

Tokyu Corporation

Earnings Reports for the 1st quarter of year ending March, 2024

(April 1, 2023 – June 30, 2023)

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product and service launches, and pricing and product initiatives of competitors.

SUMMARY OF FINANCIAL STATEMENTS [Japanese Accounting Standards] (Consolidated)
For the First Quarter of the Fiscal Year Ending March 31, 2024

Tokyu Corporation

August 8, 2023

Stock Code:	9005	Listed exchanges:	Tokyo Stock Exchange
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Planned date for submission of quarterly financial reports:	August 8, 2023		
Scheduled date of commencement of dividend payment:	—		
Supplementary documents for quarterly results:	YES		
Quarterly results briefing (for institutional investor and analysts):	NO		

* Amounts of less than ¥1 million have been rounded down.

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2024
(April 1, 2023 to June 30, 2023)

(Figures in percentages denote the year-on-year change)

1) Consolidated Operating Results

Million yen

	Three months ended June 30, 2023		Three months ended June 30, 2022	
		Change (%)		Change (%)
Operating revenue.....	239,259	14.4	209,182	5.0
Operating profit.....	24,518	179.5	8,772	677.0
Ordinary profit.....	27,676	169.4	10,272	499.1
Profit attributable to owners of parent	19,963	174.3	7,278	-21.8
Net income per share (¥).....	32.69		12.08	
Net income per share (diluted) (¥).....	—		—	

Note: Comprehensive Income: Three months ended June 30, 2023: ¥23,956 million [76.1%]

Three months ended June 30, 2022: ¥13,600 million [-4.6%]

2) Consolidated Financial Position

Million yen

	As of June 30, 2023	As of March 31, 2023
	Total assets	2,583,417
Net assets	769,960	779,372
Equity ratio (%).....	28.2	28.3

Reference: Shareholders' equity: First quarter ended June 30, 2023: ¥729,434 million

FY ended March 31, 2023: ¥740,621 million

2. Dividends

	FY ending March 31, 2024 (forecast)	FY ending March 31, 2024	FY ended March 31, 2023
Dividend per share – end of first quarter (¥).....	—	—	—
Dividend per share – end of first half (¥)	7.50	—	7.50
Dividend per share – end of third quarter (¥)	—	—	—
Dividend per share – end of term (¥).....	7.50	—	7.50
Dividend per share – annual (¥)	15.00	—	15.00

Note: Revisions to dividend forecasts published most recently: No

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(Figures in percentages denote the year-on-year change)

Million yen

	Full year	
		Change (%)
Operating revenue	1,032,900	10.9
Operating profit.....	78,000	74.9
Ordinary profit.....	78,200	65.1
Profit attributable to owners of parent.....	45,000	73.1
Net income per share (¥).....	74.74	

Note: Revision to consolidated business performance forecasts published most recently: Yes

*** Notes**

- (1) Changes in important subsidiaries during the consolidated quarter (cumulative) under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): No
- (2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions
- 1) Changes in accounting policies with revision of accounting standards, etc.: No
 - 2) Changes in accounting policies other than 1): No
 - 3) Changes in accounting estimates: No
 - 4) Restatement of revisions: No
- (4) Number of shares issued (common stock)
- 1) Number of shares issued at the end of the term (including treasury stock) (shares)
As of June 30, 2023: 624,869,876 As of March 31, 2023: 624,869,876
 - 2) Number of treasury stock at the end of the term (shares)
As of June 30, 2023: 26,566,644 As of March 31, 2023: 10,210,452
 - 3) Average numbers of shares issued during the terms (quarterly consolidated accumulation periods) (shares)
Three months ended June 30, 2023: 610,615,470
Three months ended June 30, 2022: 602,433,669

(Note) Treasury stock numbers include shares of the Company held by a group of shareholding employees in trust and compensation for Directors in trust, as follows:
First quarter ended June 30, 2023: 1,510,400 shares FY ended March 31, 2023: 1,680,500 shares

* The summary of financial statements is not subject to audit.

* Explanations about the proper use of financial forecasts and other important notes

(Notes on forecast results)

The forecast results presented above are based on the information available on the date of this announcement and assumptions that are considered reasonable.

Actual results may differ materially from the forecasts depending on a number of factors.

For details on the forecast results, please see the statement under the heading, "1. Qualitative Information on Consolidated Financial Results, etc. for the First Quarter Ended June 30, 2023, (3) Explanation about the future outlook, including forecast for consolidated earnings" in the accompanying materials.

(Method of acquiring supplementary documents for quarterly results)

The "Summary of Results for the First Quarter of FY2023" will be disclosed on (Timely Disclosure network) TDnet and the Company's own IR website today (August 8, 2023).

○ Accompanying Materials – Contents

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1. Qualitative Information on Consolidated Financial Results, etc. for the First Quarter Ended June 30, 2023

(1) Explanation about Consolidated Financial Results

During the first quarter under review, the Japanese economy saw a gradual recovery in socioeconomic activities due to the reclassification of COVID-19 to Class 5 and other factors.

Operating revenue for the first quarter under review increased 14.4% year on year to ¥239,259 million partly due to a recovery in the number of customers particularly in the Transportation Business and the Hotel and Resort Business, as well as the impact of railroad fare revisions and property sales in the Real Estate Business. Operating profit and ordinary profit stood at ¥24,518 million (up 179.5% year on year) and ¥27,676 million (up 169.4% year on year), respectively. Profit attributable to owners of parent came to ¥19,963 million (up 174.3% year on year) mainly due to an increase in share of profit of entities accounted for using equity method.

Operating results on a segmental basis are as follows. The results for individual segments include inter-segment internal revenues or transfers where applicable. The Company presents operating profit for each reported segment as segment profit in this document.

(i) Transportation

In the Transportation Business segment, the number of passengers carried by Tokyu Railways exceeded the previous year's figures for both commuters and non-commuters, increasing 6.3% and reflecting a 6.2% increase in the number of commuters carried and a 6.4% rise in the number of non-commuters carried chiefly due to an increase in opportunities to go out resulting from the reclassification of COVID-19 to Class 5 and the effect of the Tokyu Shin-yokohama Line, which opened on March 18, 2023. In addition, fare revenue climbed 19.7%, reflecting a 15.0% increase in revenue from commuters carried and a 22.8% rise in revenue from non-commuters carried chiefly due to a recovery in the number of passengers carried and the effect of fare revisions implemented on March 18, 2023.

As a result, operating revenue for the segment increased 15.7% year on year, to ¥51,077 million, resulting in an operating profit of ¥9,556 million for the segment (an increase of 216.1% year on year).

(Operation results of Tokyu Railways' railway operations)

Categories		Units	First quarter of the previous fiscal year	First quarter of the fiscal year under review
			April 1, 2022 to June 30, 2022	April 1, 2023 to June 30, 2023
Number of operating days		Days	91	91
Operating distance		Kilometers	104.9	110.7
Operating distance of passenger trains		Thousand kilometers	36,697	38,923
Number of passengers carried	Non-commuter	Thousand passengers	117,848	110,726
	Commuter	Thousand passengers	147,775	139,134
	Total	Thousand passengers	265,623	249,860
Passenger revenue	Non-commuter	Million yen	22,239	18,106
	Commuter	Million yen	13,623	11,849
	Total	Million yen	35,862	29,955
Miscellaneous income from railway operations		Million yen	3,508	3,346
Total revenues		Million yen	33,463	39,208
Average passenger revenue per day		Million yen	329	394
Operating efficiency		%	43.2	43.4

(Note) Calculation method of the operating efficiency

$$\text{Operating efficiency} = \frac{\text{Number of passengers carried}}{\text{Operating distance of passenger trains}} \times \frac{\text{Average service distance}}{\text{Average transportation capacity}} \times 100$$

(ii) Real Estate

In the Real Estate segment, operating revenue increased 36.0% year on year, to ¥60,558 million and operating profit increased to ¥12,421 million (up 101.9% year on year), chiefly reflecting property sales in the Company's real estate sales business and a recovery in hotel occupancy rates.

(iii) Life Service

In the Life Service Business, operating revenue grew 2.2% year on year, to ¥122,959 million mainly reflecting a recovery in demand in other businesses, despite a decrease in revenue at Tokyu Department Store Co., Ltd. following the termination of its head office operations in the previous year. Operating profit increased to ¥2,394 million (up 77.8% year on year).

(iv) Hotel and Resort

In the Hotel and Resort Business, the occupancy rate rose to 74.4% (up 12.8 points year on year) and the average room rate was 19,727 yen (up 7,268 yen year on year), reflecting a recovery in the number of customers, mainly in hotels in the central Tokyo area, due to the capture of inbound demand. As a result, operating revenue for the segment increased 44.2% year on year, to ¥20,815 million, and operating profit was ¥117 million for the segment (compared with operating loss of ¥1,799 million in the same period of the previous fiscal year).

(2) Explanation about Consolidated Financial Position

Assets

Total assets decreased ¥30,595 million from the end of the previous fiscal year to ¥2,583,417 million at the end of the first quarter under review, primarily due decreases in the Company's cash and deposits and trade notes and accounts receivable.

Liabilities

Liabilities decreased ¥21,183 million year on year, to ¥1,813,456 million, largely due to a decrease in trade notes and accounts payable.

Net assets

Net assets declined ¥9,411 million from the end of the previous fiscal year to ¥769,960 million. This was primarily attributable to purchase of treasury stock.

(3) Explanation about the Future Outlook, Including Forecast for Consolidated Earnings

Regarding forecasts for the full-year consolidated financial results, the previous forecast announced on May 11, 2023 has been revised as follows based on the results for the first quarter: operating revenue of ¥132,900 million (up 0.2% from the previous forecast) and operating profit of ¥78,000 million (up 11.4% from the previous forecast), ordinary profit of ¥78,200 million (up 11.4% from the previous forecast), and profit attributable to owners of parent of ¥45,000 million (up 12.5% from the previous forecast).

* The forecast results presented above are based on information available as of the date of this announcement and assumptions considered reasonable. Actual results may differ materially from forecasts depending on a number of factors.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

Millions of yen

	As of March 31, 2023	As of June 30, 2023
Assets		
Current Assets		
Cash and deposits	¥ 69,342	¥ 47,367
Trade notes and accounts receivable	160,746	145,939
Contract assets	12,566	8,738
Merchandise and products	9,140	9,385
Land and buildings for sale	109,622	110,737
Work in progress	3,113	6,131
Raw materials and supplies	8,789	8,966
Other current assets	50,562	50,353
Allowance for doubtful accounts	-1,584	-923
Total current assets	422,300	386,696
Non-current Assets		
Property, plant and equipment		
Buildings and structures, net	812,185	850,624
Rolling stock and machinery, net	81,853	79,872
Land	723,020	723,894
Construction in progress	190,205	150,024
Others, net	23,429	25,712
Total property, plant and equipment	1,830,693	1,830,129
Intangible assets	38,674	37,702
Investments and other assets		
Investment securities	226,392	233,617
Net defined benefit asset	10,382	10,382
Deferred tax assets	20,071	17,330
Other assets	65,598	68,481
Allowance for doubtful accounts	-100	-924
Total investments and other assets	322,344	328,888
Total non-current assets	2,191,712	2,196,720
Total Assets	¥ 2,614,012	¥ 2,583,417

Millions of yen

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current Liabilities		
Trade notes and accounts payable	¥ 100,887	¥ 82,295
Short-term borrowings	423,036	447,384
Commercial papers	30,000	10,000
Current portion of bonds payable	25,000	20,000
Income taxes payable	5,832	4,950
Contract liabilities	43,148	48,880
Provisions	12,300	8,378
Advances received	10,159	11,326
Other current liabilities	118,690	99,553
Total current liabilities	769,056	732,768
Long-Term Liabilities		
Bonds payable	320,000	360,000
Long-term borrowings	489,483	466,166
Provisions	2,520	2,457
Liabilities for retirement benefit	42,760	41,389
Long-term guarantee deposits received	137,754	137,612
Deferred tax liabilities	15,336	15,276
Deferred tax liabilities from land revaluation	4,881	4,881
Other long-term liabilities	47,826	48,512
Total long-term liabilities	1,060,563	1,076,295
Special Legal Reserves		
Urban railways improvement reserve	5,020	4,392
Total Liabilities	1,834,639	1,813,456
Net Assets		
Shareholders' Equity		
Common stock	121,724	121,724
Capital surplus	123,329	123,329
Retained earnings	471,348	486,686
Treasury stock	-17,329	-47,081
Total shareholders' equity	699,074	684,660
Accumulated Other Comprehensive Income		
Net unrealized gains (losses) on investment securities	15,698	18,247
Deferred gains (losses) on hedges	1,151	886
Land revaluation reserve	5,196	5,196
Foreign currency translation adjustment	13,968	14,886
Remeasurements of defined benefit plans	5,531	5,557
Total accumulated other comprehensive income	41,546	44,773
Non-Controlling Interests	38,751	40,526
Total Net Assets	779,372	769,960
Total Liabilities and Net Assets	¥ 2,614,012	¥ 2,583,417

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statements of Comprehensive Income

(Quarterly Consolidated Statements of Income)

Millions of yen

	April 1, 2022 to June 30, 2022	April 1, 2023 to June 30, 2023
Operating Revenue	¥ 209,182	¥ 239,259
Operating expenses		
Operating expenses and cost of sales related to transportation	149,139	160,741
Selling, general and administrative expenses	51,269	54,000
Total operating expenses	200,409	214,741
Operating Profit	8,772	24,518
Non-operating profit		
Interest income	93	137
Dividend income	502	518
Share of profit of entities accounted for using equity method	2,320	4,550
Other non-operating profit	2,417	1,764
Total non-operating profit	5,332	6,971
Non-operating expenses		
Interest expenses	2,103	2,162
Other non-operating expenses	1,729	1,649
Total non-operating expenses	3,833	3,812
Ordinary Profit	10,272	27,676
Extraordinary gains		
Gains on sale of property, plant and equipment	274	15
Subsidies received for construction	271	153
Gain on reversal of urban railways improvement reserve	627	627
Gain on sale of investment securities	458	828
Other	18	97
Total extraordinary gains	1,650	1,723
Extraordinary losses		
Tax purpose reduction entry of land contribution for construction	219	121
Loss on retirement of property, plant and equipment	269	741
Other	353	175
Total extraordinary losses	842	1,038
Profit before Income Taxes	11,079	28,362
Income taxes	3,542	7,921
Profit	7,537	20,440
Profit attributable to non-controlling interests	259	476
Profit attributable to owners of parent	¥ 7,278	¥ 19,963

(Quarterly Consolidated Statements of Comprehensive Income)

Millions of yen

	April 1, 2022 to June 30, 2022	April 1, 2023 to June 30, 2023
Profit	¥ 7,537	¥ 20,440
Other comprehensive income		
Net unrealized gains (losses) on investment securities	118	1,924
Deferred gains (losses) on hedges	-	0
Foreign currency translation adjustment	3,908	751
Remeasurements of defined benefit plans, net of tax	205	4
Share of other comprehensive income of entities accounted for using equity method	1,830	835
Total other comprehensive income	6,063	3,516
Comprehensive Income	¥ 13,600	¥ 23,956
Total comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	¥ 12,069	¥ 23,190
Comprehensive income attributable to non-controlling interests	¥ 1,531	¥ 765

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Regarding the Premise of a Going Concern)

There is no applicable item.

(Notes If There Is a Considerable Change to Shareholders' Equity)

The Company repurchased 16,524,300 shares of treasury stock through an off auction own share repurchase transaction (ToSTNeT-3) in accordance with the resolution of the Board of Directors meeting held on June 12, 2023. As a result, treasury stock increased by ¥29,752 million during the first quarter under review, resulting in treasury stock of ¥47,081 million at the end of the first quarter under review.

(Additional Information)

(Approach to Incorporating the Effects of the COVID-19 Pandemic when Making Accounting Estimates)

There are no significant changes in assumptions, such as when the COVID-19 pandemic will come to an end as discussed in the significant accounting estimates in the annual securities report for the previous consolidated fiscal year.

(Segment Information)

I. April 1, 2022 to June 30, 2022

1. Information on operating revenue and operating profits or losses by reported segment

Million yen

	Reported segment				Total	Adjustments (Note) 1	Amount posted in the consolidated statement of income (Note) 2
	Transportation Business	Real Estate Business	Life Service Business	Hotel and Resort Business			
Operating revenue							
Outside customers	43,251	35,811	116,748	13,370	209,182	–	209,182
Inter-segment internal revenues or transfers	896	8,723	3,602	1,064	14,286	-14,286	–
Total	44,148	44,534	120,351	14,434	223,468	-14,286	209,182
Segment profit (loss)	3,022	6,151	1,347	-1,799	8,721	51	8,772

Notes

1. An adjustment of ¥51 million in segment profit (loss) represents elimination of inter-segment transactions.
2. Segment profit (loss) has been adjusted with operating profit recorded in the consolidated quarterly statements of income.

II. April 1, 2023 to June 30, 2023

1. Information on operating revenue and operating profits or losses by reported segment

Million yen

	Reported segment				Total	Adjustments (Note) 1	Amount posted in the consolidated statement of income (Note) 2
	Transportation Business	Real Estate Business	Life Service Business	Hotel and Resort Business			
Operating revenue							
Outside customers	50,532	50,613	119,153	18,960	239,259	–	239,259
Inter-segment internal revenues or transfers	544	9,945	3,806	1,855	16,150	-16,150	–
Total	51,077	60,558	122,959	20,815	255,410	-16,150	239,259
Segment profit	9,556	12,421	2,394	117	24,490	27	24,518

Notes

1. An adjustment of ¥27 million in segment profit represents elimination of inter-segment transactions.
2. Segment profit has been adjusted with operating profit recorded in the consolidated quarterly statements of income.