

Previous Management Plans

Urban and community development requires long-term perspectives and broad-based initiatives. In previous Medium-term Management Plan, we have steadily implemented each by promoting business development that anticipates changing demographics with a view to ensuring and improving safety and security, the changing the business environment, and solving social issues.

Key points	Long-term Perspective Looking ahead to long-term social changes and issues, our vision remains unchanged even during the COVID-19 pandemic	Safety & Security Securing necessary investment in safety based on safety and security	Financial Targets / Soundness Steadily achieved financial targets except for FY2020*
	*The year most affected by COVID-19 pandemic		

Long-term Management Initiative - Creating a beautiful living environment for our future -

In September 2019, the Company announced its long-term management initiative for 2030. As our basic management stance, we have established a policy of sustainable management that addresses important sustainability themes and continuously finds solutions to social issues through our business. Looking toward 2030, while presenting growth strategies such as area and business strategies, we have set forth the future envisioned for 2050 to achieve the development of "A City Adored by People around the World" by providing social values originally created by Tokyu. Although changes in the environment surrounding our businesses were spurred by the COVID-19 pandemic, we are working with a sense of urgency to enhance the Group's management structure while maintaining our vision for the future. Toward this end, we are further evolving our strategies and advancing initiatives to quickly adapt to changes in lifestyles and social issues.

	FY2012 - FY2014 Creation, Communication and Challenges	FY2015 - FY2017 STEP TO THE NEXT STAGE	FY2018 - FY2020 Make the Sustainable Growth	FY2021 - FY2023 変革 (Henkaku)
Basic policies	Business development that keeps creating life value in the areas we serve	Deepening businesses along our railway lines and taking on the challenge of new growth	Sustainable urban development Sustainable corporate development Sustainable HR development	Revenue recovery and growth by responding to changes in the operating environment
Business environment	<ul style="list-style-type: none"> Declining future population in areas served by Tokyu's railway lines Shrinking consumption nationwide Economic growth in emerging Asian countries and increasing number of foreign tourists visiting Japan 	<ul style="list-style-type: none"> Population decline, declining birthrate and aging population, return to urban centers Spread of smart devices and expansion of big data utilization Emergence of new business opportunities (concentration of infrastructure development in urban centers such as for the Tokyo Olympics) Shrinking domestic market and rapid growth of Asian market 	<ul style="list-style-type: none"> Regional disparities in population changes, serious labor shortages, and growing momentum for workstyle innovation Flourishing e-commerce and expansion of big data utilization Emergence of new business opportunities (in-bound tourism, technological advancement, etc.) Rapid growth in Asian markets and intensifying competition among international cities Decrease in people traveling and meeting due to COVID-19 	<ul style="list-style-type: none"> Decrease in people traveling and meeting due to COVID-19 Accelerated transition of work and life styles Shrinking population and regional disparities in declining birthrates and an aging population Rapid development of digital technology Shift to a decarbonized society at the global level
Key strategies	<ul style="list-style-type: none"> Development of railway networks and the continuation of safety measures Continued development of areas served by Tokyu's railway lines, such as Shibuya and Futako-Tamagawa Strengthening the life service business and increasing cooperation Pursuit of urban and community development projects overseas 	<ul style="list-style-type: none"> Further enhancement of a sense of security and satisfaction (railway) Further promotion of development of areas served by Tokyu's railway lines and real estate business Innovations in lifestyles and working styles New initiatives utilizing the Group's management resources (strengthening the promotion structure for the retail business, in-bound tourism initiatives) 	<ul style="list-style-type: none"> Tirelessly pursue "safety," "security" and "comfort" Increase SHIBUYA's global appeal Continuously improve the TOKYU area's value and life value Expand business through strategic alliances Make progress on workstyle innovation 	<ul style="list-style-type: none"> Strengthen business structure in the transportation infrastructure business Respond to new values in the real estate business Upgrading business and services to accommodate new lifestyles Implementation of structural reform in each business
Results	<ul style="list-style-type: none"> Investment in safety 54.7 billion yen (percentage of stations with platform screen doors 42%) Started mutual direct train service operation with Toyoko Line and Fukutoshin Line (March 2013) (5.0% increase in number of passengers carried between FY2012 and FY2014) Shibuya Hikarie (April 2012) Musashi-kosugi Tokyu Square (April 2013) <p>Total capital expenditure (three years)</p> <ul style="list-style-type: none"> 362.5 billion yen <p>Operating profit and Tokyu EBITDA in final fiscal year</p> <ul style="list-style-type: none"> Operating profit: 71.5 billion yen Tokyu EBITDA: 151.5 billion yen 	<ul style="list-style-type: none"> Investment in safety 77.1 billion yen (percentage of stations with platform screen doors 69%) Futako Tamagawa Rise phase II (April 2015) Shibuya Cast (April 2017) Entry into electricity retailing and airport management businesses <p>Total capital expenditure (three years)</p> <ul style="list-style-type: none"> 483.9 billion yen <p>Operating profit and Tokyu EBITDA in final fiscal year</p> <ul style="list-style-type: none"> Operating profit: 82.9 billion yen Tokyu EBITDA: 174.9 billion yen 	<ul style="list-style-type: none"> Investment in safety 81.9 billion yen (percentage of stations with platform screen doors 100%) Shibuya Stream (September 2018) Shibuya Scramble Square East Building (November 2019) Minami-machida Grandberry Park (Urban Development Project for Creating Minami-Machida Hub) (November 2019) <p>Total capital expenditure (three years)</p> <ul style="list-style-type: none"> 551.6 billion yen <p>Operating profit and Tokyu EBITDA in final fiscal year</p> <ul style="list-style-type: none"> Operating profit: -31.6 billion yen Tokyu EBITDA: 74.7 billion yen 	<ul style="list-style-type: none"> Opened Tokyu Shin-Yokohama Line (March 2023) and started Toyoko Line single-person operation (March 2023) Tokyu Kabukicho Tower (April 2023) Promotion of structural reforms (hotel business, department store business, optimization of consolidated management structure, etc.) <p>Total capital expenditure (three years) (plan)</p> <ul style="list-style-type: none"> 412.0 billion yen <p>Operating profit and Tokyu EBITDA in final fiscal year (plan)</p> <ul style="list-style-type: none"> Operating profit: 70.0 billion yen Tokyu EBITDA: 179.2 billion yen
Vs. plan	<ul style="list-style-type: none"> Achieved planned operating profit over three years Achieved total Tokyu EBITDA for the three-year period Achieved D/E ratio plan 	<ul style="list-style-type: none"> Achieved all numerical targets (operating profit, Tokyu EBITDA, interest-bearing debt/Tokyu EBITDA multiple, and reference indicator (ROE)) 	<ul style="list-style-type: none"> Fell short of numerical plan in the final year (COVID-19 impact) Steadily implemented and completed key initiatives such as large-scale development projects and investments in safety, reaching a 100% installation ratio of platform screen doors at stations, etc. 	<p>(Final fiscal year currently underway. For details, see page 30.)</p> <ul style="list-style-type: none"> Operating profit and Tokyu EBITDA expected to be achieved due to recovery in demand and structural reforms in each business Expect to achieve Interest-bearing debt/TOKYU EBITDA multiple of 7 times range

* TOKYU EBITDA = Operating profit + Depreciation + Amortization of goodwill + Disposal cost of fixed assets + Interest and dividend income + Investment gains (loss) from equity method

Progress of Three-year Medium-term Management Plan

As we enter the final year of our Three-year Medium-term Management Plan that began in FY2021, we expect to achieve our initial basic policies of “revenue recovery” and “maintenance of financial health” by responding to changes in the business environment. The initiatives and structural reform of each business that we have set as key strategies are also progressing as scheduled.

Basic Policies of Three-year Medium-term Management Plan

Basic policies “**変革 (Henkaku)**”: Revenue recovery and growth by responding to changes in the operating environment

Aim to restore the revenue level by responding to current changes in the operating environment and implementing structural reforms and other measures, and positioning the current period as “**the turning point to new growth**”

Revenue recovery

FY2021: Secure operating profit of 20 billion yen
Achieve a steady profit recovery in each business

Maintenance of financial health

Interest-bearing Debt/TOKYU EBITDA* multiple
Aim for 7 times level

Key Strategies

- Strengthen business structure in the transportation infrastructure business
- Respond to new values in the real estate business
- Upgrading business and services to accommodate new lifestyles
- Implementation of structural reform in each business

Financial Management Policies

Financing:

- Based on the creation of Tokyu EBITDA, finance debt while balancing working capital and investment.

Use of funds:

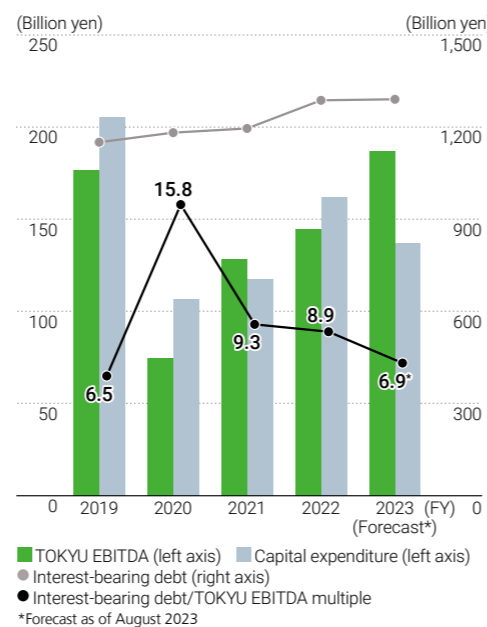
- We will steadily implement safety and maintenance/renewal investment, large projects in progress, and investments related to structural reforms for each business.
- With regard to the acquisition of real estate for sale, we will continue to purchase good properties while assessing real estate market conditions with a view to generating stable profits.
- As for shareholder returns, continue stable dividend payments and aim for a dividend ratio of 30% or more in the medium to long term, with an awareness of the total return ratio. We are also considering flexible stock buybacks in consideration of profit and funding levels.

Financial strategies:

- In FY2022, the level of interest-bearing debt will temporarily increase due mainly to the completion of the Tokyu Kabukicho Tower and other factors, but in FY2023, we will secure an interest-bearing debt / Tokyu EBITDA multiple is expected to be slightly less than the 7-times range due to a recovery in profitability and other factors.
- In response to rising interest rates, we will endeavor to minimize costs through long-term fixed interest rates and the utilization of market-based financing.

* TOKYU EBITDA = Operating profit + Depreciation + Amortization of goodwill + Disposal cost of fixed assets + Interest and dividend income + Investment gains (loss) from equity method

● Tokyu EBITDA, Capital Expenditure and Interest-bearing Debt



Progress Up to Second Year of the Plan and Forecast for the Final Fiscal Year

	FY2021	FY2022	FY2023		
Strengthen business structure in the transportation infrastructure business	<ul style="list-style-type: none"> Applied for fare revisions for Tokyu Railways Started operational transformation (Single-person operation on Toyoko Line/station services, facility maintenance DX, etc.) Further pursuit of safety and security (facility soundness, in-car security measures, adaptation to climate change) 	<ul style="list-style-type: none"> Implemented Tokyu Railways fare revision (March 2023 onward) Started operation of Tokyu Shin-Yokohama Line (March 2023 onward) Started Toyoko Line single-person operation (March 2023 onward) Operating expenses: achieved a cost reduction of approx. 5.0 billion yen consistently 	<ul style="list-style-type: none"> Promoted greater efficiencies through technological innovation 		
Respond to new values in the real estate business	<ul style="list-style-type: none"> "Shibuya Upper West Project" underway Announced the "nexus concept" for resident-centered urban and community development 	<ul style="list-style-type: none"> Closed the Tokyu Department Store flagship store (for redevelopment) 	<ul style="list-style-type: none"> Opened Tokyu Kabukicho Tower Engagement with asset turnover building business Expansion of global real estate business 		
Upgrading business and services to accommodate new lifestyles	<ul style="list-style-type: none"> Strengthened daily necessities retail business and improved e-commerce presence Launched life end business 	<ul style="list-style-type: none"> Expanded satellite shared office business Strengthened ICT business (entered the 5G base station sharing business and FTTH, etc.) 	<ul style="list-style-type: none"> Opened BELLUSTAR TOKYO Opened HOTEL GROOVE SHINJUKU 		
Implementation of structural reform in each business	<ul style="list-style-type: none"> Exited unprofitable hotels and reduced fixed costs Expanded leasing of Tokyu department stores and established leaner head office functions Integrated functions of real estate operation and management businesses 	<ul style="list-style-type: none"> Commenced operations at Tokyu Hotels & Resorts, a dedicated operations company 			
Operating revenue (billion yen)	879.1	931.2	Plan 1,000.0	Forecast 1,032.9	
Operating profit (billion yen)	31.5	44.6	70.0	78.0	
Profit attributable to owners of parent (billion yen)	8.7	25.9	40.0	45.0	
Interest-bearing debt/TOKYU EBITDA multiple (times)	9.3	8.9	7 times level	6.9 times	
Overview	<p>Business environment</p> <ul style="list-style-type: none"> Growing impact from the COVID-19 pandemic <p>Results</p> <ul style="list-style-type: none"> Avoided lost and achieved profit target (operating profit of 20.0 billion yen) Net income: up 65.0 billion yen YoY <p>Concerns</p> <ul style="list-style-type: none"> Restore earnings scale 	<p>Business environment</p> <ul style="list-style-type: none"> Soaring energy prices Demand recovery in the Transportation Business and Hotel and Resort Business <p>Results</p> <ul style="list-style-type: none"> Operating profit: 44.6 billion yen Net income: up 17.2 billion yen YoY <p>Concerns</p> <ul style="list-style-type: none"> Radical function reorganization and increased competitiveness of hotel business 	<p>Business environment</p> <ul style="list-style-type: none"> Soaring energy prices and surging inflation Increased base pay and wages Recovery in in-bound tourism <p>Results/Forecast</p> <ul style="list-style-type: none"> Share buybacks (June 2023) Forecast to exceed the plan <p>Concerns</p> <ul style="list-style-type: none"> Improve capital efficiency Maintain financial health and further improve it 		

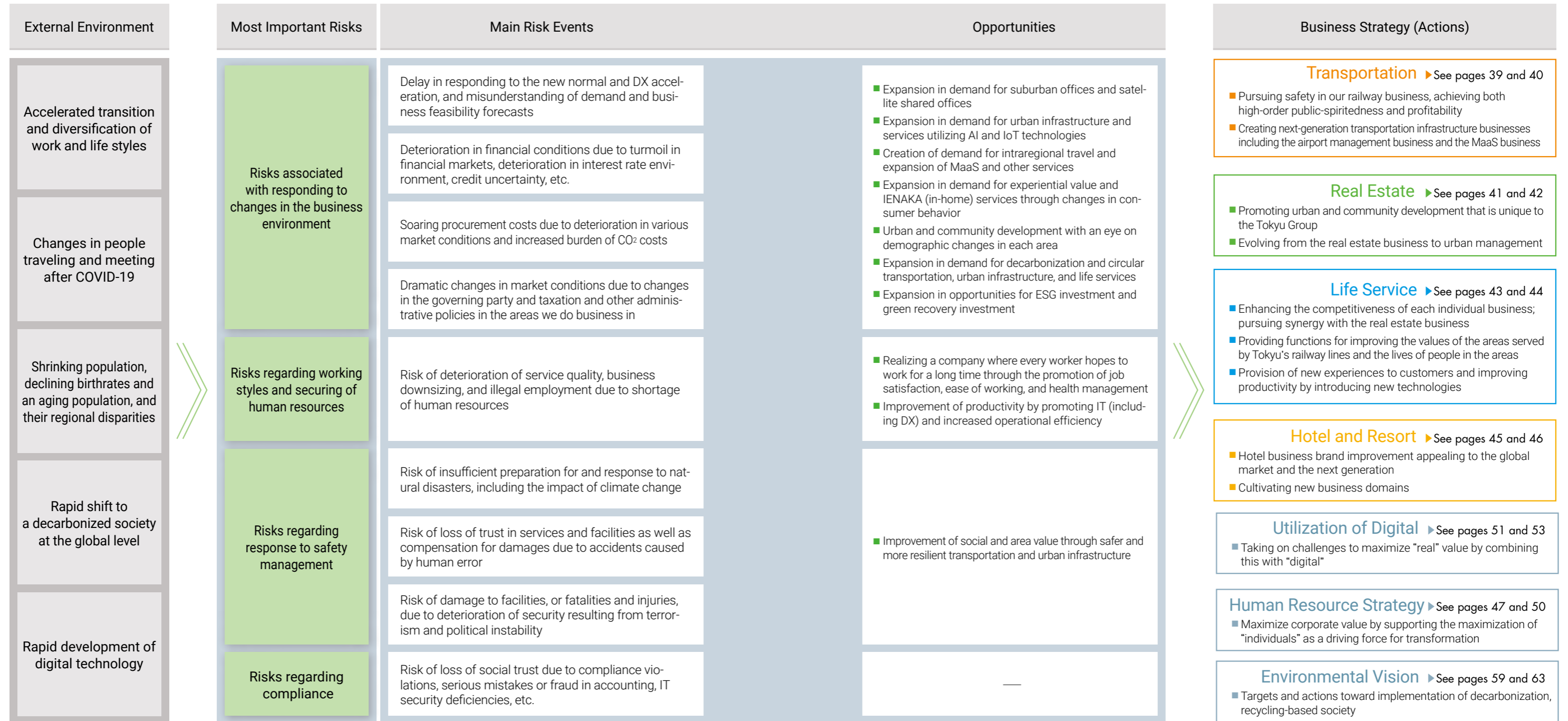
*Forecast as of August 2023

Understanding Tokyu | Value Creation Story | Management Strategy | Strategies and Achievements | Source of Value Creation | Foundations for Sustainability | Company Information

Risks and Opportunities as well as Future Actions

In light of changes in the external environment, the Group identifies the most important risks and opportunities in consolidated management and links them to business strategies for future action.

Major updates from FY2022: “Risks associated with the spread of new infectious diseases” had been one of the most important risks, but we have revised our assessment because we determined that we have achieved certain results, including responses to the spread of new infectious diseases in the future. “Risks regarding working styles and securing of human resources” have risen in importance, and we have switched them from long-term risks to the most important risks.



Risk Management Process

The Group periodically reassesses its awareness of risks and the status of risk mitigation efforts through the following processes, and strives to avoid the occurrence of risks and minimize their impact if they do occur.

▶ For details of climate change risks and opportunities, see pages 61 to 62. ▶ For details of human rights risks, see page 64.

Annual Management Cycle



Material Sustainability Themes (Materiality)

As the Group's business areas span a wide range, we see social issues to be addressed as a priority by us from a macro perspective. We formulate our six material sustainability themes as a framework for disclosing the state of our initiatives to the public.

* If the scope is not stated, Tokyu Corporation is the target

	Value Created	Main Initiatives	Key Indicators	FY2023 Target	FY2022 Results	Progress Assessment/ Initiatives to Strengthen in the Future
Safety & Security	Realization of public transportation services that are the safest in Japan and easy to use Provision of living environments where people can feel safe	<ul style="list-style-type: none"> Prevention of accidents Leveling of congestion rate Realization of transportation services which people can feel safe using Minimization of disaster risks Ensuring food safety 	<ul style="list-style-type: none"> Number of operating accidents and transport disruptions attributable to the company [Tokyu Railways] Railway accidents Incidents Transportation disruptions Peak-hour congestion rate (Ikejiri-Ohashi to Shibuya) [Tokyu Railways] 	0 cases 0 cases — Monitoring Indicators	0 cases 0 cases 9 cases 135%	<p>Assessment: Lowest number of railway accidents and incidents attributable to the company of any major private railways</p> <p>Future: Countermeasures against natural disasters such as climate change and earthquakes, and strengthening security inside rail cars Effective reduction of accident risk through utilization of digital technology</p>
Urban and Community Development	Realization of cities unique and attractive in terms of "work," "live," and "play"	<ul style="list-style-type: none"> Shibuya redevelopment Next-generation suburban development, nexus concept Expansion of satellite shared offices Airport management business (regional invigoration) Overseas urban and community development 	<ul style="list-style-type: none"> Number of users of NewWork shared satellite offices per month Annual number of consultations with the residence and living concierge (Including consultations on measures to deal with vacant houses, etc.) Population growth rate in 17 municipalities along Tokyu's railway lines*1 	25,000 people 2,500 cases Monitoring Indicators	21,852 people 3,089cases +0.344%	<p>Assessment: Providing services that meet the rapid diversification of work styles and social needs, such as satellite share offices</p> <p>Future: Promote businesses that see social issues unique to the town as opportunities for the sustainable area revitalization</p>
Quality of Living Environment	Realization of life in which each person can maintain their good health and pursue individual happiness	<ul style="list-style-type: none"> Provision of life facilities and services fitting diverse generations Promotion of enriching and healthy lifestyles through utilization of technology and other means 	<ul style="list-style-type: none"> Number of nursery school and school children's facilities (including leased, direct management, and publicly commissioned) [Tokyu Kids Base Camp / Tokyu Corporation] Number of stores shipping through online supermarkets [Tokyu Store Chain] Number of Tokyu railway line stations with 5G sharing antennas*2 	100 facilities — 22 stations	105 facilities 37 stores 0 stations	<p>Assessment: Developing a variety of services according to life stages and lifestyles to realize a harmonious society and individual happiness for residents along Tokyu's railway lines</p> <p>Future: Provide customer experience value through the fusion of real and digital (see Digital Strategy on page 51)</p>
HR Development	Realization of "a company where every worker hopes to work for a long time" Promotion of human resources development by contributing to society through education, culture, and environmental preservation activities	<ul style="list-style-type: none"> Provision of working environments where people can continue to work and play an active role Provision of culture business and learning opportunities Respect for Human Rights 	<ul style="list-style-type: none"> Employee engagement Percentage of female managers Male childcare leave acquisition rate Education system utilization rate Health and productivity management indicators [Tokyu Corporation + Tokyu Railways] Obesity rate Smoking rate Exercise habit rate 	A 10% or above 100% 30% or above	B*3 12.9% 90.6% 24.3%	<p>Assessment: Developing systems to expand opportunities for diverse individuals to play an active role, and fostering a culture and mindset</p> <p>Future: Accelerate a virtuous cycle (returning to the company) that leads from "improvement of employee engagement and satisfaction" to "improvement of productivity"</p>
Decarbonization, Recycling-based Society	Realization of a recycling-based and decarbonized society in harmony with the environment	<ul style="list-style-type: none"> Reduction of CO₂ emissions Effective utilization of resources (recycling-based society) Conservation and restoration of biodiversity Promotion of sustainable supply chain management 	<ul style="list-style-type: none"> CO₂ emissions reduction rate (Scope 1 and 2)*1 (Consolidated) CO₂ emissions reduction rate (Scope 3)*1 (Consolidated) Renewable energy ratio (Consolidated) Provision of menu of services that reduce environmental burden (Consolidated) People taking action on the SDGs Acquisition of environmental certification for facilities (cumulative total) 	-46.2% (2030 target) -30.0% (2030 target) 50% (2030 target) 100 cases or more (2030 target) 65% (2030 target) 9 cases	-38.0% -11.0% 39.7% 17 cases 51.8% 10 cases	<p>Assessment: Substantial renewable energy operation on all Tokyu Lines, and significant reduction in consolidated CO₂ emissions</p> <p>Future: Promote initiatives aimed at towns, including a recycling-based society, such as providing a menu of services that support change to environmentally friendly behavior</p>
Corporate Governance & Compliance	Achievement of the best possible corporate governance directly linked to society and the global business environment	<ul style="list-style-type: none"> Ensuring fairness and transparency of management through highly effective corporate governance Compliance education and establishment of an effective and efficient management system 	<ul style="list-style-type: none"> Ratio of independent outside directors Number of female directors Number of incidents of serious violations of laws and regulations (Consolidated) Rate of participation in compliance-related training 	1/3 or above 2 people or more 0 cases 100%	4/11 2 people 1 case *4 100%	<p>Assessment: Cancelled parent-child listing with the Company as the parent company</p> <p>Future: Promoted initiatives based on the evaluation of the effectiveness of the Board of Directors</p>

With the exception of environmental themes, targets are set in conjunction with the period of the Three-year Medium-term Management Plan. See pages 85 and 86 for our progress in each fiscal year versus the targets, and see our corporate website for additional details such as social issues for each important sustainability theme and approaches to setting indicators. <https://tokyu.disclosure.site/en/93/>

*1 Compared with FY2019 *2 Target modified in May 2023 due to a change in business plan resulting from changes in the market environment *3 Survey conducted in August 2022 *4 Prosecution of a subsidiary of the Company for violation of the Antimonopoly Act (see page 80)

Identification and Implementation Process

1 Derivation and organization of societal concerns
Narrowing the long list of 300 societal concerns to a short list of 49

SDGs	GRI	SASB	ISO26000
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We created a long list of 300 items that are expected to be resolved, referring to the SDGs, ISO 26000, and GRI Standards, as general societal concerns, and the Sustainability Accounting Standards Board (SASB) as industry-specific concerns. In addition, in consideration of the integration of similar concerns and their relevance to areas where we are making efforts, we created a 49-item short list.

2 Evaluate materiality
Evaluation based on "Importance for Tokyu Group" and "Importance for Society"

The short list was evaluated based on "importance for Tokyu Group" and "importance for society," or stakeholders, and we provisionally evaluated the material sustainability themes (materiality).



3 Conduct dialogues with external experts

To identify material sustainability themes (materiality), we held dialogues between outside experts and the officers in charge.

See our website for an overview of their comments.

<https://tokyu.disclosure.site/en/93/>

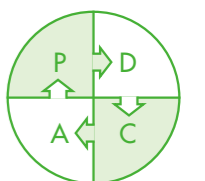
4 Material sustainability themes (materiality)

After verifying the appropriateness of the materiality assessment based on recommendations from outside experts, the Board of Directors identified material sustainability themes (materiality) when approving the Medium-term Management Plan through the Management Meeting.

In addition, we have established our Vision for 2030, set societal concerns to be addressed for each theme, and positioned them as our basic policy for management which is key to the long-term management initiative.

5 Integration of material sustainability themes and management plans

When formulating the long-term management initiative and Medium-term Management Plan, we confirm whether or not material sustainability themes have been updated. For details of the PDCA process, please see Sustainability Management on page 58.



Message from the CFO

Striving for Financial Management for Urban and Community Development Over Time Through Long-term Recycling-based Business Model



Hirohisa Fujiwara

Director
Senior Managing Executive Officer

Toward Achieving Current Medium-term Management Plan

To a New Start for Next-term Management Plan by Fulfilling Current Medium-term Management Plan

Our current Three-year Medium-term Management Plan, which commenced in FY2021, has been unable to show operating profit numbers in latter two fiscal years of the three-year period due to COVID-19 effects at the plan announcement stage. Weaknesses were exposed in our business model of dependence on travel flows and the burden of fixed costs in terms of performance in FY2020 and FY2021, which were at odds with our previous Medium-term Management Plans. Nonetheless, structural reform and demand recovery have proceeded in each business, and we anticipate operating profit of 78.0 billion yen in FY2023. Under the previous Medium-term Management Plan from FY2018 to FY2020, the target operating profit that we set when we announced the plan was 78.0 billion yen in FY2019 and 97.0 billion yen in FY2020. With this in mind, we believe we have finally reached a new starting point for our new plan to commence in FY2024.

Sustainable Urban and Community Development

Renewal Is Long-term Recycling-based Business Model Symbol

Urban and Community Development in Our DNA, Unbroken Across Time

COVID-19 changed people's lifestyles, with the idea of a 15-minute city proliferating across North America and Europe, in which life essentials can all be reached in a 15-minute walk. This is decentralized, rather than concentrated, urban and community development, and the Group has factored the idea of self-contained and dispersed urban and community development from the time of its previous Medium-term Management Plan and Long-term Management Initiative. Such urban and community development continues the traditions laid down in previous eras. The renewal that we are currently carrying out is the culmination of plans from many years back, and in this sense, our investment plans are fundamentally unchanged from before. While some matters may be symbolic of their times, they are also nothing less than an embodiment of how the urban and community development that we have inherited in perpetuity is in our DNA.

Enhancing our Strengths and Business Portfolio

A Proprietary Integrated Group Possessing Diverse Subsidiaries

Toward Upside Revenue by Re-examining Strengths

The Group is a flat integrated corporate Group with a plurality of businesses in different industries, with attributes being having comparatively large-scale subsidiaries including formerly listed companies. Such subsidiaries contribute to our real estate leasing business by paying us reasonable rents, and also aid improving consolidated business profit overall by driving growth of each respective business. This solid relationship between our real estate leasing business and internal tenants is our strength, and I believe that emphasizing Group operations has the potential to generate further upside revenue.

We are proceeding with DX at present as one such upside. Tokyu Railways is carrying out a DX operation transformation, with DX proceeding substantially, having realized such as maintenance optimization and Toyoko Line one-man driving. By contrast, retail and hotel businesses will need to catch up going forward. As the structures of each business of the Group vary, we are providing a digital platform as a cross-boundary function organization, in which we carry out appropriate DX according to each business category as well as promote collaboration among businesses. While business balance enhancement through such DX is also crucial, however, it is also necessary to ensure budgets for corporate R&D positioning and raise new revenue on the basis of assets held, and I intend to carry out such activities.

Additionally, development of financial personnel who organize such business is necessary, as is thinking of the optimal state of Group management. For example, employees in charge of finance and accounting of the business division might be in the two chains of command of the business division and the head office's finance and accounting division. Regarding development of financial personnel, I want to cultivate personnel capable of becoming more expert based on comprehension of business.

Balance Sheet Operations

Balance Sheet Health and Efficiency

It is crucial first of all to ascertain absolute amounts in financial operations. As community development is carried out in roughly decadal units, the thinking in the Long-term Management Initiative we disclosed in September 2019 will not fundamentally change before 2030. Consolidated total assets at the end of FY2017 stood at JPY2.20 trillion, and we imagined that consolidated total assets in 2030 would be roughly on the order of JPY 3 trillion including some JPY400.0 billion in Shibuya investments, as well as renewal along our railway lines, etc. The key is not simply increasing assets, but reviewing the substance thereof.

Interest-bearing debt stood at approximately JPY1.20 trillion at the end of FY2022. We focus on the ability to refinance liabilities with direct finance even when capital markets change

Financial Management Attitude as Seen in the Balance Sheet

Assets	Liabilities
<ul style="list-style-type: none"> ● Funds <ul style="list-style-type: none"> — Ensuring stable funds ● Portfolio Attitude <ul style="list-style-type: none"> — Transportation, Real Estate: Investigation in medium and long term viewpoints as societal infrastructure — Life Services, Hotels and Resorts: Conducting ongoing reviews in line with business environment changes — Investment in Growth: Carried out in concentrated manner in areas with significant growth potential ● Cross-shareholding <ul style="list-style-type: none"> — Sustained reduction 	<ul style="list-style-type: none"> ● Interest-bearing Debt/TOKYU EBITDA* multiple: 7 times level in current medium plan period (FY 2022 result: 8.9 times) ● Financing <ul style="list-style-type: none"> — Mainly debt — Focus on balance of direct and indirect finance
	<p style="text-align: center;">Net assets/ Capitalization</p> <ul style="list-style-type: none"> ● Minimum 30% dividend payout ratio (medium- to long-term guideline)

* TOKYU EBITDA = Operating profit + Depreciation + Amortization of goodwill + Disposal cost of fixed assets + Interest and dividend income + Investment gains (loss) from equity method

rapidly, as well as asset liquidity and other fund procurement ability using the balance sheet, based on capital market demand and such factors as long term regulatory moves regarding cross-shareholding by banks. It is necessary to control interest-bearing debt according to baselines allowing refinancing under any circumstances.

Conversely, equity capital at the end of FY2022 stood at approximately JPY740.0 billion, and we have an image in which, if we have annual net income of JPY50.0 billion, we would accumulate approximately JPY500.0 billion of funds over 10 years necessary for investment, internal reserves, and shareholder return. The key going forward is being how to utilize this; I want to focus on the balance of liabilities and cashflow, as well as balance sheet health and efficiency. This is because I want us to continue being a company capable of doing many things from here on in. My mission is to strive for a balance sheet that will allow those who run the Group going forward to borrow and procure capital as needed as well.

CB* Issues and Shareholder Returns *Convertible Bonds

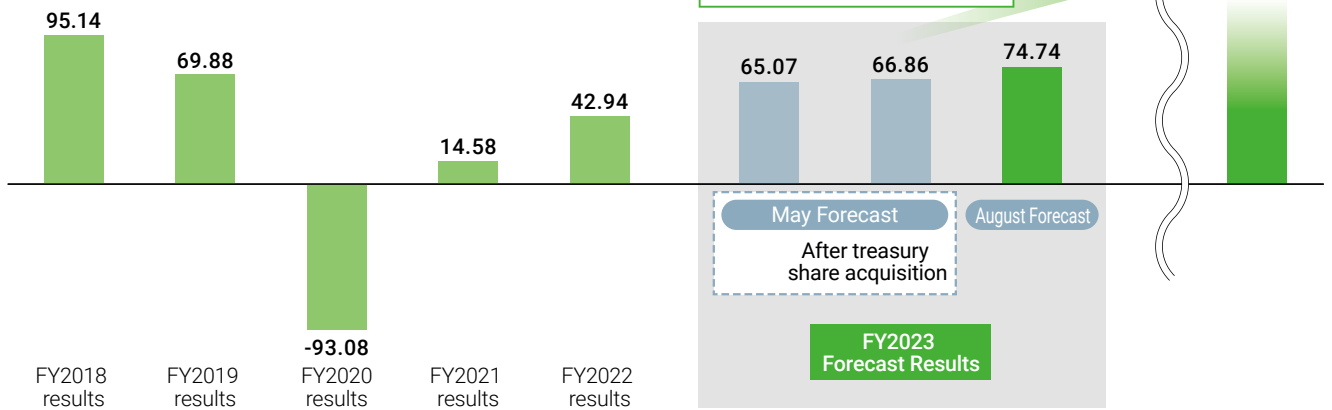
Carrying Out Shareholder Returns with Balance Sheets Operations in Mind

With a focus on balance sheet health and efficiency, in June 2023 we simultaneously carried out a total 60.0 billion yen Euro-Yen CB issue and an acquisition of 30.0 billion yen in treasury shares. There were two primary ideas behind this policy.

The first was capital expenditures for our various renewal projects, including realizing our Greater SHIBUYA 2.0 in Shibuya. Our renewal is long term, and it will take time to fluidize and recoup funds. Thus, this financing serves as

● **Achieving Sustained Earnings Per Share (EPS) Growth**

- Striving for further growth through promoting superior development plans and primary subsidiary growth
- Promoting improved asset efficiency and enhanced capital efficiency



a bridge. The second is acquiring treasury shares versus increased stock as part of our past Group restructuring. To you, our shareholders who have held our stock over the long term, we have large quantities of outstanding shares of stock, and we have long wanted to return a portion of the capital that you have paid in by eliminating dilution thereof. We acquired approximately 16,520,000 treasury shares through this CB issue, surprising capital markets and being told how ingenious we must be, suggesting that they understood our objective.

Turning to shareholder returns, we have a medium- to long-term guideline of 30% minimum dividend payout ratio, and we will strive going forward to flexibly carry out treasury share acquisitions and improve total payout ratio and EPS.

Promotion of Sustainable Finance

Promotion of Environmental and Societal Sustainability Through Finance

We have continuously issued sustainability bonds since we issued our first sustainability bond in FY2020. When sustainable finance, which is currently catching on in Japan, got its start abroad, it was inaugurated with the most important concern being disclosure of how funds will be used in the conduct thereof. I feel that financing techniques that have clear applications such as purchasing rolling stock and renewal and take into account environmental and societal impact fit with our business stance. Following the sustainability bond, in November 2022 we issued our first sustainability-linked bond. For this bond, we set a sustainability performance target (SPT) of 46.2% of FY2019 CO₂ emissions by FY2030, as laid down in our Environmental Vision 2030, and I intend to make even greater efforts to engage financially with sustainability.

Building Relationships with Stakeholders

Toward Building Value Across Stakeholders and Time: "Business is Local, Brands are Global"

We believe that business should be local and brands should be global. As our business is very closely tied to local communities, it is essential that we collaborate with local corporations and superior corporations when undertaking various services. New businesses and capital relationships are arising in telecommunications and energy based on community foundations, making it easier to build new businesses. Unlike the way the Group used to be, with considerable attention paid to our relations with financial institutions, we take heart from the fact that close partnerships have increased based on alliances with partners for business expansion.

Based on the funds we receive from markets, we carry out urban and community development where living is easy with locals both domestically and internationally, and contribute to local communities, which in turn drives employee motivation and shared shareholder value. This is the urban and community development tradition that we have cultivated. We are proud that we are capable of renewal. We will continue to engage in dialogue to the utmost with all stakeholders and pursue financial management for urban and community development for all time even as I fulfill my responsibilities both internal and external as Chief Financial Officer.