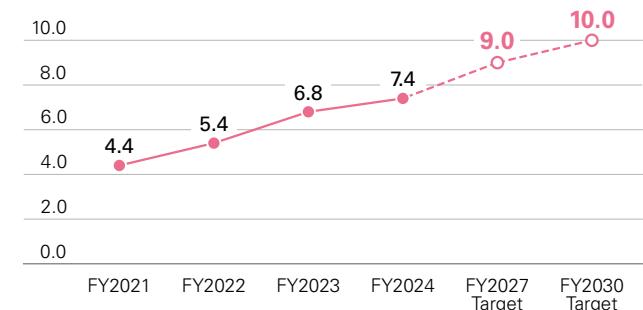
Vision III Organization in which diverse human resources feel job satisfaction and thrive

KGIs and KPIs for acquiring diverse human resources

KGI	Scope	FY2024 Actual	FY2027 Target	FY2030 Target
Gender pay gap	Group*	53.9%	60%	70%

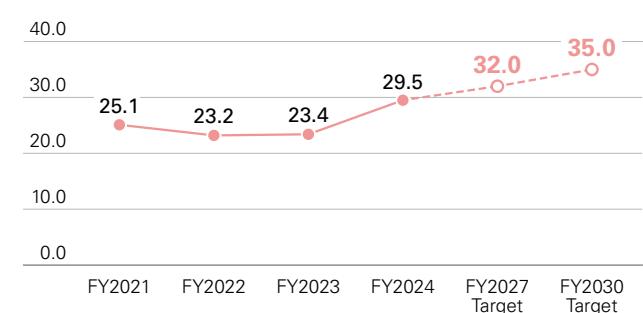
* Figures include the holding company and those consolidated subsidiaries that are legally required to disclose information.

KGI Ratio of female managers (Group) (%)



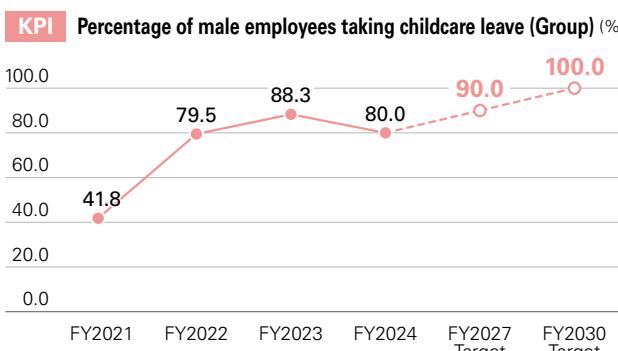
KPI	Scope	FY2024 Actual	FY2027 Target	FY2030 Target
Ratio of female supervisors	Group	16.3%	20%	22%
Willingness to be promoted to a managerial position (women)	Group	24%	30%	40%
Willingness to be promoted to a managerial position (men)	Group	38%	45%	55%

KPI Ratio of female regular employees hired (Group) (%)



KGI	Scope	FY2024 Actual	FY2027 Target	FY2030 Target
Number of days of childcare leave taken by male employees	Group	60 days	90 days	120 days

KPI	Scope	FY2024 Actual	FY2027 Target	FY2030 Target
Number of cooking classes held (to promote childcare leave)	Group	—	1	1
Number of in-house parenting classes held	Group	1	1	1



* From FY2022 onward, figures include childcare leave and other childcare-related leave.



Diaper changing in an in-house parenting class

KGI	Scope	FY2024 Actual	FY2027 Target	FY2030 Target
Ratio of DX human resources	Holding company	3.7%	8%	10%
Ratio of global human resources	Holding company	3.7%	8%	10%

KPI	Scope	FY2024 Actual	FY2027 Target	FY2030 Target
Number of DX human resources hires	Holding company	1	2	2
Number of global human resources hires	Holding company	1	1	1
Number of foreign employees	Group	481	Monitoring	Monitoring

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Vision III Organization in which diverse human resources feel job satisfaction and thrive

Promotion of employment of people with disabilities

SOTETSU wish, a special subsidiary of Sotetsu Holdings established in 2005, employs people with disabilities, and undertakes cleaning services for six Group companies, including Sagami Railway and Sotetsu Bus. SOTETSU wish contributes to the local community by supporting the social independence of people with disabilities through employment, and by accepting students for practical training and study tours, mainly at special needs schools along the railway lines. The company name "wish" is derived from the wish to "contribute to the local community" as a member of the Sotetsu Group, and the wish that people with disabilities will be able to "experience the joy of working and become independent."

The Sotetsu Group will continue to explore ways to expand the scope of roles available to people with disabilities, with the aim of fostering an organization where they can find job satisfaction and thrive.



Cleaning operation in front of Minami-makigahara Station

► KGI and KPIs for acquiring diverse human resources

KGI	Scope	FY2024 Actual	FY2027 Target	FY2030 Target
Ratio of employees with disabilities	Group*	2.57%	2.7%	2.7%

* Employment ratio at seven special subsidiaries

KPI (initiative plans)	Scope	FY2025
Expanding the scope of roles available to people with disabilities	Group	Review started

6 Create a pleasant organization

Recruiting diverse talent alone is not enough; their full potential can only be realized in an environment that enables them to take active roles. The Sotetsu Group is committed to fostering a psychologically safe organizational culture where employees feel free to share their opinions and ideas. We are also implementing initiatives to create a supportive work environment, facilitating a work-life balance and allowing employees to engage in both childcare/nursing care and work.

Examples

- Sotetsu Bus introduced short-time work shifts at its Ayase Business Office, allowing drivers to choose work hours that suit their work styles. To foster a more employee-friendly environment, the company expanded telework eligibility, allowed drivers to wear casual attire year-round without a uniform cap, and introduced an office casual dress code for headquarters staff.
- Sotetsu Hotels has expanded its short working hour arrangement to support diverse work styles. Employees are now eligible to use the arrangement until their child enters 7th grade, extending the previous limit of 4th grade. Work hour options have also been expanded to include 5-, 6-, and 7-hour shifts.
- Daiichi Sobi introduced cleaning equipment designed to reduce physical strain, as part of its effort to promote the active participation of diverse senior employees.
- SOTETSU BUSINESS SERVICE implemented an employee-led office renovation project to create a comfortable working environment.
- Sotetsu Holdings introduced an office casual dress code to create a comfortable working environment for employees.



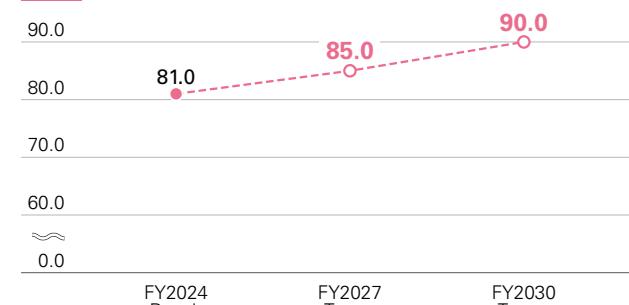
Office of SOTETSU BUSINESS SERVICE after renovation

► KGIs and KPIs for creating a pleasant organization

KGI Sense that the company has a culture that welcomes diversity* (%)



KGI Sense of psychological safety (supervisors, colleagues)* (%)



* Measured in the Group engagement survey

KPI	Scope	FY2024 Actual	FY2027 Target	FY2030 Target
Number of mid-career hires	Group	295	Monitoring	Monitoring
Number of employees who have taken nursing care leave (by gender)	Group	Male: 9 Female: 5	Monitoring	Monitoring
Return-to-work rate after maternity/childcare leave	Group	93.8%	100%	100%
DE&I training participation rate*	Group	—	100%	100%
Harassment prevention training participation rate*	Group	—	100%	100%

* To be established as a regular training program by FY2026

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Vision III Organization in which diverse human resources feel job satisfaction and thrive

7 Implement health management

The Sotetsu Group considers human resources as a valuable management resource. As such, we are engaged in initiatives based on the belief that the physical and mental health of our employees and creation of environments that allow them to work with peace of mind and a sense of fulfillment are important elements to ensure the sustainability of the company, in addition to recruitment and development strategies.

Several companies in the Group, such as Sagami Railway, have already issued their "Health Declarations," and in September 2024 the Sotetsu Group formulated its first Group-wide "Health Declaration." Placing employee health first, recognizing it as the foundation of our growth, we promote initiatives to enhance health awareness among our employees. Through collaboration across the Group, we strive to contribute to the prosperity of our employees and the communities along the Sotetsu lines.



Health seminar on sleep

Health Declaration

The Sotetsu Group aims to create railway lines that allow people to live "vibrant lives" in the 100-year life age. To achieve this, we believe it is essential for our employees and their families to maintain both physical and mental health and lead fulfilling lives. We hereby declare our commitment to actively support the health of our employees and their families, while fostering a positive and vibrant workplace environment that enables them to stay healthy and continue working with vitality.

Examples

- Sagami Railway was certified as the "2025 Outstanding Organizations of KENKO Investment for Health (Large Enterprise Category)," a program jointly implemented by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi (achieving its fifth consecutive year of certification).
- SOTETSU Urban Creates, Sotetsu Building Management, and SOTETSU STATION RETAIL were certified as "Yokohama Health Management Certification Class AA" by the Yokohama City.
- Sotetsu Holdings implemented the following health management initiatives:
 - Introduced a health app for employees
 - Organized an inter-departmental walking event
 - Held a physical fitness assessment event
 - Hosted a health seminar on sleep
 - Implemented smoke-free workdays
 - Further encouraged follow-up health checkups via industrial health staff
 - Held a mindfulness and stretching seminar



Mindfulness and stretching seminar



Physical fitness assessment event

KGIs and KPIs for implementing health management

KGI Sense of living a healthy life* (%)



* Measured in the Group engagement survey

KGI	Scope	FY2024 Actual	FY2027 Target	FY2030 Target
Obesity rate (BMI of 25 or higher)	Group*	34.8%	20%	10%
Percentage of employees taking annual paid leave	Group	78.9%	85%	90%

KPI	Scope	FY2024 Actual	FY2027 Target	FY2030 Target
Regular health check-up participation rate	Group*	98.8%	60%	80%
Stress check examination rate	Group	90.7%	100%	100%
Number of fatal work-related accidents	Group	0 cases	Monitoring	Monitoring
Number of work-related injuries/illnesses resulting in leave	Group	26 cases	Monitoring	Monitoring
Number of leave cases due to personal illness/injury (sick leave cases)	Group	91 cases	Monitoring	Monitoring
Smoking rate	Group*	22.1%	11%	10%

* Figures are for the 19 companies whose health checkup results are managed by the Sotetsu Health Management Center.

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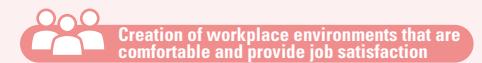
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Creation of workplace environments that are comfortable and provide job satisfaction

Message from the General Manager in Charge of Human Resources



Hiroyuki Nakada

General Manager,
Corporate Strategy Division
Department 3

“

The Sotetsu Group continues to develop human resources with high market value and to be the employer of choice for these human resources thanks to our comfortable working environments and the job satisfaction they provide

continuously guides us toward our goals.

Based on this North Star and the current status that was revealed by an engagement survey conducted across the entire Group, we established seven key tasks for bridging the gap between the two. For the steady execution of these key tasks, we quantified our targets and state of progress as far as possible and established KGI and KPIs. We have thus established a system that makes our human resources strategy visible by using these KGIs and KPIs to ascertain the effects and state of progress of the various measures.

to be the employer of choice for those human resources as "the Sotetsu Group that offers comfortable working environments" represents the cycle of success of our human resources strategy. By repeating this cycle as we point toward our North Star, we will steadily promote human capital management and advance the creation of the railway lines that allow people to live "vibrant lives" in the 100-year-life age.

Process of creating value through the investment in human capital and our vision

As one of its priority strategies in the Long-Term Vision "Vision 2030," which has a target year of FY2030, the Sotetsu Group has been advancing a human resources strategy for the enhancement of medium- to long-term corporate value.

Alongside the formulation of the 7th Medium-Term Management Plan (FY2025 to FY2027), the Sotetsu Group established a Process of Creating Value Through the Sotetsu Group's Investment in Human Capital that looks toward the future beyond 2030.

In this process, we re-examined our future vision and current status and, based on an accurate recognition of the issues, we rebuilt the medium- to long-term human resources strategy and indicated a clear roadmap for the desired goals.

Based on the Sotetsu Group's Management Philosophy, we have thoroughly pursued and clearly defined our vision for the human resources and organization needed to realize our management strategy. This vision provides a guideline for the direction and core values of our human resources strategy. As such, we have positioned it as the "North Star" that

Promotion of human capital management based on "job satisfaction"

At the end of FY2024, the rate of attrition for own reasons in the Sotetsu Group was 5.5%, percentage of employees taking annual paid leave was 78.9%, and the percentage of eligible male employees taking childcare leave was 80.0%. These results are an indication that the Sotetsu Group has a comfortable working environment.

They are the outcome of efforts to create comfortable working environments for diverse personnel across the entire Group that have been ongoing since the establishment of the Diversity Promotion Subcommittee in FY2022.

On the other hand, the engagement survey's results revealed that scores related to "job satisfaction" were lower than the average of other companies. Taking this result on board, while emphasizing both comfortable working environment and job satisfaction in the Sotetsu Group, we will prioritize the promotion of initiatives that will foster a strong sense of job satisfaction in particular.

Developing human resources with high market value as "the Sotetsu Group that offers job satisfaction" and continuing

Human capital management of Sotetsu Group

The Sotetsu Group's vision

The Sotetsu Group continues to develop human resources with high market value and to be the employer of choice for these human resources thanks to **our comfortable working environments and the job satisfaction they provide**

Vision I

Human resources with high market value that have set their own challenges and are actively taking them on

Key tasks

- ① Rebuild education system
- ② Provide support for self-directed career formation

Vision II

Organization which produces synergy through expertise and Group-wide perspectives

Key tasks

- ③ Strategically develop and assign human resources

Vision III

Organization in which diverse human resources feel job satisfaction and thrive

Key tasks

- ④ Make the Sotetsu Group's Management Philosophy resonate better with employees
- ⑤ Acquire diverse human resources
- ⑥ Create a pleasant organization
- ⑦ Implement health management

Current state recognized as of FY2024

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Creation of workplace environments that are
comfortable and provide job satisfaction

Round-table Discussion among Employees



Ongoing workplace reform in the Sotetsu Group

Changes in the workplace environment to support employees' active engagement

Komura There have been significant changes made in workplace comfort and diversity in the company over the past ten years. In terms of systems, there is now greater flexibility, such as flextime, and Sotetsu Holdings introduced an office casual dress code in July 2024, creating an atmosphere more conducive to conversations in the workplace. I feel that these kinds of changes have also had a positive impact on the efficiency and quality of operations.

Sudo At Sagami Railway as well, the remote work and flextime systems have been enhanced in recent years, and many people, including myself, are taking advantage of them.

On the frontlines of the railway, the accommodation facilities for cabin crew have been improved, and shared rooms have been replaced with hotel-style private rooms. Previously, because the bedrooms for men and women were separate, if there were more women requiring accommodation than there were rooms available, some women would be unable to stay at that station. However, this problem has since been eliminated, which I see as a major step forward in terms of diversity.

Imura Work style reforms and operational efficiency improvements are being advanced across the entire Sotetsu Group, and the working environment at Sotetsu Real Estate Sales branches has changed significantly. In the past, it was common practice in the real estate industry to work for long hours and on weekends and holidays for the sake of sales. This has changed with the introduction of flextime and other

systems, and the improvement of operational efficiency through the use of ICT has also had a major impact. As employees have been given more flexibility, they are now able to offer more attentive service to customers, and the branches' performance has improved as a result.

Amid such changes in the workplace environment, I became a father in January this year, and I am gradually changing my approach to work-life balance. My wife also works, so there is no way that both of us can work late now that we have a child. First and foremost, I want to cherish my childcare and family responsibilities while also committing fully to my work, maintaining a balance between the two.

Sudo Since I gave birth three years ago, I have come to realize that I do not want to lean entirely toward either work or personal life, and that I want to keep working for a long time, maintaining a balance according to my circumstances at

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any given time. I have many senior colleagues at my workplace who are engaging actively while raising children. When I look at them, I am encouraged and I want to keep working hard, just like them.

Komura My own perspective on work-life balance also changed after the birth of my first child in November last year. Work and personal life are not opposing forces. Parenting has led me to change my attitude toward work, such as changing the way I do my work and finding ways to be more efficient so I can get home earlier.

Also, now that I have people working under me, I have become more aware that when managers neglect work-life balance in their own work, it can place silent pressure on subordinates to do the same. I am much more careful now in this regard.

Insights gained from actual experience of childcare leave

Imura I was the first manager and also the first person working on the front lines in sales at Sotetsu Real Estate Sales to take childcare leave. I was not in a position of dealing directly with customers, but even so, taking childcare leave required the understanding and support of my workplace. The first thing I did was consult with my boss, the General Manager, who approved my request, saying that, even though there was no precedent, it was a good thing and that I should definitely take the leave. I was very grateful to receive that level of understanding from my workplace.



I took leave twice, two to three weeks at a time over February and March. Because the end and beginning of the month are busy times for my workplace, I took that into consideration and went into work at those times.

Komura I was the same in that I was truly helped by the understanding and support of my workplace. Although the general belief was that it would be difficult for secretarial staff to take childcare leave, I wanted to have a favorable impact on the workplace by putting it into practice myself. I was on leave for a month from late November, and even though that is a busy time for the President's secretary, I was not made to feel that I had inconvenienced anyone, and the other people in the workplace readily divided my duties between them.

Sudo In my case, because I was having twins, I went on maternity leave a little early in May, gave birth in July, and returned to work in May of the following year. So with maternity leave and childcare leave combined, I was away for a whole year. I talked things over with my husband, who also works for Sagami Railway, and we decided that he would take leave from July through May of the following year as well, so we looked after the children together for those ten months. Because of that, my husband is capable of caring for the twins by himself, so I have no qualms about leaving them with him if I go out or if I have to stay late at work. That has been a major benefit.

Komura Returning to work only a year after giving birth to twins must have felt like a short time. I have a vivid memory of my wife saying to me, on the day before I was due to return to work after my one-month childcare leave, that she wished I had taken longer. At the time, I felt very grateful and reassured to be able to take a whole month's leave, but now, I wish I had taken a little more.

Sudo Where I live, the competition for childcare places is fierce, and there was a possibility that they would not be able to get in after they turned one, so we decided to put them in before that, when it was relatively easier. I currently work a shortened work day of six hours, and I also take advantage of the flexitime and remote work systems that were mentioned earlier. The biggest concern has been what to do when one of the children gets sick, and I have had to leave work early to pick them up at the nursery or take the day off. Thanks to the understanding and

support of my colleagues at work and coordination with my husband, I have somehow been able to overcome that concern.

For the realization of workplace environments that are comfortable for everyone

Imura Regarding diversity, in the case of Sotetsu Real Estate Sales, while efforts to promote the advancement of women have been underway, diversity in terms of nationality and ethnicity, such as the employment and promotion of foreign nationals, has yet to be addressed. At our Yokohama branches and elsewhere, we do receive a certain number of non-Japanese customers, and we are often asked whether we have staff who are able to deal with customers in English or Chinese. We do have people of other nationalities working for us in the hotel business, but I think there is room to consider this in the real estate business as well.

While sharing this expansion of diversity across the entire Group, by promoting it even further, I do believe that it will lead to the expansion of corporate value.

Sudo Not limited to childcare, I believe that other situations that restrict our ability to work, such as elder care responsibilities or our own illness, can happen to anyone. By continuing to promote flexible workstyles, we can create workplace environments where everyone, both people who face such restrictions and those who do not, will feel comfortable. In doing so, we will be able to attract a more diverse range of people, and the Company will be able to demonstrate even greater strength.

Komura I agree. I think that the Sotetsu Group has always had a corporate culture of a comfortable working environment, such as it being easy to take paid leave and offering a good work-life balance. I would like to see the Group take that even further and make that comfortable working environment part of its arsenal for attracting talent.

Having worked in recruitment until two years ago, my sense is that young people today place great importance in corporate culture considerations of this nature. The large number of people who show an understanding of the value that a comfortable working environment brings is seen as a strength of the Sotetsu Group. For the Sotetsu Group to grow sustainably, I hope it will promote its human resources strategies and realize a workplace environment that is comfortable for everyone.

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Creation of workplace environments that are comfortable and provide job satisfaction

Approach

The Sotetsu Group believes that respecting human rights is essential in conducting business activities and is a social responsibility that all companies must fulfill. To realize our Group Management Philosophy—"The Sotetsu Group delights customers and contributes to the enrichment of local communities through businesses that support comfortable lifestyles"—we will implement human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights, thereby ensuring respect for human rights of all individuals affected by the business activities of our Group companies.

Sotetsu Group Human Rights Policy

Based on our Management Philosophy and Code of Conduct, we have established the Sotetsu Group Human Rights Policy to define our approach and responsibilities as a corporate group committed to respecting the human rights of all individuals affected by our business activities.

This policy stipulates that we comply with the human rights laws and regulations of each country in which our Group companies operate, and that we recognize and uphold internationally recognized human rights norms, including the International Bill of Human Rights (comprising the Universal Declaration of Human Rights and the International Covenants on Human Rights), the Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work (including the rights to freedom of association and collective bargaining), and the Children's Rights and Business Principles. In accordance with these norms, we are committed to respecting human rights.

The Sotetsu Group will comply with this policy and strive to fulfill its social responsibilities through its efforts to respect human rights.

Respecting Human Rights

Sotetsu Group Human Rights Policy

The Sotetsu Group believes that respecting human rights is essential in conducting business activities and is a social responsibility that all companies must fulfill. The Sotetsu Group respects the fundamental human rights of all individuals affected by the business activities of its Group companies. We do not tolerate discrimination or harassment on the basis of race, nationality, creed, age, gender, sexual orientation, social status or family origin, language, ethnicity, religion, political or other opinions, property, disability, or any similar grounds. We also strictly prohibit forced and child labor.

To promote human rights initiatives and realize our Group Management Philosophy—"The Sotetsu Group delights customers and contributes to the enrichment of local communities through businesses that support comfortable lifestyles"—we have established the Sotetsu Group Human Rights Policy (hereinafter referred to as "the Policy"). The Policy is based on the Sotetsu Group Sustainability Policy, which was formulated to realize a sustainable society through urban development in collaboration with various stakeholders.

1. Basic approach

The Sotetsu Group complies with the human rights laws and regulations of each country in which our Group companies operate, and recognizes and upholds internationally recognized human rights norms, including the International Bill of Human Rights (comprising the Universal Declaration of Human Rights and the International Covenants on Human Rights), the Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work (including the rights to freedom of association and collective bargaining), and the Children's Rights and Business Principles. In accordance with these norms, we are committed to respecting human rights. The Sotetsu Group places particular importance on the following human rights issues:

- Providing customers with safe and secure products and services
- Preventing all forms of discrimination and harassment
- Prohibiting forced labor and child labor
- Promoting employee health and strengthening occupational safety and health
- Paying wages above the legal minimum, managing working hours properly, and respecting workers' fundamental rights such as freedom of association
- Promoting diversity and inclusion in the workplace and facilities where services are provided
- Protecting personal information and privacy
- Providing safe and secure living and natural environments for local communities through our business activities

2. Scope of application

The Policy applies to all officers and employees of the Sotetsu Group, including those at overseas subsidiaries,

and requires them to comply with it. We also ask stakeholders outside the Sotetsu Group, including suppliers and business partners, to understand and cooperate with the Policy, as we advance our efforts to respect human rights.

3. Human rights due diligence

The Sotetsu Group conducts ongoing human rights due diligence to identify and assess the risks that its business activities may pose to human rights, and to prevent causing or contributing to any adverse human rights impacts. In the event of a human rights violation or potential violation, we will promptly and accurately investigate the cause, mitigate and remedy any adverse impacts as much as possible, and provide redress to affected individuals, thereby fulfilling our responsibility to respect human rights.

Furthermore, we regularly monitor and evaluate the effectiveness of our measures to prevent, mitigate, and remedy human rights risks, aiming to continuously improve our human rights initiatives.

4. Promotion structure

To implement the Policy, the Board of Directors of Sotetsu Holdings serves as the decision-making body for important matters, and the Sotetsu Group Sustainability Committee, chaired by the Representative Director, President of Sotetsu Holdings, deliberates and decides on necessary matters.

5. Establishment and operation of whistleblowing system

The Sotetsu Group has established and operates a whistleblowing system for human rights violations, allowing individuals to submit reports and seek consultations anonymously. Group companies receiving such reports or consultations will ensure strict confidentiality regarding the reports and consultations, prohibit any adverse personnel actions against

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Sotetsu Group Human Rights Policy

whistleblowers or individuals seeking consultations, and take measures to prevent the deterioration of the workplace environment.

6. Dialogue with stakeholders and information disclosure

The Sotetsu Group will appropriately disclose the status of its human rights initiatives to relevant stakeholders in accordance with the Policy. Furthermore, we will engage in dialogue and discussions with relevant stakeholders regarding actual and potential impacts on human rights and the measures taken in response, aiming to promote and continuously improve our human rights initiatives.

We also ask our suppliers and business partners to cooperate in promoting corporate practices that are in line with the Policy and in ensuring appropriate disclosure of information.

7. Education and training

We will ensure that all officers and employees of the Group are fully informed of the Policy. At the same time, we will provide necessary information and conduct regular education and training to deepen understanding of human rights, and to integrate human rights initiatives into the business activities of each Sotetsu Group company.

Sotetsu Group Human Rights Policy <https://www.sotetsu.co.jp/sustainability/social/>

Human Rights Due Diligence

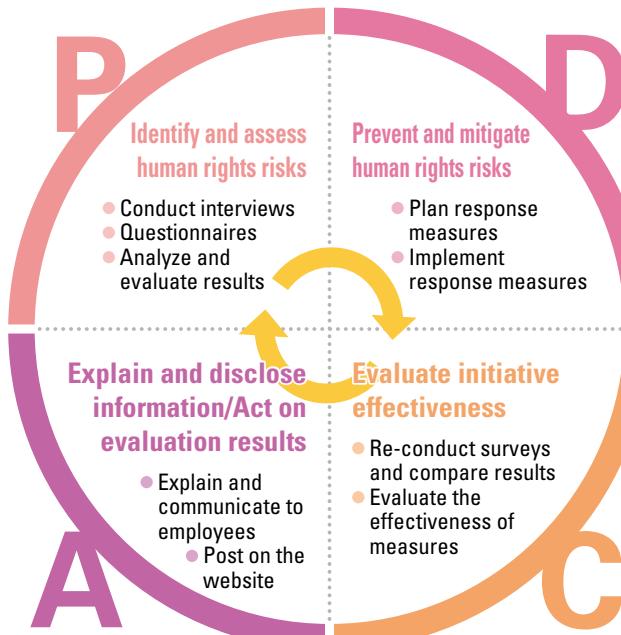
We promote human rights due diligence in accordance with the Sotetsu Group Human Rights Policy.

◆ Group initiatives

Since FY2024, we have engaged external experts to conduct interviews with five key Group companies—SAGAMI RAILWAY, SOTETSU ROSEN, SOTETSU Urban Creates, Sotetsu Hotel Management, and SOTETSU KIGYO—to assess human rights impacts and risks across the Group. Taking into account industry-, region-, and company-specific risks, we have identified "harassment" and "long working hours" as the most pressing human rights risks requiring immediate action. We will work to develop specific measures and establish systems to facilitate human rights initiatives.

◆ Supply chain initiatives

Following the initiatives within the Group, we plan to implement human rights due diligence across our supply chain. We will identify human rights issues and risks within the Sotetsu Group's supply chain and work together with our business partners to correct any adverse impacts.



Steps for promoting human rights initiatives

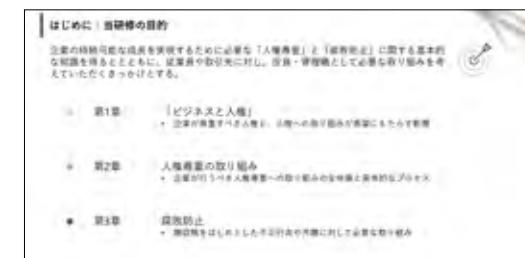


Initiatives to Promote Education and Awareness Among Management and Employees

◆ Implementation of human rights training

Since FY2024, we have conducted human rights training to raise awareness among Group employees.

This fiscal year, a training session on the theme of "Business and Human Rights" was held for Group companies in Japan.



Training materials for board members and managers

◆ Establishment of a consultation channel

We have established a helpline (whistleblowing system) for reporting and seeking consultation on human rights concerns and other issues. This channel is available to all officers, employees, contract and casual workers, dispatched employees, outsourced personnel, and other external individuals working within the Sotetsu Group, regardless of employment status, contract type, or nationality. It is also accessible to individuals who have retired within the past year.

* For details of the internal reporting channel, please refer to P76.

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Revitalize regional economies

Approach

The Sotetsu Group views the revitalization of regional economies as a significant social challenge. We aim to create new business opportunities by resolving social and environmental issues in areas along the Sotetsu lines and seek to increase opportunities to acquire customers by leveraging our direct connection service to central Tokyo and development along the Sotetsu lines. At the same time, we promote local energy production for local consumption to support sustainable development of regional economies. Furthermore, we provide new products and services that reflect changes in lifestyles and the business environment, thereby contributing to the revitalization of regional economies.

Conducted a Demonstration Project on Autonomous Bus Operation Using Advanced Communication Technologies and Road-Vehicle Coordination System



In September 2024, Sotetsu Bus conducted a demonstration project on autonomous bus operation in collaboration with a consortium and Yokohama City. The project utilized cutting-edge communication technologies and a road-vehicle coordination system to assess the feasibility of safe autonomous driving in congested areas.



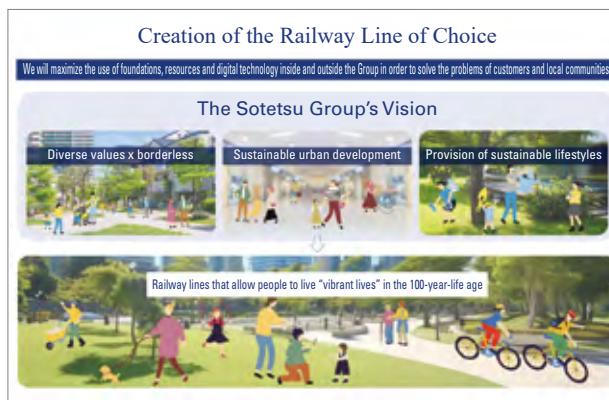
Amid a growing driver shortage, which has led to service reductions and route closures across the bus industry, expectations for autonomous driving solutions are rising. This

demonstration project, conducted in the congested area near Yokohama Zoological Gardens "ZOORASIA," aims to identify challenges in remote monitoring and vehicle control necessary for Level 4 autonomous driving. The ultimate objective is to maintain and expand the public transportation network. The project examined the use of a wireless communication switching system and road-shoulder data collected from smart streetlights equipped with AI-powered cameras, aiming to enhance communication quality and enable safe autonomous driving services.

Established Sotetsu Innovation Lab



In November 2024, we established the Sotetsu Innovation Lab with the aim of creating new businesses centered on the vision of "diverse values x borderless," "sustainable urban development," and "provision of sustainable lifestyles."



The Sotetsu Line Urban Development Strategy

Key measures Measures that continue to contribute to creating greater area value and making areas places where people want to set down roots



This initiative has set nine key themes, including "Food & Agriculture," "Health & Healthcare," and "Environment & Energy." We are developing new ventures primarily through collaboration with startups, aiming to generate fresh value.

In these co-creation efforts with startups, we emphasize long-term growth and relationship building. Ideas are refined and pilot projects are carried out without rigid time constraints. Through this approach, we seek to foster synergy within communities along the Sotetsu lines and contribute to sustainable urban development.

Pilot of Support with Points Program Launched



In April 2025, we launched a pilot of the Support with Points program, which utilizes Sotetsu Points.

Through the Sotetsu Style app, users can support local NPOs and professional sports teams using points earned through everyday activities and Sotetsu Group events. The program is designed to foster a sense of connection to the Sotetsu Line and the surrounding communities.

Organizations participating in the program

Professional sports team	<ul style="list-style-type: none"> YOKOHAMA FC (Soccer) YOKOHAMA EXCELLENCE (Basketball) SHONAN UNITED BC (Basketball) YOKOHAMA GRITS (Ice hockey)
NPOs	<ul style="list-style-type: none"> NPO Manma NPO Sakurando

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Developing Regional Communities

Approach

The development of regional communities is one of the key social issues addressed by the Sotetsu Group. Amid the growing demand for experiential value and community formation, we are working to expand locally rooted business opportunities by helping to resolve social and environmental challenges in the regions we serve. By providing spaces where local residents can gather, interact, and grow together, we aim to revitalize community life and contribute to the realization of a sustainable society.

Area Management Initiatives



The Sotetsu Group is promoting the development of attractive communities tailored to the unique characteristics of each area along its railway lines by collaborating with local residents and governments to support enriched and fulfilling lifestyles.

◆ Next-Generation Urban Development through Minamaki Mirai Bosai (Disaster Preparedness) Meeting (MMBM)

In October 2024, the Sotetsu Group held the Minamaki Mirai Bosai (Disaster Preparedness) Meeting (MMBM) at minamaki Lab, one of the urban development bases.

This initiative brings together business operators located around Minami-makigahara Station to share information on disaster preparedness and discuss practical measures they can take themselves in times of emergency. Through this event, the Group aims to raise disaster awareness among local residents and showcase Minami-makigahara's disaster resilience both within and beyond the community.

◆ YUMEGAOKA SORATOS and YOKOHAMA FC sign Hometown Partnership Agreement

In July 2024, YUMEGAOKA SORATOS, a large-scale complex commercial facility adjacent to Yumegaoka Station on the Sotetsu Izumino Line, entered into a Hometown Partnership Agreement with YOKOHAMA FC, a J.League football club operated by Yokohama Fulie Sports Club Co., Ltd. The agreement aims to promote the appeal of Yokohama's local communities and foster its sports culture.

Positioned as an experience-based commercial facility that leverages local resources, YUMEGAOKA SORATOS offers opportunities to engage with food, activities, education, and culture. Through initiatives that connect YOKOHAMA FC

supporters with the Yumegaoka community, the facility contributes to enhancing the region's appeal and vitality.



◆ Sotetsu Scholarship and Sotetsu Rice Donations Initiatives

Since FY2024, the Sotetsu Group has operated the Sotetsu Scholarship program to support single-parent households facing financial hardship, as part of its efforts to address social challenges in communities along its railway lines. With the cooperation of nine of the universities located along the Sotetsu Lines and in Yokohama City, in addition to fixed monthly scholarship payments to students recommended by each university, we offer free commuter ticket to board Sotetsu Line trains and Sotetsu Bus services on route to the chosen university. Moreover, when eligible students rent a property via SOTETSU REAL ESTATE SALES, they will be exempted from brokerage fees. In addition, we donate rice each month to NPOs that provide food pantry services along the Sotetsu Line (Sotetsu Rice Donations).

Details of the Sotetsu Scholarship

☞ <https://www.sotetsu.co.jp/sustainability/social/scholarship/index.html> (in Japanese)

The Sotetsu Lines Urban Development Strategy



◆ Urban Development through Industry, Government, and Academia Collaboration

In the areas along the Sotetsu Izumino Line, the Sotetsu Group has signed a comprehensive partnership agreement with Yokohama City to promote "next-generation urban development." In addition to this, the Group is working with Yokohama National University and Ferris University to address regional challenges by leveraging each institution's human, physical, and intellectual resources.

The Group also participates in the Kanagawa Industry-University Challenge Program, which aims to provide students with hands-on learning opportunities in collaboration with local universities and vocational schools.

In this initiative, companies present real-world business challenges as research themes, and students actively engage in proposing solutions, fostering the development of future talent through problem-solving research competition. In 2024, the program marked its 20th edition, with six teams tackling a theme proposed by the Sotetsu Group. Each team offered creative solutions from their unique perspectives.



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Improving Product and Service Quality and Safety

Approach

The Sotetsu Group believes that the improvement of product and service quality and safety is a material social issue essential to earning stakeholder trust and enhancing brand value.

Safety Management and System

Safety is the foundation of all businesses within the Sotetsu Group and is our highest priority in our operations. In the transportation business, we have established a safety management system to ensure safe and secure travel for all passengers. In our other business domains, we are also committed to strengthening safety management and promoting initiatives aimed at building trust with our customers.

Achieving Customer Satisfaction (CS)

One of the important themes of the Sotetsu Group's sustainability initiatives is to "build relationships of trust with all stakeholders, including customers and employees, and to contribute to society." The Sotetsu Group's medium- and long-term goal is to achieve customer satisfaction by continuing to offer products, services and responsiveness to customers that meet customer expectations.

Safety Management and System

Safety Management System

◆ Establishment of a Safety Management System

The Sotetsu Group Sustainability Committee is chaired by the Representative Director, President of Sotetsu Holdings, and strives to improve safety, such as by sharing important safety matters.

In the transportation business, the Group has established a safety management system based on the "Safety Management Regulations," which serve as the basic policy for ensuring transportation safety. This system operates under the PDCA cycle of safety policy formulation, execution, check, and improvement.

To help customers understand our transportation safety initiatives, we publish an annual "Safety Report" on the Sotetsu Group website.

Safety Report

<https://www.sotetsu.co.jp/sustainability/reports/>

Number of Transportation Accident

◆ Number of operational railway accidents, etc. on the Sagami Railway

In FY2024, a total of 13 transportation disruptions occurred, a decrease of five compared to the previous fiscal year.

	FY2022	FY2023	FY2024
Operational railway accidents* ¹	4 cases	2 cases	0 cases
Incidents* ²	0 cases	0 cases	0 cases
Transport disruption* ³	12 cases	16 cases	13 cases
Total maximum delay time	10 hours 1 minute	13 hours 19 minutes	14 hours 42 minutes
Of which, delay time caused by third parties	8 hours 23 minutes	10 hours 6 minutes	9 hours 38 minutes

*1 Refers to seven types of accidents: train collisions, train derailments, train fires, railroad crossing accidents, motorway accidents, railway accidents resulting in injury or death, and railway property damage accidents.

*2 Refers to a situation where it is recognized that there is a risk of an operational railway accident.

*3 Refers to instances when train operations have been suspended (excluding those specified in public notices), or delays of 30 minutes or more for passenger trains and 1 hour or more for non-passenger trains.

◆ Number of accidents at Sotetsu Bus*⁴

In FY2024, a total of 17 accidents subject to reporting occurred, a decrease of three compared to the previous fiscal year.

	FY2022	FY2023	FY2024
Passenger injury* ⁵	0 cases	6 cases	3 cases
Vehicle equipment failures* ⁶	21 cases	14 cases	14 cases

*4 Accidents as stipulated in the Automobile Accident Reporting Regulations, for which it is compulsory to submit a report to the Minister of Land, Infrastructure and Transport via the Transport Bureau Branch Chief within 30 days of occurrence.

*5 Accidents resulting in death or serious injury (injuries as per Article 5, Sections 2 and 3 of the Order for Enforcement of the Automobile Liability Security Act), accidents resulting in injury to 10 or more people, and injuries to passengers as per Article 5, Section 4 of the Order for Enforcement of the Automobile Liability Security Act caused by improper operation of the control unit or the device that opens/closes the entrance/exit doors.

*6 Failure of vehicle equipment (those described in each section of Article 41 of the Road Transport Vehicle Act) that led to inability to operate the vehicle.

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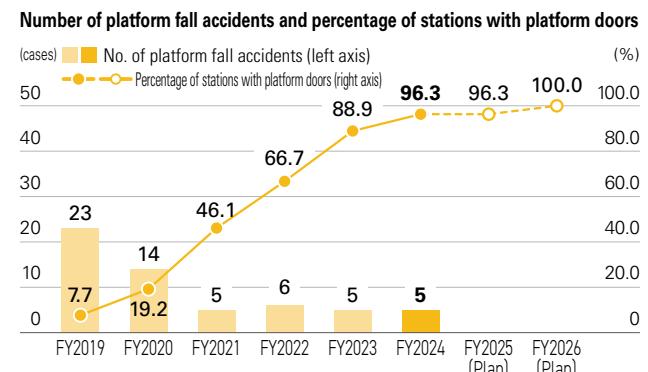
Capital Investments for Safety Majors

Capital investments in the transportation business serve to ensure safety and security in transport and improve our customer services and brand reputation. We are therefore planning capital investments as a means to achieving our Long-Term Vision and Medium-Term Management Plan. In FY2025, we will implement capital investments of 12.5 billion yen to further improve safety, improve our level of customer service, and move forward with steady investments aimed at future growth.

Number of Platform Doors Installed

Stations where installation was done by the end of FY2024

- All 26 stations except Ebina Station



Platform doors

Safety Education and Training in the Transportation Business

Sagami Railway conducts comprehensive emergency drills every year that assume unexpected situations such as railroad crossing accidents. In addition, various departments carry out routine operational training and study sessions, along with specific drills such as tsunami drills, drills in guiding passengers during a train fire inside a tunnel, and countermeasure drills for violent crime. Sotetsu Bus also works to strengthen cooperation with police and fire departments and confirms their roles through joint anti-terrorism drills.



Countermeasure drills for violent crime

Safety Initiatives Outside the Transportation Business

SOTETSU ROSEN Group and SOTETSU STATION RETAIL are working to enhance food hygiene management by adopting the HACCP approach and implementing preventive hygiene practices. These efforts include thorough employee training, strict expiration date checks at stores, and regular monitoring by responsible personnel to mitigate risks.

SOTETSU REAL ESTATE aims to earn solid trust from customers by ensuring strict quality control and providing high-quality after-sales service. Starting in FY2024, the company has focused on seismic performance ratings for detached houses, and all houses completed during the year (six properties, totaling 50 units) have achieved a seismic grade equivalent to Level 3.

The Sotetsu Group will continue to strengthen safety management and promote safety initiatives outside the transportation business, with the aim of building trust with our customers and the local community.



Comprehensive emergency drills



Derailment recovery drills

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Improving Product and Service Quality and Safety

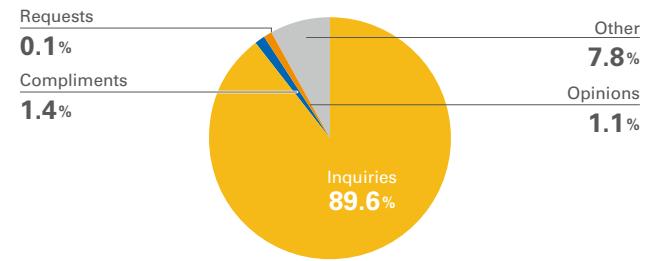
Achieving Customer Satisfaction (CS)

Customer Feedback

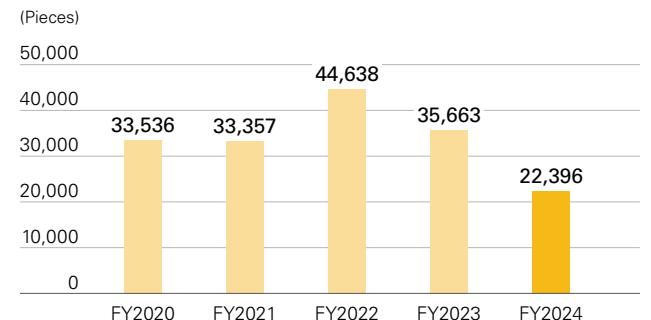
The Sotetsu Group has established the Sotetsu Customer Center to receive inquiries from customers. In FY2024, we received 22,396 pieces of customer feedback.

In addition to responding to inquiries, opinions and requests received by phone, fax, post, email, and other means from customers and people living along the Sotetsu Lines, the center analyzes the feedback and share the information with Group companies for improvement of our services to further increase customer satisfaction.

Customer feedback breakdown (FY2024)



Feedback trend



Specific Initiatives to Improve Customer Satisfaction

In light of the structural changes in society due to the declining birthrate and aging population, the economic impact of a weak yen and rising raw material and energy costs, and changes in customer preferences and values, for the Sotetsu brand to continue to be the brand of choice for our customers, we will further strengthen our efforts to achieve customer satisfaction management by providing high value-added products and services. In FY2024, based on the results of customer satisfaction surveys at each Group company, we designed and carried out specific measures to improve customer satisfaction.

Customer Satisfaction Surveys Conducted by a Third Party Survey Agency

For the Sotetsu Group, "Improving customer satisfaction" has been a basic policy underlying its CSR initiative plans since FY2011 and its sustainability initiative plans since FY2022, and Group companies have been making their efforts respectively. To make their efforts more effective and to ensure they will be the choice of customers, we have been conducting customer satisfaction surveys since FY2012 which was developed primarily for business-to-consumer companies for survey and measurement from a third-party perspective. The insights from the surveys are incorporated in our initiative plans to further improve customer satisfaction. In FY2024 also, we conducted a survey of selected companies to verify whether their efforts were contributing to improved customer satisfaction.

In the surveys in FY2024, "smile" in particular among the basic hospitality* items continued to receive high ratings, following the previous year's results.

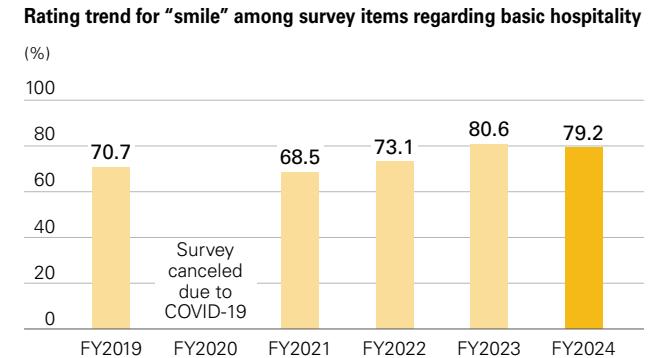
Customer satisfaction surveys conducted by a third party

Companies surveyed
SAGAMI RAILWAY, Sotetsu Bus, SOTETSU STATION RETAIL, SOTETSU ROSEN, Sotetsu Hotels, and Sotetsu Hotel Management

Survey
Assess the status of efforts for improvement by each company in response to the results of the previous survey



Companies review their efforts for customer satisfaction improvement and reflect the survey results on sustainability initiatives plans



* In the basic hospitality survey items, hospitality required in all types of business is evaluated from five aspects: greeting and impression of the staff upon arrival of the guest, their impression upon departure of the guest, their responsiveness, their appearance, and their smile. The above figures are the average of the surveyed Sotetsu Group companies.

Examples of measures in response to survey results

- Advice to each company from the survey agency
- Feedback of survey results to all stores, and planning and implementation of initiatives by each store
- Group training for employees

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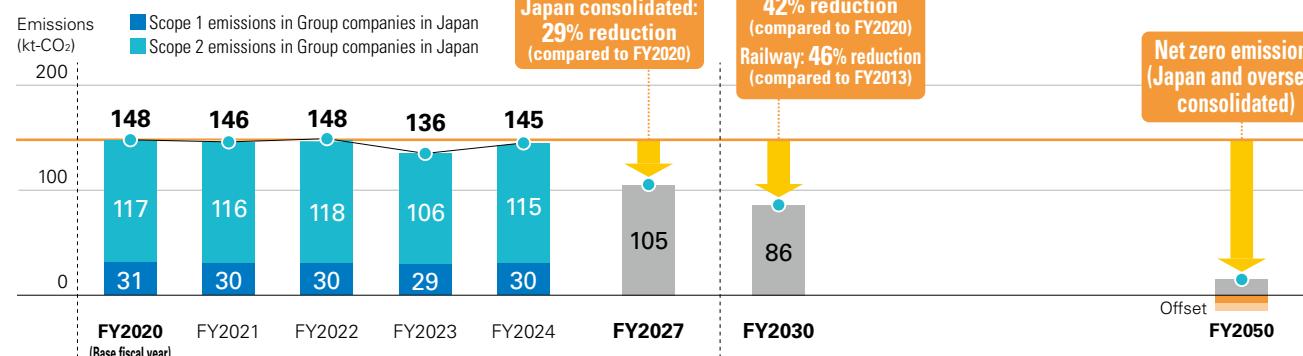


Climate Change Initiatives

Approach

The Sotetsu Group views a wide variety of themes, such as building a low-carbon society, which will mitigate climate change, conserving forests, biodiversity, and the global environment, sustainably utilizing energy, water, and other resources, preventing pollution, and reducing waste emissions, as issues to be addressed from a medium- to long-term perspective, and will continue to make environmentally conscious efforts in its business activities.

GHG Emissions Reduction Roadmap



Direct reduction measures

- Energy saving**
 - [Railway] Introduction of energy-saving railway cars (100% by FY2030)
 - LED lighting conversion and air conditioning and heat source equipment upgrades
 - Optimization of energy consumption through operational improvements

Fuel conversion

- [Bus] Introduction of EV and FCV buses (8% by FY2030)
- Utilization of circular alternative fuels

Utilization of low-carbon and renewable energy sources

- Introduction and expansion of electricity generated from low-carbon or renewable energy sources

Related activities

- Strengthening internal coordination of climate-related information
- Operation of internal carbon pricing
- Advancement of financial impact management, analysis, and evaluation through scenario analysis
- Contribution to the realization of a decarbonized society through entry into and expansion of energy creation and regional energy management businesses
- Creation of business opportunities by viewing solutions to environmental issues as chances
- Promotion of modal shift

* Although reduction efforts continued in FY2024, total emissions increased due to a rise in the emission factor of purchased electricity compared to FY2023.

* This initiative will also be applied to the Yokohama Station west exit area major reconstruction plan (announced in September 2024).

* Progress on this plan is managed through sustainability-related meeting bodies, and the plan will be regularly reviewed, expanded, and updated.

Initiatives for Reducing GHG Emissions

Policy

We will strive to promote the efficient and sustainable use of energy as well as the utilization of renewable energy, while also working in collaboration with stakeholders to pursue new technologies and services, thereby promoting mitigation of and adaptation to climate change.

KPI

Japan consolidated FY2027 Target: 29% reduction (compared to FY2020)

Sagami Railway FY2030 Target: 46% reduction (compared to FY2013)

Japan and overseas consolidated FY2050 Target: net zero

Disclosure

Implementation of Scope 3 emissions calculation
Acquisition of third-party assurance for Scope 1 and 2 emissions and Scope 3 (Categories 1, 2, 5, 11, 12, and 13) emissions
Received a "B" rating from CDP

Promotion of GHG Emissions Management

To more accurately understand GHG emissions, including Scope 3, and to promote reduction efforts, a new cloud-based management system has been introduced in FY2025. This system will support efficient in-period management across the entire Group and individual operating companies, and enable more precise calculation of Scope 3 emissions through the use of primary data from business partners.

In addition, the status of GHG emissions reduction will be regularly reported to the Sotetsu Group Sustainability Committee, and relevant measures, such as energy-saving and renewable energy transition plans, will be reviewed and revised as necessary.

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Energy Saving

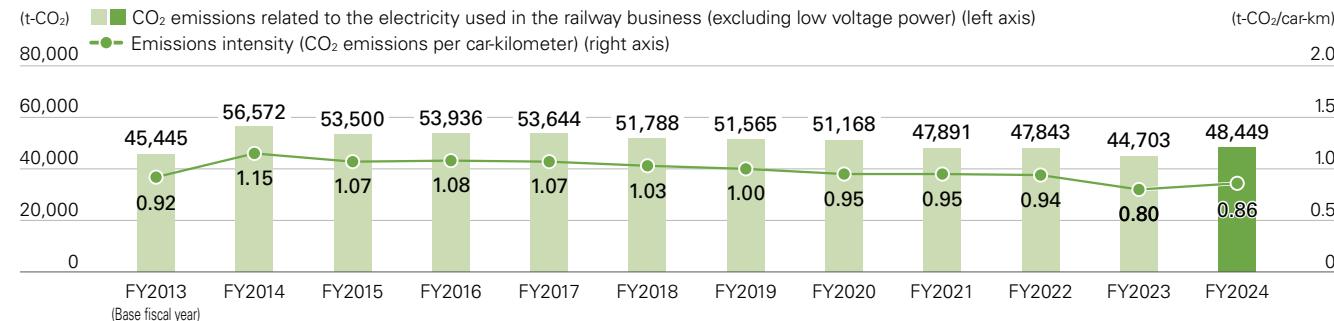
The Sotetsu Group regards energy saving as the top priority in its climate change initiatives and is advancing efforts in a systematic manner.

Especially in the railway business, we have worked to introduce energy-saving railway cars and start using LEDs for station lighting. As a result, the emissions intensity (CO₂ emissions per car-kilometer), including incidental facilities, declined by approximately 6.5% compared to the base fiscal year.

◆ Main initiatives in FY2024

Sagami Railway	Maintained a 100% ratio of energy-saving railway cars
Sotetsu Bus	Introduced hybrid buses (seven vehicles)
SOTETSU STATION RETAIL	Upgraded store facilities (three stores)
Sotetsu Hotel Development	Promoted LED lighting installation (79% completed)
Yokohama District Heating and Cooling	Upgraded air conditioning systems
	Implemented optimized operational control

Changes in CO₂ emissions related to the electricity used in the railway business (excluding low voltage power)



* Although reduction efforts continued in FY2024 and electricity consumption decreased compared to FY2023, total emissions increased due to a rise in the emission factor of purchased electricity.

Renewable Energy

Efforts to introduce net-zero CO₂ emissions electricity continued in FY2024, with four additional facilities, including Sotetsu Hotel Management, adopting such power sources.

At Yokohama Bay Sheraton Hotel & Towers, the use of *Hamakko Denki Plus**, a local renewable energy program, began, supplementing the existing *Hamakko Denki* introduced in January 2022. Together, these initiatives are expected to reduce CO₂ emissions by approximately 700 tons annually.

* *Hamakko Denki Plus* refers to: net-zero CO₂ emissions electricity, utilizing the environmental value derived from renewable energy sources located in municipalities that have signed renewable energy partnership agreements with Yokohama City.

Major facilities powered by net-zero CO₂ emissions electricity

- Sotetsu Minami-saiwai Building II (Sotetsu Movel) (June 2021 onward)
- Sotetsu Headquarters Building (July 2021 onward)
- Yokohama Bay Sheraton Hotel & Towers (January 2022 onward)
- Hazawa Yokohama-Kokudai Station (March 2022 onward)
- Sotetsu Fresa Inn Nagoya-Sakuradoriguchi (June 2024 onward)
- Hotel Sunroute Niigata (August 2024 onward)
- Sotetsu Fresa Inn Nagoya-Shinkansenguchi (September 2024 onward)
- SOTETSU GRAND FRESA KUMAMOTO (November 2024 onward)

Energy Generation

At some stations and Group facilities, we have installed solar power generation systems to cover part of our electricity needs with renewable energy.

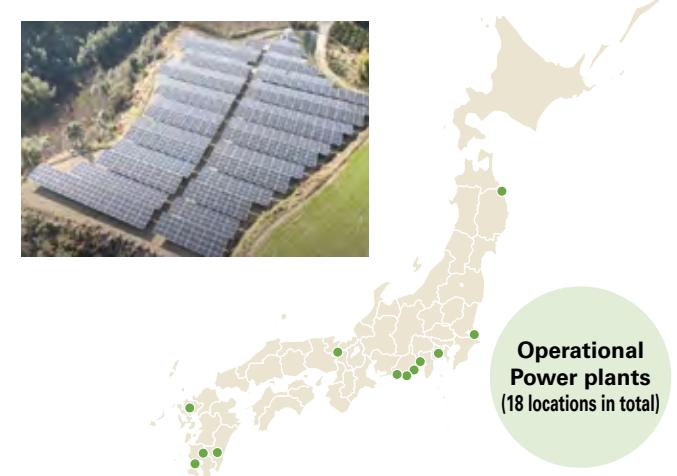
To further strengthen these efforts, Sotetsu Clean Energy was established in FY2024. Going forward, we will engage in the operation, management, and maintenance of power plants utilizing renewable energy, and promote the broader adoption of renewables.

Major facilities equipped with solar power generation systems

- Mitsukyo Station (April 2011 onward)
- Yayoidai Station (February 2015 onward)
- Makigahara Building IV (June 2024 onward)
- YUMEGAOKA SORATOS (July 2024 onward)

Overview of Sotetsu Clean Energy and locations of operational power plants

Total output capacity	12,000 kw
Annual power generation	5,301,000 kWh (October 2024 to March 2025)
CO₂ reduction contribution	2,284 t-CO ₂



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Climate Change Initiatives

Information Disclosure Based on TCFD Recommendations

The Sotetsu Group has positioned climate change as one of its important management issues, and has declared support for recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We will work to enhance our disclosures by following the framework based on the TCFD recommendations, while anticipating a transition to the ISSB (IFRS S2).

Sotetsu Group > Sustainability > Environment > Information Disclosure Based on TCFD Recommendations <https://www.sotetsu.co.jp/sustainability/environment/tcfd/>



Governance

The Sotetsu Group has established the Sotetsu Group Sustainability Committee, which is chaired by the President of Sotetsu Holdings. The committee deliberates on policies and action plans for reducing environmental impact including nature-related issues, and summarizes and evaluates the results of various initiatives. These matters are incorporated into the overall group strategy through the Sotetsu Group Sustainability Promotion Council, which disseminates and instructs policies across the entire Group, and the Environment and Energy Subcommittee, which discusses individual issues at the working level. In addition, the Sotetsu Group Sustainability Committee submits the results of deliberations, summaries, and evaluations to the Board of Directors, and undergoes supervision by the Standing and Outside Audit & Supervisory Board Members.

Sustainability Subcommittees

- Environment and Energy Subcommittee
- DE&I Subcommittee
- Cybersecurity Committee
- CS Communication Meeting
- Disaster Prevention Promotion Council

and other governance bodies

For details of the organizational structure of the Sotetsu Group Sustainability Committee, please refer to [P16](#)

Strategy

We have identified the climate change risks and opportunities facing the businesses in the scope of these analyses.

In the 1.5°C scenario, "transition risk" is stronger than in the 4°C scenario, and there are concerns about the strengthening of legal regulations on greenhouse gas emissions aimed at decarbonization, and the increase in operating costs due to the rising price of greenhouse gas emissions. With society as a whole becoming more environmentally conscious, we expect customers to choose options with even less environmental impact, which will cause a variety of impacts.

In the 4°C scenario, it is assumed that the risk of natural disasters such as typhoons and floods will increase

significantly due to the increased "physical risk" caused by the global average temperature rising above the current level.

Risk Management

The Sotetsu Group recognizes the impact of climate change as a serious risk. The Environment and Energy Subcommittee plays a central role in examining various measures to reduce environmental impact in cooperation with each operating company. The progress is regularly monitored by the Sotetsu Group Sustainability Committee.

Metrics and Targets

Long-term target

The Sotetsu Group, both in Japan and overseas, aims to achieve carbon neutrality by FY2050.

Medium-term target

The Sotetsu Group (Japan) aims to achieve a 42% reduction in total CO₂ emissions by FY2030 compared to FY2020. Sagami Railway aims to achieve a 46% reduction in CO₂ emissions from electricity used in its railway business by FY2030 compared to FY2013.

Short-term target

The Sotetsu Group (Japan) aims to achieve a 29% reduction in total CO₂ emissions by FY2027 compared to FY2020.

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Improvement of the global environment for future generations

Climate Change Initiatives

Information Disclosure Based on TCFD Recommendations

Important Risks and Opportunities

Classification	Impact on the Sotetsu Group	Impact* ¹				Timing of emergence* ²		
		Railway business	Bus business	Real estate rental business	Merchandising business			
Important risk items	Transition risk (mainly in the 1.5°C scenario)	Policy and legal risk	● Increased operating costs due to rising greenhouse gas emissions prices (Cost increase: approximately 2.0 billion yen for the total of four businesses)	High	High	Low	High	Medium-term Long-term
		Technology risk	● Increased costs due to the need to replace existing products and services with those with lower emissions	—	Moderate	Low	—	Medium-term Long-term
		Market risk	● Increase or decrease in the number of passengers due to changes in customer preferences and rising temperatures	—	Low	—	—	Medium-term Long-term
			● Increase in procurement costs for raw materials (electricity, diesel, materials, food, etc.)	Low	Low	Low	High	Short-term Medium-term Long-term
		Reputation risk	● Outflow of customers due to lower evaluation caused by the delayed response	*			Medium-term Long-term	
	Physical risk (mainly in the 4.0°C scenario)	Acute	● Decrease in the number of passengers due to disruptions in service caused by disasters and increased suspension of services	Low	Moderate	Low	Low	Short-term Medium-term Long-term
			● Increased recovery costs	*			Medium-term Long-term	
		Chronic	● Decrease in rent income due to suspension of business	—	—	—	—	Medium-term Long-term
			● Increased disaster prevention and mitigation costs	Low	—	Low	Low	Short-term Medium-term Long-term
			● Increased air conditioning costs due to higher temperatures	Low	—	Low	Low	Long-term
	Important opportunity items (Mainly for the 1.5°C scenario)	Energy sources Use of energy sources with low greenhouse gas emissions	● Reduced electricity procurement costs	Low	—	Low	Low	Short-term Medium-term
			● Cost reduction due to advances in technological development of energy-saving equipment, etc.	*			Medium-term Long-term	
		Products and services Development of products and services with low greenhouse gas emissions, expansion of business areas, and consumer trends	● Reduction in fossil fuel usage due to introduction of new cars	—	High	—	—	Medium-term Long-term
			● Review of mileage and improvement of driving skills	*			Medium-term Long-term	
			● Increase in customers as means of transportation with better environmental performance	High	—	—	—	Medium-term Long-term
		Markets Access to new markets	● Switch from walking to riding buses due to rising temperatures	—	Low	—	—	Medium-term Long-term
			● Increase in customer demand for properties with excellent environmental performance and increase in rent	—	—	Low	—	Short-term Medium-term Long-term
		Resilience Improving resilience	● Increase in opportunities to purchase products to help cope with heat	—	—	—	Low	Medium-term Long-term
			● Reduced costs by improvement in maintenance and inspection technology, made possible by the introduction of new Sotetsu Bus models	—	Moderate	—	—	Medium-term Long-term
			● Reduction in fundraising costs due to ESG response and BCP measures	*			Medium-term Long-term	
			● Improved market value by strengthening disaster countermeasures and reviewing BCP	*			Medium-term Long-term	
			● Increased revenue due to increased demand for corporate transportation	—	Low	—	—	Medium-term Long-term

Information Disclosure in line with TCFD Recommendations

<https://www.sotetsu.co.jp/sustainability/environment/tcfd/>

Initiatives in Each Business

Classification	Response to risks		Seizing opportunities	
	Transition risk	Physical risk		
Railway business	● Energy saving for station equipment and vehicles	● Strengthening the system for disaster response ● Promoting the introduction of renewable energy	● Enhancing transportation services ● Initiatives to create opportunities to go out	
	● Introduction of EVs / FCVs			
Bus business	● Review of mileage of various vehicles and improve driving skills	● Strengthening environmental performance of managed properties ● Enhancing decarbonization services for tenants		
	● Promoting the introduction of renewable energy and in-house power generation ● Examining relocation plans for heat and power supply equipment			
Real estate rental business	● Installing water stops ● Examining relocation plans for heat and power supply equipment	● Strengthening environmental performance of managed properties ● Enhancing decarbonization services for tenants	● Strengthening environmental performance of managed properties ● Enhancing decarbonization services for tenants	
	● Examining shift to ZEB, promoting shift to energy saving equipment			
Merchandising business	● Promoting the introduction of renewable energy and promoting shift to energy saving equipment	● Making the Disaster Response Manual thoroughly known to officers and employees ● Reducing the usage of plastic packaging materials and promoting the recycling of them ● Strengthening the system for disaster response	● Enhancing lineups of environmentally friendly products and products to help cope with heat ● Expanding delivery services and considering opening of online supermarkets	
	● Enhancing the system for disaster response			

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Initiatives toward Resource Circulation

Actions toward Reducing Plastic Consumption

At select SOTETSU ROSEN stores, used food trays and plastic bottles are collected at the storefront.

In FY2024, the company collected 37 tons of used food trays, 19 tons of used transparent containers, and 63 tons of used plastic bottles.

All collected food trays and plastic bottles were recycled as resources, and by using eco-friendly products manufactured from these materials, the initiative contributed to a reduction of 578 tons of CO₂ emissions.

This is equivalent to eliminating approximately 18.68 million plastic shopping bags or the amount of CO₂ absorbed by forested land equal to 25 Yokohama Stadium.

We at SOTETSU ROSEN promote

horizontal recycling

through the use of "Eco Tray" and "Eco APET."

Horizontal recycling refers to the process in which used products are reborn as the same type of product.



Please wash and dry used food trays and bring them to the collection box at the supermarket.



As part of efforts to reduce plastic usage, some SOTETSU HOTELS and facilities operated by Sotetsu Hotel Management have introduced environmentally friendly materials as alternatives to certain plastic products, in accordance with the Act on Promotion of Resource Circulation for Plastics.

Major initiatives

SOTETSU HOTELS

- Adoption of amenities made from straw-based materials
- Introduction of washable slippers
- Use of biomass-based amenities
- Installation of carpets made from recycled fishing net

Sotetsu Hotel Management

reducing the environmental impact of fuel used in bus operations.

Furthermore, by combining this initiative with carbon credits, the CO₂ emissions generated from these operations are offset, supporting the realization of a decarbonized society.

Relevant KGI/KPI

KPI	FY2024
Volume of circular alternative energy utilized	4,590 liters

Effective Use of Resources

◆ Use of biofuel

Starting in March 2025, Sotetsu Bus introduced biodiesel fuel for buses operating out of the Asahi depot.

The biodiesel is refined and produced using waste cooking oil collected from employee cafeterias of the railway and bus divisions, contributing to regional resource circulation and

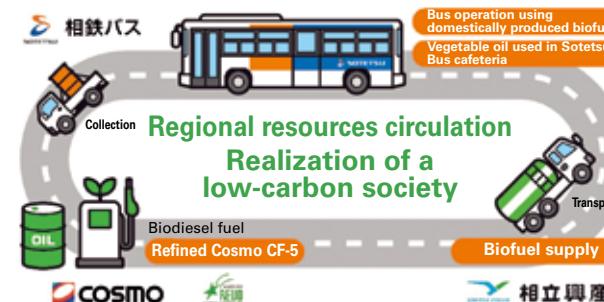


Image of the initiatives

Installation of Clothing Recycling Boxes

Sotetsu Hotel Management has installed dedicated recycling boxes at select hotel locations to collect used clothing, bags, etc., promoting both environmental impact reduction and the realization of a circular society.

Collected items are donated to Good Firm, General Incorporated Association, where they are further distributed or resold domestically and internationally, ensuring they are reused to the fullest extent.

In FY2024, a total of 13,490 clothing items were collected from 48 hotels equipped with recycling boxes.



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Initial Disclosure Based on TNFD

The Sotetsu Group recognizes that there is a growing global demand for companies to address not only climate-related issues, but also biodiversity and other nature-related challenges. We regard these as important management themes and have identified "conservation and restoration of biodiversity" as one of the key social issues to address. Through initiatives such as improving resource recycling rates and implementing measures to reduce environmental pollution, we are working to minimize our impact on the natural environment. In our environmental policy, we also emphasize the "conservation of forests and biodiversity," and are actively promoting efforts to preserve biodiversity and ecosystems.

Following the publication of the TNFD* framework in September 2023, which provides guidance for identifying, assessing, managing, and disclosing nature-related issues, we have begun disclosing nature-related information and will continue to explore ways to enhance the scope and quality of our disclosures.

* TNFD: The Taskforce on Nature-related Financial Disclosures is an international organization established to develop a framework for corporate risk management and disclosure related to natural capital and other nature-related issues. The framework enables companies and financial institutions to appropriately assess and disclose their impacts and dependencies on nature, as well as the associated risks and opportunities. It consists of four pillars: governance, strategy, risk and impact management, and metrics and targets.

<Assessment and Analysis Method / Scope>

To identify nature-related issues within the Sotetsu Group, we conducted a study on the relationship between our business activities and nature, using the LEAP approach outlined in Version 1.0 of the TNFD recommendations. LEAP approach is an integrated approach for assessing nature-related issues through four steps: Locate, Evaluate, Assess, and Prepare. In our first-year efforts, we focused primarily on the "Locate" and "Evaluate" steps to clarify the dependencies and impacts of the Group's direct business

operations on nature. The analysis centered on four core businesses, transportation, merchandising, real estate, and hotel operations, and examined their interactions with nature. We also analyzed the natural characteristics of areas along the Sotetsu railway lines to identify sensitive locations and evaluate the Group's relationship with nature. This analysis was conducted using assessment tools derived from global datasets.

Tools used to identify dependencies, impacts, and sensitive locations *Analyzed in May 2025

Name	Overview	Purpose
ENCORE	An online tool developed by the Natural Capital Finance Alliance (NCFA), an international financial industry initiative focused on natural capital. It visualizes and assesses the levels of dependency and impact on nature by economic activity classification.	To assess the levels of dependency and impact on nature by economic activity classification
IBAT (Integrated Biodiversity Assessment Tool)	A geospatial data tool developed by four organizations: the International Union for Conservation of Nature (IUCN), UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), BirdLife International, and Conservation International. It provides access to information on protected areas and Key Biodiversity Areas (KBAs).	To assess important locations for biodiversity along the Sotetsu railway lines, focusing on KBAs and IUCN protected area management categories
Aqueduct	A global water risk assessment tool developed by the World Resources Institute (WRI).	To identify areas with high water stress along the Sotetsu railway lines and assess potential connections.
GLOBIO Model	A modeling tool developed by the Netherlands Environmental Assessment Agency (PBL) that quantitatively assesses the impact of human activities, such as land-use change, on biodiversity.	To assess connections with areas along the Sotetsu railway lines that have high ecosystem integrity or are expected to experience rapid decline.

<Analysis and Assessment of Dependency and Impact Items>

The Sotetsu Group assessed the dependencies and impacts of its directly operated business activities on nature, referring to the results of the ENCORE analysis while taking into account the actual conditions of its operations. The findings were organized in the form of a heat map. The evaluation revealed a high dependency on regulating services such as global climate regulation and water purification, as well as on cultural services, primarily landscape provision. It also showed significant impacts in areas such as greenhouse gas (GHG) emissions and air pollutants.

<Identification of Sensitive Locations>

To understand the relationship between its operational sites and nature, the Sotetsu Group identified "sensitive locations" from a biodiversity perspective, as defined by TNFD recommendations. We conducted analyses focused on stations along the Sotetsu railway lines to assess biodiversity importance, including spatial relationships with protected areas and KBAs*, water stress levels, and ecosystem integrity. Where stations were located within or near protected areas, surrounding operational sites were also included in the scope of analysis.

The results showed that none of the stations along the Sotetsu railway lines operate in areas with high water stress or high ecosystem integrity. However, some operational sites were found to be located within or near protected areas. In this context, "near" refers to the presence of a protected area within a 1-kilometer radius of a station along the Sotetsu railway lines.

Although certain sites are located within or near protected areas, we have confirmed, based on an assessment of the dependencies and impacts between our operations and nature, that no business activities with strong dependencies or impacts on nature are conducted at these locations. Nevertheless, we recognize that the conservation of the rich natural environment surrounding the railway lines, including nearby protected areas, contributes to the livability of the region and enhances the value of the railway corridor. Moving forward, we will utilize the results of this analysis to implement nature-positive initiatives as part of efforts to further enhance the value of the Sotetsu railway area.

*KBA: KBA stands for Key Biodiversity Areas, sites that contain rich and diverse natural ecosystems, whether terrestrial, freshwater, or marine, and make significant contributions to the global persistence of biodiversity.

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Initial Disclosure Based on TNFD

Dependencies and Impacts (Heat Map)

Very High ■ High ■ Medium ■ Low / Very Low ■ Not Applicable

Businesses	Impact on nature										Dependency on nature										Cultural services					
	Inputs			Outputs				Provisioning services			Regulating services															
	Terrestrial land use	Freshwater land use	Water use	GHG emissions	Non-GHG air pollutants	Emissions of toxic substances causing soil and water pollution	Emissions of nutrients causing soil and water pollution	Solid waste	Disturbance (e.g., noise, light)	Introduction of invasive species	Provision of biological resources	Water provision	Global climate regulation	Rainfall pattern regulation	Regional climate regulation	Air purification	Soil and sediment retention	Solid waste purification	Water purification	Flow regulation	Flood control	Storm mitigation	Noise reduction	Pest and disease control	Dilution by atmosphere and ecosystems	Mitigation of perceptual impacts (excluding noise)
All businesses	Development (land acquisition)																									
Four core businesses	Transportation																									
	Hotel																									
	Merchandising																									
	Real Estate																									
Others	Steam and air conditioning supply																									
	Water treatment services																									
	Solar power generation																									

Number of Sites Located Near Sensitive Locations

Railway line name	Station name	Sensitive location name	IUCN protected area management category	Number of sites adjacent to sensitive locations (Number of overlapping sites)
Sotetsu Main Line	Kashiwadai Station	Shimizudera Park / Wildlife protection area	IV	5 (1)
	Sagami-Otsuka Station	Izuminomori / Wildlife protection area & special green conservation district	IV and V	1
	Kibogaoka Station	Nagayamon Park / Wildlife protection area	IV	5
Sotetsu Izumino Line	Minami-makigahara Station	Children's Nature Park / Wildlife protection area	IV	11



Metrics and Targets

Under the "Core global disclosure metrics" recommended by the TNFD recommendations, environmental-related items are included.

The Sotetsu Group is currently working to monitor and compile data on weight of waste generation and water usage. Going forward, we will continue to identify other material metrics relevant to the Sotetsu Group and work toward collecting the necessary data.

Weight of waste generation and water usage

Metrics	FY2024 Actual	Unit	Scope of aggregation
Weight of waste generation	10,527	t	Four core businesses
Water usage	2,433	thousand m³	Four core businesses and Head office building

* The total weight of waste generation comprises industrial and general waste.

* Water usage at the Headquarters building by Sagami Railway and Sotetsu Bus.

<Future Approach>

To meet the disclosure recommendations of the TNFD, we will continue to conduct analyses using the LEAP approach, advancing the identification and assessment of nature-related issues (risks and opportunities). Specifically, we will conduct more detailed assessments focusing on areas with high levels of dependency and impact, assess the associated risks and opportunities, and explore concrete countermeasures based on these findings.

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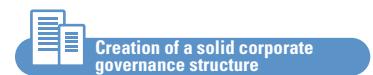
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List of Officers

(as of June 27, 2025)

Directors



**Representative Director,
Chairman**
Hideyuki Takizawa

April 1984 Joined the Company
June 2010 Senior Managing Director, Sotetsu Building Management Co., Ltd.
July 2011 General Manager, Corporate Strategy Division, the Company
June 2012 Director
June 2013 Division Manager, Corporate Strategy Division and General Manager, Corporate Strategy Division
June 2016 Director, President, SAGAMI RAILWAY Co., Ltd.
June 2019 Representative Director, President and Executive President, the Company
June 2025 Representative Director, Chairman (to the present)



**Representative Director,
President and
Executive President**
Takamasa Kato

April 1985 Joined the Company
April 2009 General Manager, Group Strategy Division
June 2014 Director
June 2015 Division Manager, Corporate Strategy Division
June 2019 Managing Executive Officer, in charge of the General Affairs Department, and in charge of the Labor Department
June 2019 Director, President, Sotetsu Hotels Co., Ltd.
June 2020 Director, President, Sotetsu Hotel Management Co., Ltd.
June 2020 Director, President, Sotetsu Inn Co., Ltd.
June 2020 Director, President, Sunroute Co., Ltd.
June 2025 Representative Director, President and Executive President, the Company (to the present)



**Director,
Executive Officer
in charge of the General
Affairs Department,
and in charge of the
Labor Department**
Ryoichi Goto

April 1989 Joined the Company
July 2014 General Manager, Corporate Strategy Division
June 2019 Director, President, SOTETSU BUSINESS SERVICE CO., LTD.
June 2019 Director, President, SOTETSU Insurance Service Co., Ltd.
June 2023 Director, President, SOTETSU WISH Co., Ltd. (to the present)
June 2023 Director, Executive Officer, in charge of the General Affairs Department, and in charge of the Labor Department, the Company (to the present)



**Director,
Executive Officer
Division Manager,
Corporate Strategy Division**
Yoshiie Hirose

April 1990 Joined the Company
July 2018 General Manager, Operation Department, Operation Division, Sotetsu Hotel Management Co., Ltd.
July 2019 General Manager, Corporate Strategy Division, the Company
June 2023 Director, President, SOTETSU BUSINESS SERVICE CO., LTD.
June 2023 Director, President, SOTETSU Insurance Service Co., Ltd.
June 2025 Director, Executive Officer, Division Manager, Corporate Strategy Division, the Company (to the present)



**Outside Director
Independent**
Yoshimitsu Onji

April 1994 General Manager, Corporate Planning Division, The Daiei, Inc.
December 1999 Director, Oz-corporation (Representative) (to the present)
June 2010 President and Representative Director, RECOF Corporation
June 2020 Director, the Company (to the present)

Significant concurrent positions
Director, Oz-corporation (Representative)
External Director, Tokyo Tatemono Co., Ltd.
Outside Director, NIHON CHOUZAI Co., Ltd.



**Outside Director
Independent**
Yukiko Fujikawa
(Name on family register: Yukiko Kobayashi)

March 1992 Registered as Certified Public Accountant
June 1998 Financial Securities Inspector, Inspection Department, Financial Supervisory Agency (currently Financial Services Agency)
July 2000 Chief, Yukiko Fujikawa CPA Office (to the present)
December 2004 Registered as Tax Accountant
January 2012 Representative Member, Kaikei Jissen Kenkyujo (Tax Accountancy Corporation) (to the present)
June 2020 Director, the Company (to the present)

Significant concurrent positions
Certified Public Accountant (Chief, Yukiko Fujikawa CPA Office)
Tax Accountant (Representative Member, Kaikei Jissen Kenkyujo (Tax Accountancy Corporation))
Supervisory Director, Hoshino Resorts REIT, Inc.
Outside Director, Audit and Supervisory Committee Member, Lacto Japan Co., Ltd.



**Outside Director
Independent**
Mieko Yoshinaka
(Name on family register: Mieko Hata)

April 1996 Registered as an Attorney-at-law (Dai-Ichi Tokyo Bar Association)
August 2001 Human rights volunteer, Ministry of Justice
April 2003 Partner, Hata & Yoshinaka Law Office (to the present)
April 2020 Managing Director, Japan Federation of Bar Associations
April 2024 Vice Chairperson, Dai-Ichi Tokyo Bar Association
April 2025 Permanent Member, Dai-Ichi Tokyo Bar Association (to the present)
June 2025 Director, the Company (to the present)

Significant concurrent position
Hata & Yoshinaka Law Office (joint management)

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Audit & Supervisory Board Members



Standing Audit & Supervisory Board Member
Yasuhiro Minegishi

April 1987 Joined the Company
 January 2013 General Manager, Corporate Strategy Division
 July 2014 General Manager, General Affairs Department
 October 2015 General Manager, General Affairs Department, and General Manager, Labor Department
 June 2017 Executive Officer
 June 2019 Director, President, SOTETSU WISH Co., Ltd.
 June 2023 Standing Audit & Supervisory Board Member, the Company (to the present)



Standing Audit & Supervisory Board Member
Mitsuo Minai

April 1988 Joined the Company
 July 2016 General Manager, System Service Division, SOTETSU BUSINESS SERVICE CO., LTD.
 July 2018 General Manager, System Division, and General Manager, Consulting Division, SOTETSU BUSINESS SERVICE CO., LTD.
 July 2020 General Manager, System Division, SOTETSU BUSINESS SERVICE CO., LTD.
 July 2021 General Manager, Corporate Audit Department, the Company
 June 2024 Standing Audit & Supervisory Board Member (to the present)



Outside Audit & Supervisory Board Member
Independent
Shohei Miki

July 2010 Director and Executive Officer, Nippon Life Insurance Company
 March 2015 Director and Senior Managing Executive Officer, Nippon Life Insurance Company
 April 2016 Vice President, Representative Director and Executive Officer, MITSUI LIFE INSURANCE COMPANY LIMITED (currently TAIJU LIFE INSURANCE COMPANY LIMITED)
 June 2018 Chairman, Nippon Life Saiseikai Foundation (to the present)
 June 2018 Audit & Supervisory Board Member, the Company (to the present)

Significant concurrent positions
 Chairman, Nippon Life Saiseikai Foundation
 Director, Audit & Supervisory Committee Member, Nankai Electric Railway Co., Ltd.



Outside Audit & Supervisory Board Member
Independent
Satoru Nakanishi

April 2011 Representative Director and Deputy President, Sumitomo Mitsui Banking Corporation
 April 2011 Representative Director, Sumitomo Mitsui Financial Group, Inc.
 April 2013 Director, SMFG Card & Credit, Inc.
 June 2013 President and Representative Director, Cedyna Financial Corporation (currently Sumitomo Mitsui Card Company, Limited)
 April 2019 Senior Advisor, Cedyna Financial Corporation
 June 2019 Audit & Supervisory Board Member, the Company (to the present)
 September 2023 Advisor, SMBC Finance Service Co., Ltd. (currently Sumitomo Mitsui Card Company, Limited) (to the present)

Significant concurrent position
 Advisor, Sumitomo Mitsui Card Company, Limited



Outside Audit & Supervisory Board Member
Independent
Yasutaka Nozawa

June 2017 Representative Director, Managing Executive Officer, the Bank of Yokohama, Ltd.
 June 2018 Director, Concordia Financial Group, Ltd.
 June 2018 Representative Director and Vice President, HIGASHINIPPON BANK, Ltd.
 June 2020 Representative Director and Chairman, Hamagin Research Institute, Ltd. (to the present)
 June 2023 Audit & Supervisory Board Member, the Company (to the present)

Significant concurrent position
 Representative Director and Chairman, Hamagin Research Institute, Ltd.

Executive Officers

Takamasa Kato Representative Director, President and Executive President
Ryoichi Goto Director, Executive Officer, in charge of the General Affairs Department, and in charge of the Labor Department
Yoshie Hirose Director, Executive Officer, Division Manager, Corporate Strategy Division
Tsutomu Kato Executive Officer

Executive Officers of Sotetsu Group

We introduced the Sotetsu Group Executive Officer System with an eye to exchanging opinions on Group management strategies and management plans, and ensuring the thorough implementation of such strategies and plans.

Hiroshi Chihara SAGAMI RAILWAY Co., Ltd. Representative Director, President
Masamune Suzuki Sotetsu Hotels Co., Ltd. Representative Director, President
Masayuki Hirano SOTETSU REAL ESTATE Co., Ltd. Representative Director, President
Jun Saito SOTETSU KIGYO Co., Ltd. Representative Director, President
Makoto Sato SOTETSU Urban Creates CO., LTD. Representative Director, President
Kiyotaka Soga SOTETSU BUSINESS SERVICE CO., LTD. Representative Director, President
Masahiro Kaneshiro SAGAMI RAILWAY Co., Ltd. Managing Director
Tadamasa Okubo Sotetsu Bus Co., Ltd. Representative Director, President
Yuki Kaneta SAGAMI RAILWAY Co., Ltd. Managing Director
Hiroto Sato SOTETSU Urban Creates CO., LTD. Managing Director
Hirokazu Nagashima SOTETSU REAL ESTATE Co., Ltd. Managing Director
Hirohisa Yamada SOTETSU ROSEN Co., Ltd. Representative Director, President

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Round-table Discussion among Outside Directors

Creation of a solid governance structure



We will demonstrate our monitoring function to promote steady operation of the new executive team.

**Outside Director Yoshimitsu Onji****Independent**

Appointed President and Representative Director of RECOF Corporation after serving as General Manager of Corporate Planning Division at The Daei, Inc. Outside Director of the Company since 2020.

**Outside Director Yukiko Fujikawa****Independent**

(Name on family register: Yukiko Kobayashi) Established own firm after registering as a certified public accountant and working as a Financial Securities Inspector in the Inspection Department of the Financial Supervisory Agency (currently Financial Services Agency). Subsequently registered as a tax accountant. Outside Director of the Company since 2020.

**Outside Director Mieko Yoshinaka****Independent**

(Name on family register: Mieko Hata) After registering as an Attorney-at-law, in addition to serving as Managing Director of the Japan Federation of Bar Associations and Vice Chairperson of the Dai-Ichi Tokyo Bar Association, held positions such as a human rights volunteer with the Ministry of Justice and a member of the Information Disclosure and Personal Information Protection Review Board of the Ministry of Internal Affairs and Communications. Outside Director of the Company since 2025.

Impressions of the Sotetsu Group and the Board of Directors

Yoshinaka I became an Outside Director of the Company this June. I live in Tokyo, but my husband is originally from Kanagawa, so I feel something of a connection with the Sotetsu Group. My impression is that this is a company rooted in a firm philosophy of supporting the lives of the people living along its railway lines and contributing to the development of local communities by expanding its businesses centered on railways.

At the Board of Directors meetings, frank and candid discussions take place, and I sense a strong relationship of trust among board members. From a monitoring perspective as well, discussion topics are efficiently narrowed down, which helps to ensure sound execution of business operations. I have been working as an attorney-at-law for many years, and I have served on various government committees at the national and local levels. Leveraging these experiences in my work as an Outside Director, I intend to play my part to ensure that corporate value is not impaired and contribute to the improvement of corporate value, such as offering appropriate advice about organizational management, governance and compliance.

Fujikawa Mr. Onji and I are both serving our sixth year as Outside Directors. Naturally, if this role is held for an extended period, there is a risk of losing the external objectivity that is

required for governance. Generational transition also needs to be kept in mind. As we welcome Ms. Yoshinaka, we would also like to reset our own awareness as Outside Directors with a fresh mindset.

Onji As Ms. Yoshinaka has taken the place of Ms. Kagami, who recently retired as an Outside Director, the composition of two women and one man has been maintained. Also, Ms. Yoshie Hirose's appointment as the Company's first female internal director has increased the percentage of women on the Board of Directors as a whole. While this is a significant development, I hope that, beyond gender considerations, Ms. Yoshinaka will work as a true professional to improve the quality of the Board of Directors by proactively giving advice and suggestions based on her experience.

Review of the Board of Directors in FY2024

Fujikawa In FY2024, the Board of Directors held a total of 12 meetings, both regular and extraordinary. As well as those meetings, I thought the Outside Directors also had considerable opportunities to have discussions with each other and to exchange opinions with the internal Directors and with the Audit & Supervisory Board Members, including through web-conferencing. Those opportunities included meetings of the Nomination & Remuneration Advisory Committee and interviews of the senior management executives by the Outside Directors and Outside Audit &

Supervisory Board Members, as well as site visits.

The activities of the Board of Directors focused primarily on managing the progress of business performance at the individual operating companies and discussions of the new Medium-Term Management Plan. In particular, with regard to the Yokohama Station west exit area major reconstruction plan, given the need to secure "earning power" for the execution of the project, the Board of Directors held many discussions on the topic of how to proceed with investment to that end.

Onji While anticipating the future of the Yokohama Station west exit area, in some cases, investment in the hotel industry and other areas for the immediate future has been given lower priority. I felt, therefore, that we need to devote further discussion to priority areas and investment limits. There have also been times when, even though we had



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Yoshinaka I think this is very significant, and I also sense the high degree of openness of the Company's stance that makes such interviews possible.

New Medium-Term Management Plan from external perspectives

Onji During the 6th Medium-Term Management Plan that ended in fiscal 2024, efforts taken over the three years of recovery from the COVID-19 pandemic enabled the Company to achieve record profits while accomplishing major events, such as the completion of several major projects. Those events included the launch of the Sotetsu-Tokyu direct connection service and the completion of the six major projects with the opening of YUMEGAOKA SORATOS.

Fujikawa In the second half of the Medium-Term Plan period, business performance rebounded thanks to the rapid expansion of the hotel business in response to an increase in inbound tourism demand and the strong performance of the real estate sales business. However, I think there are still challenges remaining in terms of whether we were able to make the investments that we really needed to make, such as preparation for further growth in the hotel business.

Onji I agree. The newly formulated and launched 7th Medium-Term Management Plan foresees a plateau in growth in preparation for large-scale investments, looking ahead to the Yokohama Station west exit area major reconstruction plan. In that respect, the current Medium-Term Management Plan seems to have few standout projects, compared with the previous plan that launched and completed several large projects. Given the difficulty in implementing such large-scale investments, I would have liked to see the new Plan incorporate elements such as the aggressive promotion of branding strategies to improve the image of the Sotetsu Group as a whole.

Something else that occurred to me was that I do not want the Company to be so caught up in planning over the next three years that nothing actually gets done. I hope that the Company will continue its efforts with growth in mind, such as investment projects in the hotel business and measures to strengthen underperforming businesses.

Yoshinaka My feeling is that we find ourselves in a situation where there are some fluctuations in the ongoing efforts to achieve sustainable growth and enhance corporate value. I hope that the Company will work on initiatives to strengthen its foundations over the next three years, such as the improvement of operational processes and the streamlining of systems through DX.

In the past three years, the workforce has made tremendous efforts to improve business performance, but the resulting fatigue and overwork have caused several issues. We should be mindful of these points in the future.



I look forward to the promotion of growth-oriented strategies in the future



I have great expectations for the new executive team based on the leadership and experience of Mr. Kato as President

Expectations for the new executive team

Fujikawa The new president was appointed and the new executive team established based on the recommendations of the Nomination & Remuneration Advisory Committee consisting primarily of us Outside Directors. I look forward to the successful performance of the management team.

President Kato overcame the difficulties faced by the hotel business during the COVID-19 pandemic after his many achievements in the planning department of Sotetsu Holdings. He has seen the worst circumstances on the front lines, so I feel certain that he will leverage his experience of overcoming such difficult situations alongside the employees and that he will exercise strong leadership to steer the management of the Group. For my part, while supporting his efforts, I intend to closely examine them and offer my opinions from various outside perspectives.

Onji President Kato has the broad perspectives and aggressiveness required for diversified management, and he places value on the management philosophy. I believe that these qualities give him the ability to formulate and implement the Group's long-term growth strategy, making him the most appropriate person to serve as the top management executive. I also look forward to seeing new Director, Ms. Yoshie Hirose, who always considers the entire Group and has a high awareness of problems, serve at the President's right hand. I hope that she will breathe fresh air into the Company as its first female executive and unite with the entire management team to forge a path to the future.

Yoshinaka The new executive team comprises people recommended as the best candidates by the Outside Directors. I am certain that they will fully demonstrate their abilities and meet the expectations of stakeholders. Today's business outlook is extremely difficult to predict, and companies are required to respond to changes that are beyond their imaginations. I look forward to the new executive team taking advantage of their diverse human resources and developing the Group's business with flexible thinking.

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Creation of a solid governance structure

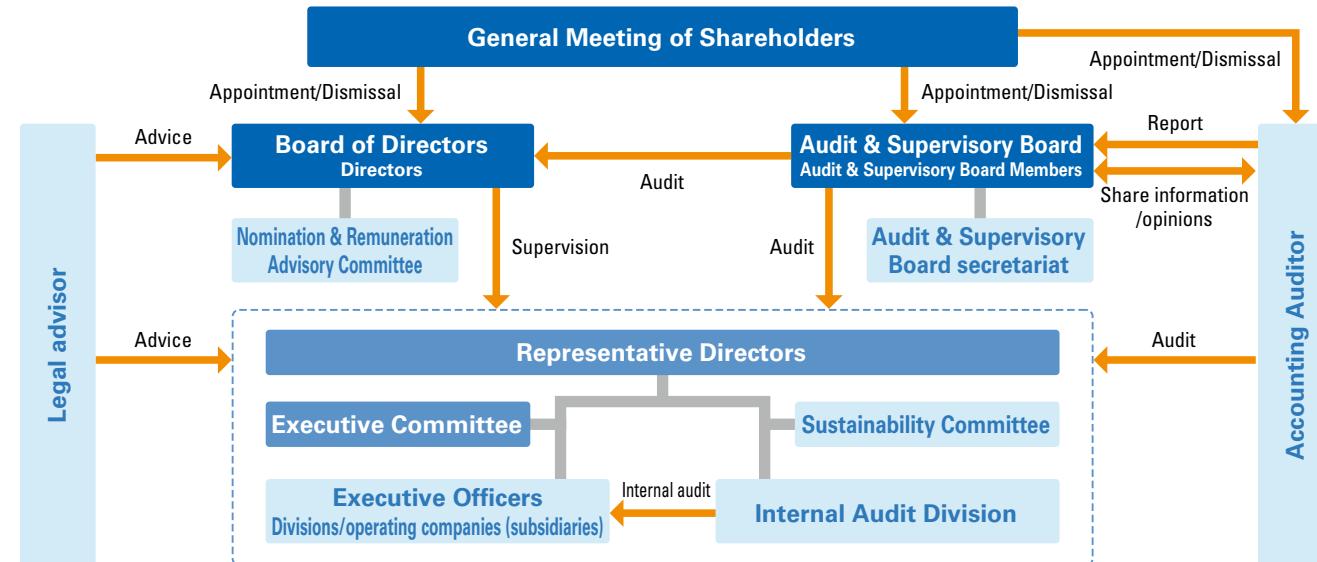
Corporate Governance

Corporate Governance Structure

While the majority of our Board of Directors are full-time Directors who are well acquainted with our operations, we have also appointed three highly independent Outside Directors, who provide objective opinions and advice from an independent standpoint, and we have established the

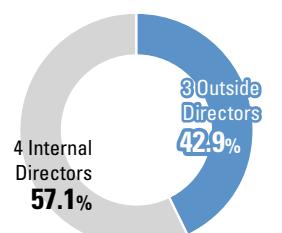
Nomination & Remuneration Advisory Committee as an advisory body to the Board of Directors to strengthen corporate governance. We have also adopted an Audit & Supervisory Board system, which includes three Outside Audit & Supervisory Board Members and is tasked with supervising the Board of Directors in cooperation with the Internal Audit Division and the accounting auditor.

Corporate governance structure



Composition of the Board of Directors

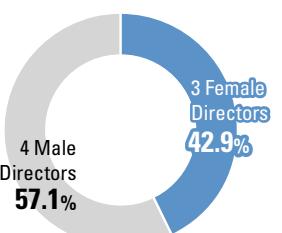
Ratio of Outside Directors



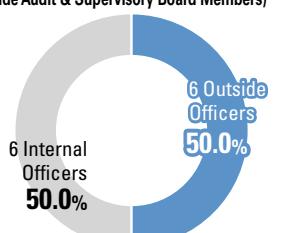
Ratio of Non-Executive Directors



Ratio of Female Directors



Ratio of Outside Officers (Outside Directors and Outside Audit & Supervisory Board Members)



Dialogue with Shareholders

Constructive Dialogue with Investors

To promote constructive dialogue with shareholders and investors, the Sotetsu Group has published its Disclosure Policy on the Group's website and conducts IR activities in accordance with this policy. We strive to enhance communication through dialogue with shareholders and investors regarding the Group's business strategies centered on performance and medium- to long-term plans, as well as its sustainability initiatives.

Response Based on Investor Dialogue

Valuable feedback received through dialogue with shareholders and investors is shared with management in a timely manner and regularly reported to the Board of Directors and the Executive Committee (semi-annually), ensuring that such input is appropriately reflected in management decisions and contributes to enhancing corporate value.

Main Topics of Dialogue

- Medium- to long-term business strategies
- Current management environment
- Shareholder returns and capital policy
- Yokohama Station west exit area major reconstruction plan
- Sustainability initiatives

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Overview of Board of Directors, Committees and Meeting Bodies

Board of Directors

• Number of meetings during FY2024 12

Chair	Representative Director, Chairman
Members	4 Internal Directors 3 Outside Directors 2 Standing Audit & Supervisory Board Members 3 Outside Audit & Supervisory Board Members
Role	To resolve and report on matters stipulated in laws and regulations and the Articles of Incorporation and matters of managerial importance.

Main topics of discussion

- Resolutions: Management plans; HR matters; approval of financial documents; matters related to the Corporate Governance Code; matters related to sustainability, etc.
- Reports: Income from operation; status of business execution, etc.

Sustainability Committee

• Number of meetings during FY2024 3

Chair	Representative Director, President
Members	3 Internal Directors
Role	Management of sustainability-related business risks and identification of business opportunities, and reflection of these in management strategies; Drafting of the Group's sustainability activity policies and monitoring of their effectiveness, and oversight of implementation by each operating company based on the Group's policies; Identification of material issues, formulation of goals and plans, promotion of initiatives, evaluation of progress, and execution of corrective actions and improvements.

Main topics of discussion

- Resolutions: • Sustainability initiative policy and plans for FY2025
• Sotetsu Group's Health Declaration
• FY2024 TCFD scenario analysis results
• Introduction of internal carbon pricing
• Formulation of the Sotetsu Group Basic Policy on Cybersecurity
• Formulation of the Sotetsu Group Human Rights Policy
• Revision of material issues and non-financial indicators
• Revision of the Sotetsu Group Environmental Policy and Environmental Vision
- Reports: • Results of sustainability initiatives for FY2024

Audit & Supervisory Board

• Number of meetings during FY2024 12

Chair	Standing Audit & Supervisory Board Member
Members	2 Standing Audit & Supervisory Board Members 3 Outside Audit & Supervisory Board Members
Role	To strictly audit the execution of duties by Directors. Audit & Supervisory Board Members attend meetings of the Board of Directors, and Standing Audit & Supervisory Board Members also attend Executive Committee meetings on a regular basis and state their opinions as necessary.

Main topics of discussion

- Resolutions: Annual audit plans; preparation of Audit & Supervisory Board audit reports; reappointment of the Accounting Auditor; agreements on remuneration for the Accounting Auditor, etc.
- Reports: Status of audit implementation from Standing Audit & Supervisory Board Members; interim reviews and audit results from the Accounting Auditor, matters related to sustainability, etc.

Sotetsu Group Executive Officers Meeting

• Number of meetings during FY2024 5

Chair	Representative Director, President
Members	Representative Director, Chairman Representative Director, President Internal Directors Executive Officers Group Executive Officers Standing Audit & Supervisory Board Member
Role	To maintain the holding company's unifying force, communicate with each operating company, and exchange opinions on Group-wide strategies, policies, and approaches, as well as the state of execution of operations at each company.

Executive Committee

• Number of meetings during FY2024 28

Chair	Representative Director, President
Members	4 Internal Directors 2 Standing Audit & Supervisory Board Members
Role	To deliberate on matters to be resolved by the Board of Directors and other important matters.

Nomination & Remuneration Advisory Committee

• Number of meetings during FY2024 4

Chair	Outside Director
Members	2 Internal Directors 3 Outside Directors
Role	To strengthen the independence and objectivity of the Board of Directors concerning the nomination of Directors and Audit & Supervisory Board Members and compensation for Directors, by deliberating on such matters, as an advisory body to the Board of Directors.

Main topics of discussion

- General Meeting of Shareholder proposals relating to the appointment of Directors and Audit & Supervisory Board Members; selection of Representative Director and successor planning; appointment of Executive Officers; formulation of remuneration policies for Directors and Audit & Supervisory Board Members, etc.

Sotetsu Group Presidents' Meeting

• Number of meetings during FY2024 4

Chair	Representative Director, Chairman
Members	Representative Director, Chairman Representative Director, President Internal Directors Group Executive Officers Presidents of all Group companies (excluding second-tier subsidiaries)
Role	To maintain the holding company's unifying force, communicate with each operating company, and exchange opinions on Group-wide strategies, policies, and approaches, as well as the state of execution of operations at each company.

Executive Committee

• Number of meetings during FY2024 28

Chair	Representative Director, President
Members	4 Internal Directors 2 Standing Audit & Supervisory Board Members
Role	To deliberate on matters to be resolved by the Board of Directors and other important matters.

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Creation of a solid governance structure

Board of Directors and Officer Remuneration

Officers' Expertise and Diversity

In order to enhance the functions of the Board of Directors as a whole and to achieve lasting success of the Sotetsu Group, the Company has defined the knowledge, experience, competencies and other skills required for Directors and Audit & Supervisory Board Members of the Company, in light of its management environment, characteristics and scale of the business, medium- to long-term management direction and business strategy.

These skills are twofold: those for ensuring effectiveness and appropriateness of the Board of Directors and for promptly and properly responding to changes in the management environment, which include expertise in Corporate Management & Strategy, Finance & Accounting, HR & Labor, Legal & Risk Management, and Sustainability.

The other includes specialized skills in the areas in which the Sotetsu Group is engaged, namely, Transportation, Merchandising, Real Estate, Hotel and Overseas Business.

Their skills will be reviewed from time to time and revised as necessary primarily through evaluation of effectiveness of the Board of Directors.

Policy on the Appointment of Director and Audit & Supervisory Board Member Candidates

For the nomination of Directors, Audit & Supervisory Board Members, and management executives, discussions are first held by the independent Nomination & Remuneration Advisory Committee, which includes Outside Directors. Based on the Board of Directors Regulations and other

internal rules, decisions are then made following rigorous discussions at the Board of Directors meetings, at which all Independent Outside Directors are in attendance. To ensure the diversity of Independent Outside Directors, including in terms of gender and international expertise, we appoint candidates with the expertise and experience relevant to performing their expected roles.

In order to gain opinions from an impartial standpoint regarding the appointment, selection, dismissal, discharge, and remuneration, etc. of officers, and to reinforce the independence and objectivity of the functions of the Board of Directors, we have established the Nomination & Remuneration Advisory Committee comprising two full-time Directors and three Outside Directors. The Nomination & Remuneration Advisory Committee has both functions of the Nomination Committee and the Remuneration Committee.

Expertise and experience of Directors and Audit & Supervisory Board Members of the Company (skills matrix)

	Corporate Management & Strategy	Finance & Accounting	HR & Labor	Legal & Risk Management	Sustainability	Transportation	Merchandising	Real Estate	Hotel	Overseas Business
Directors	●	●				●		●		
Audit & Supervisory Board Members	●		●		●			●	●	●
Hideyuki Takizawa	●									
Takamasa Kato	●		●						●	●
Ryoichi Goto	●	●			●			●		
Yoshie Hirose	●	●			●				●	
Yoshimitsu Onji <small>Outside</small>	●			●			●			●
Yukiko Fujikawa <small>Outside</small>		●			●		●		●	
Mieko Yoshinaka <small>Outside</small>			●	●	●					
Yasuhiro Minegishi		●	●	●						
Mitsuo Minai		●		●	●					
Shohei Miki <small>Outside</small>	●	●		●						
Satoru Nakanishi <small>Outside</small>	●	●								●
Yasutaka Nozawa <small>Outside</small>	●	●		●						

(Note 1) In the skills matrix above, ● indicates only the key areas in which each individual is highly specialized among his or her skill set.

(Note 2) The ratio of Outside Directors to the total number of Directors on the Board is 42.9%, or 50% if Audit & Supervisory Board Members are included.

Evaluating the Effectiveness of the Board of Directors

From the perspective of improving the function of the Board of Directors, each year the Company conducts a survey of each Director and Audit & Supervisory Board Member regarding their evaluation of the effectiveness of the Board of Directors as a whole. The results are reviewed by the Board of Directors to analyze and evaluate its overall effectiveness, and a summary of the results is disclosed.

Details of the questionnaire

The questionnaire includes the following evaluation items. The answers are anonymous and multiple-choice, and there is a free-text section for descriptions.

- 1 Balance of knowledge, abilities and experience
- 2 Diversity of values
- 3 Whether the Board of Directors has the expected level of expertise and experience
- 4 The Company's approach to the skills matrix
- 5 Vibrant deliberations at the Board of Directors meetings
- 6 Management of the Board of Directors meetings (number of days meetings are held, number of proposals and reports, length of deliberations, timing of advance distribution of materials, etc.)

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◆ Summary of FY2024 analysis and evaluation results and status of responses

Based on the results of the questionnaire, we believe that the skills required to serve as Directors and Audit & Supervisory Board Members of the Company, the balance of knowledge, abilities and experience and ensuring the diversity of values of the Board of Directors as a whole, and the operation of the Board of Directors are generally appropriate.

To facilitate in-depth discussions at the Board of Directors meetings, we sent materials earlier, explained important matters to Outside Officers in advance, and expanded opportunities for them to exchange views with executives of major Group companies.

In addition, to deepen the Outside Officers' understanding of the Group's business, we arranged visits to Vlag yokohama and the SPLAISIR YOKOHAMA to allow them to learn about the Yokohama Station N. west exit area Tsuruya district urban redevelopment project and to observe firsthand our office building leasing operations and accommodation-specific hotel business.

◆ Issues for further improving effectiveness

We will address the issues raised in the questionnaire as appropriate to improve the effectiveness of the Board of Directors as a whole. These efforts will include initiatives to facilitate more in-depth discussions of important matters, consideration of reviewing the skills matrix for Directors and Audit & Supervisory Board Members, and an expansion of the information provided to Outside Officers, including through on-site visits.

Basic Policy on Officer Remuneration

The Company's basic policy is that the remuneration system for Directors is linked to shareholder interests so that it fully functions as an incentive to sustainably enhance our corporate value and that remuneration for each Director is determined at an appropriate level that comprehensively takes into consideration his or her responsibilities, the Company's business scale and performance.

Remuneration System

Remuneration for Directors (excluding Outside Directors) consists of basic remuneration and performance-linked remuneration, etc., while remuneration for Outside Directors, who are responsible for supervisory functions, is not performance-linked in light of their duties.

In addition, for full-time Directors, a portion of their remuneration is allocated to the purchase of the Company's shares through the officers' shareholding association, under a share-based remuneration system.

Types of remuneration	Details
Basic remuneration	Fixed remuneration plan according to qualifications based on position and experience.
Performance-linked remuneration, etc.	<p>As the Sotetsu Group is in a highly public industry with the railway business as its core business, the policy of the Sotetsu Group, including its payment ratio, is established with an emphasis on sound management over the long term.</p> <p>By reflecting performance indicators (KPIs) to raise awareness for enhancement of business performance in each fiscal year, the Company provides, in principle, monthly performance-linked remuneration and other payments calculated according to the percentage of achievement of consolidated operating profit and consolidated profit in the most recently announced Medium-Term Management Plan and the percentage increase or decrease in ordinary dividends.</p> <p>The calculation methods for KPIs and performance-linked remuneration, etc., are stipulated in our Internal Regulations on Director Remuneration, and are reviewed from time to time based on the results of deliberations by the Nomination & Remuneration Advisory Committee in response to changes in the environment.</p>

Process for Determining Remuneration

In order to ensure objectivity and transparency in decisions of Directors' remuneration, the Nomination & Remuneration Advisory Committee conducts a multifaceted review including consistency with the decision-making policy based on the Internal Regulations on Director Remuneration. The Board of Directors confirms the results of the Committee's deliberations and delegates decisions on remuneration for each individual Director to the Representative Director and Chairman within the remuneration limit approved at the General Meeting of Shareholders. This is because the authority to allocate remuneration concerns the determination of the amount of each Director's basic remuneration and the amount of performance-linked remuneration based on the Company's performance, and the Representative Director and Chairman is in the best position to evaluate each Director, taking into account the Company's overall performance. To ensure that this authority is appropriately exercised by the Representative Director and Chairman, the Board of Directors reviews the results of the deliberations of the Nomination & Remuneration Advisory Committee.

Total amount of remuneration, etc. for Directors and Audit & Supervisory Board Members (FY2024)

Type of Officer	Total remuneration (millions of yen)	Total remuneration by type (millions of yen)		Number of eligible Officers
		Basic remuneration	Performance-linked remuneration, etc.	
Directors (excluding Outside Directors)	170	143	27	4
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	48	48	—	3
Outside Officers	66	66	—	6

(Note) The amount of remuneration, etc. does not include the employee portion of salary for Directors who concurrently serve as employees.

Remuneration for Audit & Supervisory Board Members consists solely of basic remuneration and is determined by discussion among the Audit & Supervisory Board Members, within the amount resolved at the General Meeting of Shareholders.

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Creation of a solid governance structure

Risk Management

The Sotetsu Group is committed to risk management in order to minimize increasingly diverse risks. Specifically, we classify potential threats that may cause business disruption into two categories: "risks," which have not yet materialized, and "crises," which refer to emergencies that have already occurred. We focus on preventive measures to eliminate risks before they emerge, as well as prompt and appropriate initial responses and recovery actions to minimize damage in the event of a crisis.

Risk Management System

The Sotetsu Group has established a framework to accurately identify material risks associated with its business activities and to respond appropriately in order to mitigate potential impacts on the Group's operations should any of these risks materialize.

Strategic risks and financial/market risks are examined by decision-making bodies such as the Board of Directors and the Executive Committee, which deliberate on management policies, business strategies, and critical operational matters. Operational risks and hazard risks are monitored in terms of their management status through the Sotetsu Group Sustainability Committee, chaired by the President and Representative Director.

The Committee consolidates and reviews the status of the Group's risk management framework and provides necessary recommendations, which are reported to the Board of Directors. Under the Committee, specialized subcommittees such as the Environment and Energy Subcommittee and the



Cybersecurity Committee have been established to facilitate cross-functional discussions on risk awareness and countermeasures from more expert perspectives. The operational policies and deliberation outcomes of these subcommittees and committees are reported to the Committee at least once a year.

Crisis Management System

In accordance with its internal crisis management regulations, the Sotetsu Group promptly reports any incidents or accidents that may escalate into a crisis to the President of Sotetsu Holdings via the procedures and channels specified in the regulations. Depending on the predefined emergency level, an Emergency Response Headquarters or Emergency Response Unit is established as stipulated in the regulations. In the event of a serious incident or the possibility thereof, a

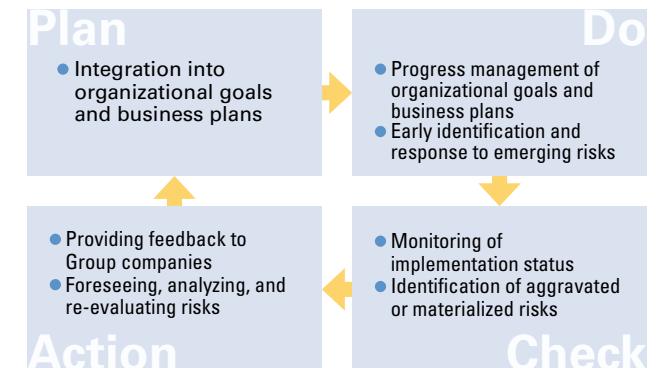


framework for reporting to the Board of Directors is in place to ensure timely communication.

Identification of Risks and Selection of Countermeasures

The Sotetsu Group is committed to group-wide risk management. In addition to foreseeing, analyzing, and evaluating various risks, we take measures to prevent and mitigate losses, respond to any damage that occurs, and take measures to deal with the aftermath.

Given that the risks associated with the business activities of Sotetsu Group companies differ from company to company, we regularly examine and identify the major risks and important laws and regulations associated with the business activities of each company. External experts evaluate identified material risks while legal advisors evaluate important laws and regulations. By providing their feedback to each company, the evaluations are reflected in their subsequent initiatives.



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Risk category	Risk scenario	Related countermeasure information
Strategic risks and financial/market risks	Interest rate fluctuation The Sotetsu Group operates businesses that require significant capital investments and raises much of the necessary funds through corporate bonds and loans from financial institutions. However, an increase in market interest rates or a downgrade of our credit rating by a rating agency could result in higher interest expenses or less favorable financing terms in the future, which could affect the Group's business performance and financial position.	Strategies by Business P31-37
	Declining birthrate, aging population Japan's ongoing aging population and declining birthrate are expected to increase our capital investment in safety measures and barrier-free facilities, while the decreases in students and workers due to shrinking working-age population are expected to reduce demand for passenger transport in the transportation business. These changes could result in lower revenue and higher operating costs, which could affect the Group's business performance and financial position.	Material Issues P17-18 Strategies by Business P31-37
	Country risk Significant changes in the political and economic situation and occurrence of terrorism or conflict overseas, and changes in country-specific regulations could result in the reduction or suspension of overseas business activities. In addition, increases in raw material prices, delays in procurement, and foreign exchange losses due to market and exchange rate trends could affect the Group's business performance and financial position.	Strategies by Business P31-37
	Changes in the real estate market environment A decline in the market value of inventories, property, plant and equipment and intangible assets held by the Sotetsu Group, or a stagnation or deterioration in the real estate market, could affect the Group's business performance and financial position.	Strategies by Business P31-37
Operational risks and hazard risks	Legal regulations In Japan, the Sotetsu Group has obtained the necessary licenses and certifications under various laws and regulations such as the Railway Business Act, the Real Estate Brokerage Act, and the Act on Architects and Building Engineers, and conducts its business activities in compliance with a wide range of laws and regulations relevant to each business domain. Overseas operations are also subject to country-specific legal regulations. Violations of these laws and regulations could result in administrative penalties such as suspension of operations or significant costs for corrective measures, potentially affecting the Group's business performance and financial position. In addition, any tightening or changes in these regulations could restrict the Group's business activities and result in costs for compliance with laws, regulations, rules, and disclosure systems, which could affect the Group's business performance and financial position.	Strategies by Business P31-37 Compliance P75-76
	Food safety The Sotetsu Group sells food products through its merchandising and other businesses. Any quality issue within the Group or in society at large could increase consumer unease about food and significantly reduce sales, which could affect the Group's business performance and financial position.	Improving Product and Service Quality and Safety P55-56
	Natural disasters The Sotetsu Group owns and operates many facilities for its business operations, including station facilities and commercial buildings, with many employees engaged in business operations. The Group also serves a broad range of general customers in each of its businesses. Natural disasters such as earthquakes and typhoons, accidents, and other related events could disrupt the Group's business operations and reduce sales due to business suspension or loss of customers. The increase in costs for restoring facilities could also affect the Group's business performance and financial position.	Climate Change Initiatives P58-61
	Information management The Sotetsu Group retains personal information such as customer management data in its various businesses. As cyberattacks targeting Japanese companies become more frequent and information security threats grow more serious, if such information is leaked for any reason, it could lead to claims for damages or a decline in sales due to loss of credibility, thereby affecting the Group's business performance and financial position.	Personal Information Protection Policy WEB Cybersecurity Policy WEB
Defects and flaws in owned assets and products	Any defects or flaws in real estate or other assets owned by the Sotetsu Group, or any potential impact on health or the surrounding environment could result in costs for improvement, restoration, or compensation. In addition, any defects or flaws in products sold by the Group could affect the Group's business performance and financial position due to costs associated with recalls, improvements, and compensation, as well as loss of credibility.	Strategies by Business P31-37

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Creation of a solid governance structure

Compliance

Approach

The Sotetsu Group promotes compliance across the organization to minimize legal risks and prevent situations that could lead to a decline in corporate value.

Groupwide Compliance Promotion Structure

To ensure compliance across the entire Group, each company within the Sotetsu Group appoints the officer in charge of sustainability and designated personnel responsible for promoting sustainability and whistleblowing initiatives. These efforts are coordinated under a cross-functional management framework.

The status of these initiatives is reported to and reviewed by the Sotetsu Group Sustainability Committee, which works to drive continuous improvement.

Principles of Conduct for Sotetsu Group Board Members and Employees

The Sotetsu Group has established the Principles of Conduct for Sotetsu Group Board Members and Employees, which clearly defines expectations for compliance with laws and regulations, the Articles of Incorporation, and corporate ethics. These principles are thoroughly communicated to all officers and employees across the Group to ensure full adherence.

Principles of Conduct for Sotetsu Group Board Members and Employees

<https://www.sotetsu.co.jp/about/philosophy/#principle>

Compliance Training to Enhance Awareness

In order to deepen Group employees' understanding of the significance of sustainability management and the details of our initiatives, we hold an annual "Lecture for Officers and Managers" for officers and managers and "Training for All" for all officers and employees, including part-time and casual employees. We also provide "Compliance Training" when employees are hired as well as when they are promoted as an opportunity to remind employees of the importance of compliance. We use the Sotetsu Group Management Philosophy and Compliance Card and Group newsletter, which are distributed to officers and employees, and posters displayed in workplaces to promote understanding.

Topics covered in Training for All (past three years)

Fiscal Year	Topic
FY2022	Harassment prevention
FY2023	Importance of compliance management
FY2024	Business and human rights

Relevant KGI/KPI

KPI	FY2024	Target
Number of compliance-related communications	12	(monitoring)

Implementation of Compliance Awareness Survey

To monitor organizational culture and detect early signs of potential misconduct, the Sotetsu Group conducts an annual compliance awareness survey. The results are reported to executive management through each company's executive meetings, enabling the identification and sharing of compliance-related issues. In addition, free-response comments serve as a "second internal reporting channel" and are used to support efforts to prevent misconduct at both the company and workplace levels.

Key questions from the compliance awareness survey

Main category	Questions
Compliance	<ul style="list-style-type: none"> ● Awareness of compliance violations in the workplace and details of observed cases ● Awareness of the helpline and willingness to use it
Harassment	<ul style="list-style-type: none"> ● Personal experience of harassment in the workplace and its details ● Awareness of harassment in the workplace and details of observed cases ● Response to and awareness of harassment among managers and supervisors ● Opinions regarding harassment
Human rights	<ul style="list-style-type: none"> ● Key aspects of human rights respect in the workplace ● Status of human rights awareness initiatives in the workplace

Relevant KGI/KPI

KPI	FY2023	FY2024	Target
Response rate of the compliance awareness survey	48.1%	57.3%	Higher than the previous fiscal year

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Operation of the Whistleblowing and Consultation Desk Systems

In accordance with the Whistleblower Protection Act, the Compliance Office of the General Affairs Department at Sotetsu Holdings accepts reports and consultations regarding actual or suspected violations of laws, regulations, and corporate ethics. The internal reporting system, known as the "Sotetsu Group Helpline," is available to all employees across the Group and includes an external contact point operated by an independent law firm. In addition, the "Sotetsu Group Harassment and Workplace Relations Hotline" provides a channel for seeking advice on various issues, including harassment, interpersonal relationships, and work-related concerns. This service is available to all employees across the Group. Furthermore, we have established and operate a whistleblowing system for overseas subsidiaries.

Following the enforcement of the amended Whistleblower Protection Act in June 2022, the Sotetsu Group revised its internal regulations concerning whistleblowing, the "Sotetsu

Group Internal Regulations on Helpline Operations," and has since operated the system in accordance with these regulations. The revised rules stipulate provisions to protect whistleblowers, including acceptance of anonymous reports and consultations, prohibition of disadvantageous treatment based on reporting, prohibition of identifying the whistleblower, and obligations to maintain confidentiality.

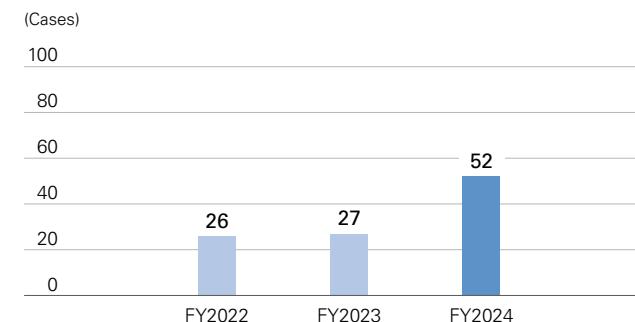
In cases where employees feel unable to report or consult with their supervisors regarding potential or actual compliance violations, the Group considers it essential to promote awareness of these systems and ensure a structure that allows for reporting without hesitation. To this end, the Group continuously communicates the availability and details of its whistleblowing and consultation systems through various training programs, including annual "Training for All" sessions.

In FY2024, the helpline received 52 reports and consultations, and we have confirmed that none of these involved any circumstances that will cause material effect on the Group's ability to continue as a going concern.

Overview of the Sotetsu Group's whistleblowing and consultation systems

Name	Consultation method	Scope of consultation
Sotetsu Group Helpline	Telephone, mail, email	Matters related to business activities that involve or may involve violations of laws, regulations, or corporate ethics
Sotetsu Group Harassment and Human Relations Hotline	Telephone, web	Matters related to harassment, workplace relationships, and work-related concerns

Trend in the number of reports and consultations (past three years)



Breakdown of reports and consultations in FY2024

Category	Number of cases
Japan	Harassment 7 cases
	Suspected misconduct 4 cases
	Suspected violation of laws and regulations 2 cases
	Suspected violation of internal regulations 1 case
	Corporate ethics-related 0 cases
	Others 37 cases
Overseas	Suspected violation of laws and regulations 1 case
Total	52 cases

* The number of cases shown does not represent the number of cases that have been officially recognized as factual.

Relevant KGI/KPI

KPI	FY2023	FY2024	Target
Awareness of whistleblowing system*	—	76.3%	Higher than the previous fiscal year

* A new question was added following the FY2024 compliance awareness survey.

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Creation of a solid governance structure

Relationships with Stakeholders

Approach



Stakeholders	Expectations and Interests	Communication Channels	Outcomes	Related Capitals	Related Material Issues
Customers	<ul style="list-style-type: none"> Creation of new value Provision of safe and high-quality products and services Realization of enriched lifestyles and well-being Timely and accurate information delivery Sustainability initiatives 	<ul style="list-style-type: none"> Daily sales and operational activities Customer center Customer satisfaction surveys Website Social media 	<ul style="list-style-type: none"> Delivery of products and services aligned with customer needs Contribution to environmental impact reduction through modal shift 	Manufacturing capital Social and relationship capital Natural capital	Development and co-creation of appealing communities Improvement of the global environment for future generations
Shareholders and Investors	<ul style="list-style-type: none"> Enhancement of corporate value Fair distribution of profit Timely and appropriate information disclosure Commitment to ESG initiatives 	<ul style="list-style-type: none"> General Meeting of Shareholders Financial results briefings Individual meetings with investors IR website Integrated Report 	<ul style="list-style-type: none"> Enhancement of trust in management Enhancement of long-term corporate value 	Financial capital	Creation of a solid governance structure
Business Partners	<ul style="list-style-type: none"> Establishment of fair, impartial, and honest trading relationships Initiatives for quality improvement Development of long-term constructive relationships and mutual growth based on coexistence and co-prosperity Realization of sustainable procurement across the entire supply chain 	<ul style="list-style-type: none"> Daily procurement and operational activities Organization of meetings and seminars with invited business partners Quality improvement initiatives through communication Safety patrols 	<ul style="list-style-type: none"> Superior product quality and safety Mutual growth with business partners Sustainable procurement 	Manufacturing capital Social and relationship capital Natural capital	Development and co-creation of appealing communities Creation of a solid governance structure
Local Communities and Society	<ul style="list-style-type: none"> Coexistence with local communities Preservation of the local environment Community-based educational activities Job creation and contribution to regional development Consideration for the environment and noise, and safe operations 	<ul style="list-style-type: none"> Social contribution activities Participation in local events Formation of area management organizations Sotetsu Innovation Lab Participation in industry-academia collaboration initiatives 	<ul style="list-style-type: none"> Coexistence with local communities Sustainable procurement Realization of a circular society Climate change initiatives Expansion of talent pool 	Social and relationship capital Natural capital	Development and co-creation of appealing communities Improvement of the global environment for future generations
Employees	<ul style="list-style-type: none"> Occupational health and safety Health management Enhancement of job satisfaction Opportunities for talent development and performance DE&I Respect for diversity Creation of a comfortable and supportive workplace 	<ul style="list-style-type: none"> Establishment of internal reporting channels Implementation of various training programs Intranet Implementation of employee engagement surveys Dialogue through intranet and internal newsletters 	<ul style="list-style-type: none"> Enhancement of motivation and realization of higher performance Creation of a workplace that supports physical and mental well-being Empowerment of diverse human resources 	Intellectual capital Human capital	Development and co-creation of appealing communities Creation of workplace environments that are comfortable and provide job satisfaction
Global Environment	<ul style="list-style-type: none"> Reduction of CO₂ emissions Compliance with environmental laws and regulations Introduction of energy-saving and environmentally friendly equipment Promotion of waste reduction and recycling Conservation of biodiversity 	<ul style="list-style-type: none"> Integrated Report and website Dialogue with NPOs and NGOs Dialogue with equipment providers, maintenance companies, and waste management contractors Provision of products and services that contribute to reducing environmental impact across society 	<ul style="list-style-type: none"> Reduction of environmental impact 	Natural capital Manufacturing capital Social and relationship capital	Improvement of the global environment for future generations

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Key Financial and Non-Financial Data

(Million yen)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Operating results										
Operating revenue	258,430	253,363	260,562	260,502	265,100	221,136	216,684	249,667	270,039	292,178
Operating profit	31,129	30,510	31,266	31,622	26,423	-3,148	3,998	14,348	28,965	37,820
Ordinary profit	27,916	27,558	29,118	29,596	23,903	-4,572	3,294	12,735	26,995	34,812
Profit attributable to owners of parent	13,693	17,061	18,227	18,341	14,631	-13,057	1,855	6,980	16,080	22,407
EBITDA	47,281	46,806	47,762	49,474	46,708	17,944	25,842	36,806	53,031	62,576
Consolidated balance sheet										
Total assets	563,244	579,699	602,265	611,555	620,929	619,410	623,412	646,951	715,383	757,264
Net assets	113,390	128,534	140,894	150,974	152,031	139,309	139,707	145,789	164,732	182,079
Equity capital	110,912	125,965	138,197	148,208	151,942	139,235	139,627	145,696	164,652	181,985
Interest-bearing debt	314,856	309,799	310,278	321,481	326,014	344,697	353,150	355,230	397,875	415,468
Consolidated statement of cash flows										
Net cash provided by (used in) operating activities	32,909	39,054	49,528	22,497	34,322	11,837	23,745	36,346	20,555	36,678
Net cash provided by (used in) investing activities	-21,768	-17,037	-32,822	-29,428	-28,648	-24,754	-29,418	-33,572	-58,037	-43,777
Net cash provided by (used in) financing activities	-12,116	-12,713	-7,812	3,138	-9,440	12,525	3,890	-4,919	34,922	5,242
Cash and cash equivalents	13,534	22,787	31,651	27,931	24,145	23,675	22,040	20,156	17,664	16,008
Information per share*										
Net assets per share (Yen)	1,131.81	1,285.47	1,410.38	1,512.60	1,550.74	1,421.07	1,425.09	1,487.07	1,680.59	1,870.68
Net earnings per share (Yen)	139.73	174.10	186.02	187.19	149.33	-133.27	18.94	71.25	164.13	228.84
Dividend per share (Yen)	37.50	45.00	50.00	50.00	50.00	10.00	20.00	25.00	50.00	65.00
Financial indicators										
ROA (Return on Asset) (%)	5.5	5.3	5.2	5.2	4.3	-0.5	0.6	2.2	4.0	5.0
ROE (Return on Equity) (%)	12.8	14.4	13.8	12.8	9.7	-9.0	1.3	4.9	10.4	12.9
Equity capital ratio (%)	19.7	21.7	22.9	24.2	24.5	22.5	22.4	22.5	23.0	24.0
Interest-bearing debt/EBITDA ratio (times)	6.7	6.6	6.5	6.5	7.0	19.2	13.7	9.7	7.5	6.6

* The Company conducted 1-for-5 stock consolidation on October 1, 2017.

5-Year Key Non-Financial Data

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2020	FY2021	FY2022	FY2023	FY2024
Energy-derived CO₂ emissions (t-CO ₂) Scope: Consolidated										
Scope1	31,315	30,712	30,977	30,580	31,111	Number of operational railway accidents (accidents that Sotetsu is responsible for) and incidents (Number of events) Scope: Sagami Railway				
Scope2	118,324	117,214	119,379	109,676	122,434	Number of operational railway accidents (accidents that Sotetsu is responsible for)	0	0	0	0
Total	149,639	147,927	150,357	140,256	153,546	Incidents	0	0	0	0
Ratio of female managers (%) Scope: Consolidated										
	—					—	4.4	5.4	6.8	7.4

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As of March 31, 2025

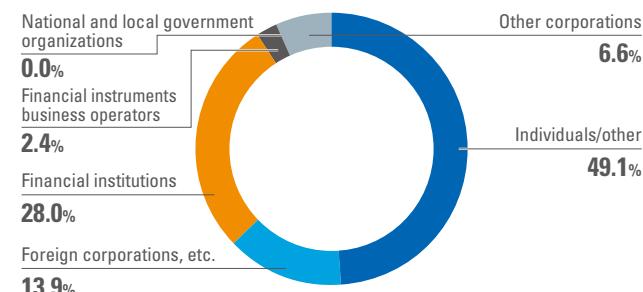
Company Profile

Company Name	Sotetsu Holdings, Inc
Established	December 18, 1917
Head Office	9-14, Kitasaiwai 2-chome, Nishi-ku, Yokohama-shi, Kanagawa
Capital	38,803 million yen
Number of Group Employees	10,312 (including temporary workers*) * The number of temporary workers was calculated as the average of the number of workers at the end of each quarter, following the conversion to standard working hours.
Stock Listing	Tokyo Stock Exchange, Prime Market (Stock Exchange Code: 9003)
Accounting Auditor	KPMG AZSA LLC

Stock and Shareholders

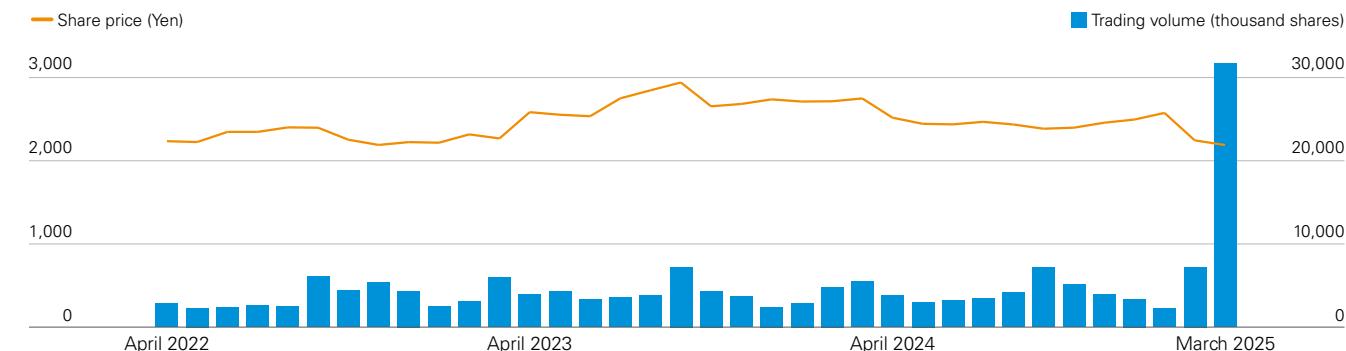
Type of Shares Issued	Common stock
Total Number of Shares	240,000,000 shares
Authorized to be Issued	
Total Number of Shares Issued	98,145,499 shares
Total Number of Shareholders	48,268

Distribution of Shares by Shareholder



(Note) Percentages exclude shares less than one unit.

Share Price and Trading Volume Trends



* As part of its initiatives regarding cross-shareholdings, the Company conducted a share sale and a repurchase of treasury shares in March 2025.

Major Shareholders

Shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,384	8.61
Sumitomo Mitsui Banking Corporation	4,094	4.20
The Bank of Yokohama, Ltd.	4,092	4.20
Nippon Life Insurance Company	2,339	2.40
Sotetsu mutual benefit association	2,148	2.20
Custody Bank of Japan, Ltd. (Trust Account)	1,958	2.01
Kawasaki Shinkin Bank	1,830	1.88
HITO NO MORI Corp.	1,200	1.23
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,170	1.20
STATE STREET BANK WEST CLIENT -TREATY 505234	1,133	1.16

(Note) Shareholding ratio is calculated excluding treasury stock of 862,502 shares.

Rating Information

Rating agency	Long-term
Rating and Investment Information, Inc. (R&I)	A- (stable)
Japan Credit Rating Agency, Ltd. (JCR)	A- (stable)

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Sotetsu Holdings, Inc.

Sustainability Promotion Department, Corporate Strategy Division
9-14, Kitasaiwai 2-chome, Nishi-ku, Yokohama-shi, Kanagawa 220-0004, Japan
<https://www.sotetsu.co.jp/>