

Strategies and Achievements by Business

Understanding Tokyu

Value Creation Story

Management Strategy

Strategies and Achievements by Business

Source of Value Creation

Foundations for Sustainability

Company Information

Transportation

Business domains

- Railway Business
- Bus Business
- Airport Management Business, etc.

Total annual passengers
Tokyu Railways approx. 980 million
Tokyu Bus Corporation approx. 1.3 million

Installation of platform screen doors (including fixed platform barriers equipped with sensors)
All stations served by Tokyu's railway lines (excluding Setagaya Line and Kodomonokuni Line)

Passengers per year at airports under management (7 airports in Hokkaido, Sendai Airport, Mt. Fuji Shizuoka Airport and Hiroshima Airport)
27.42 million



Real Estate

Business domains

- Real Estate Sales, Leasing, Management Business
- Overseas Business, etc.

Office building space for lease (The Company's ownership)
Approx. 375,000m²

Number of (directly managed) satellite shared office facilities
115 facilities

Rental housing
49 facilities 2,049 units



Life Services

Business domains

- Cable Television Business
- Electricity Retailing, Gas Agent Business
- Schoolchild, Preschool Nursery Business
- Department Store Business
- Shopping Center
- Chain Store Business, etc.

Households connected to CATV (its communications Inc., Cable Television Shinagawa)
Approx. 1.18 million households

Nursery school and school children's facilities (including leased, direct management, and publicly commissioned)
105 facilities

Supermarkets
90 stores



Hotel and Resort

Business domains

- Hotel Business
- Resort Business
- Golf Business, etc.

Hotels/ Members-only resorts
66 facilities 12,849 units

Number of Tokyu Hotels Comfort Members
740,000 people

Golf courses
6 locations



(As of March 31, 2023)

Transportation



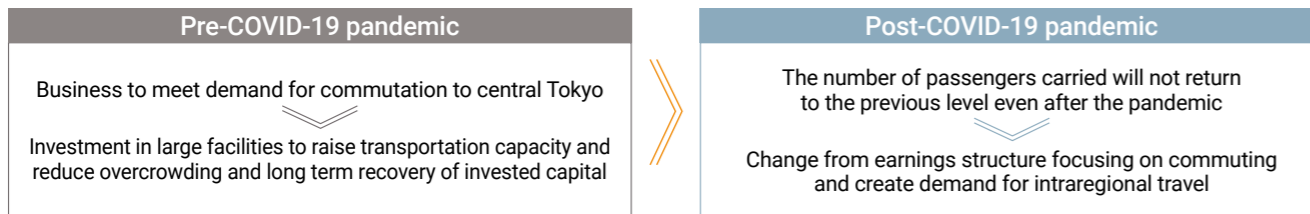
Characteristics and strengths

- Safe, secure, universal, and comfortable services
- A highly convenient network with mutual direct train service operations offering a mode of transport with low environmental impacts

Initiatives to address key social issues

- Prevention of accidents
- Initiatives for barrier-free design
- Improvement of environmental performance and mitigation of environmental impacts
- Enhancement of mobility including MaaS, etc.

Changes in the business environment and a shift in business strategy



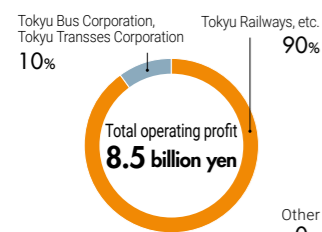
Business Conditions

Operating revenue 184.0 billion yen 10.5% increase YoY Operating profit 8.5 billion yen YoY

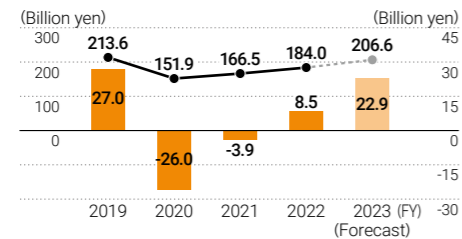
In the transportation segment in FY2022, we experienced a stepwise recovery in the number of passengers transported by our railway operations and bus operations and the number of airport users amid increased opportunities for people to go out following the removal of travel restrictions. Despite an increase in power costs, operating profit increased by 12.4 billion yen owing to the recovery in operating revenue and continued cost reductions, resulting in profitability.

Results for FY2022 (Transportation Segment)

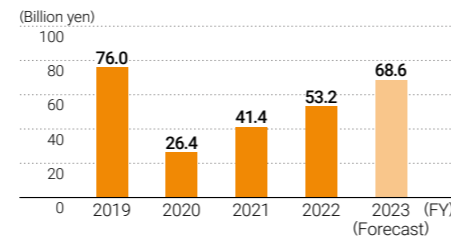
Operating profit distribution ratio



Operating revenue* and operating profit

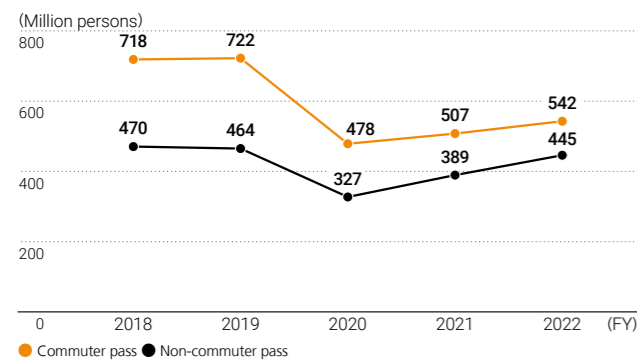


TOKYU EBITDA*

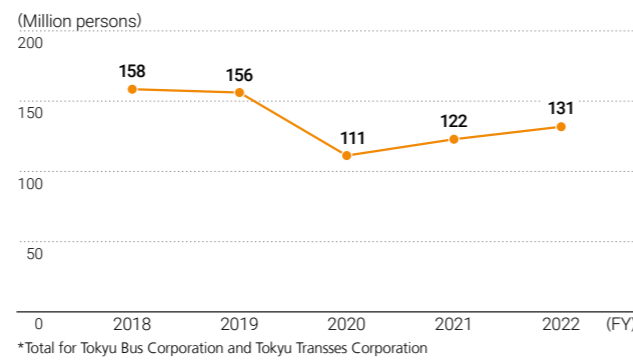


* TOKYU EBITDA = Operating profit + Depreciation + Amortization of goodwill + Disposal cost of fixed assets + Interest and dividend income + Investment gains (loss) from equity method

Changes in the Number of Passengers Transported by Tokyu's Railway Lines



Changes in the Number of Passengers Transported by Bus*



[Tokyu Railways] Number of passengers carried rose by 7.0% in terms of commuters, and by 14.5% for non-commuters, resulting in an overall increase of 10.2% compared to the previous year.
[Tokyu Bus] Number of passengers carried increased by 7.2% compared to the previous year.

Strategies and Progress in the Three-year Medium-term Management Plan

Pursue safety and security, aim to achieve both public benefit and profitability at high levels, and reform operations using technology to strengthen the business structure.

Pursuing safety and security

- Maintenance of good facility condition and accident prevention
 - Ensure thorough facility renewal and inspections required
 - Implement disaster control measures
- Improvement of recovery capacity after accidents
 - Renew and improve control center facilities
 - Increase educational functions (improve HR and technical skills)
- Universal services
 - Reduce gaps between platforms and train floors
 - Place more barrier-free facilities (use of apps, etc.)

Reforming operations

- Expand one-man driving
- Rationalization of service schedule according to demand
- Optimization of maintenance operation using data, etc.

Increase resistance to changes in demand

- Improving earnings structures of Tokyu bus, airport management business, regional transportation business, etc. and thoroughly meeting demand for recovery

Increasing convenience

- Tokyu Shin-Yokohama Line starts service
- Increase services such as paid seating



Passenger carriages with Q SEAT paid seating on the Toyoko Line

Initiatives for Business Structure Transformation and Increasing Operating Revenue

Tokyu Railways is working to transform its business structure to lower fixed costs and improve productivity while fully maintaining its commitment to safety and service levels, and the company will continue to increase efficiencies through technological innovations and other means. Although we have continuously made capital expenditures that far exceed industry standards, the costs required to maintain facilities are increasing year by year.

We carried out fare revisions in March 2023 in order to ensure the appropriate upkeep of facilities and offer value that fulfills more diverse and complex societal demands. Combined with the effects of the opening of the Tokyu Shin-Yokohama Line, we expect revenue will increase by 15 billion yen compared to the previous year.



	Up to FY2022	FY2023
Switch to one-man driving on Toyoko Line	<ul style="list-style-type: none"> • Completed modifications of ground facilities at all 26 stations and all 155 passenger trains • Started all passenger carriage door operation by train drivers 	<ul style="list-style-type: none"> • Further investment for safe and stable transportation in one-man driving sections (e.g., higher functionality of onboard security cameras)
Rationalization of service schedule	<ul style="list-style-type: none"> • Revised the number of services in response to customer ridership trends • Began service on Okusawa through line and increased the speed of some trains 	<ul style="list-style-type: none"> • Ongoing review of service schedule focused on demand
Transformation of station operations	<ul style="list-style-type: none"> • Reviewed station operations and commuter pass sales floor 	<ul style="list-style-type: none"> • Facility upgrades and trial implementation for work pattern changes • Reduction of security costs through in-house production, etc.
Review of inspections and repairs	<ul style="list-style-type: none"> • Promoted CBM* (railroad switches, HVAC, etc.) • Revised facilities management operations 	<ul style="list-style-type: none"> • Ongoing review of optimal inspections and repairs • Expansion of facilities with CBM

* Condition Based Maintenance (Optimization of maintenance operation using data)

Achieved a cost reduction of approx. 5.0 billion yen/year consistently up to FY2022. Promote further efficiencies going forward.

	Up to FY2022	FY2023
Fare revision	<ul style="list-style-type: none"> • March 2023 revisions (revision rate: 12.9%) 	<ul style="list-style-type: none"> • Increased revenue by 11.3 billion yen
Tokyu Shin-Yokohama Line Starts Service	<ul style="list-style-type: none"> • Began service on March 18, 2023 	<ul style="list-style-type: none"> • Increased number of passengers carried by 11 million • Increased revenue by 3.6 billion yen

Revenue expected to increase by 15 billion yen year over year in FY2023



Real Estate

Characteristics and strengths

- Real estate development balancing solutions to social issues with business viability
- Urban and community development where work, live and play are functionally developed through partnerships with communities and local government

Initiatives to address key social issues

- Development and area management to respond to local needs and issues
- Promotion of self-contained and dispersed structures bringing closer work, living, and play
- Urban and community development in harmony with the global environment

Changes in the business environment and a shift in business strategy



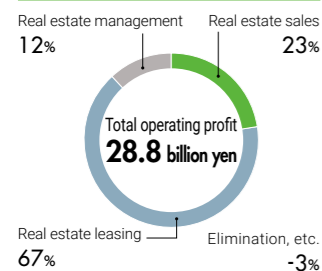
Business Conditions

Operating revenue 220.4 billion yen 1.3% decrease YoY Operating profit 28.8 billion yen 36.2% decrease YoY

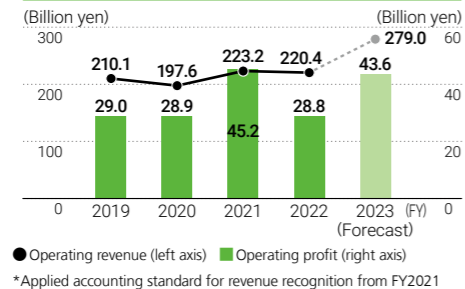
In the real estate segment in FY2022, operating profit declined by 16.3 billion yen from the previous fiscal year to 28.8 billion yen due to the absence of the previous year's sales of large-scale properties in the real estate sales business, which offset the strong performance of the real estate leasing business.

Results for FY2022 (Transportation Segment)

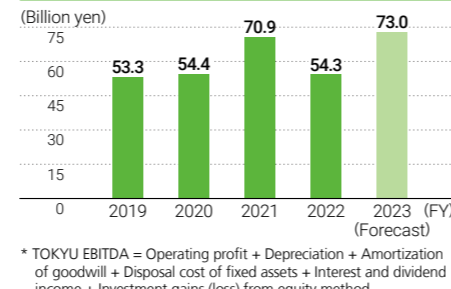
Operating profit distribution ratio



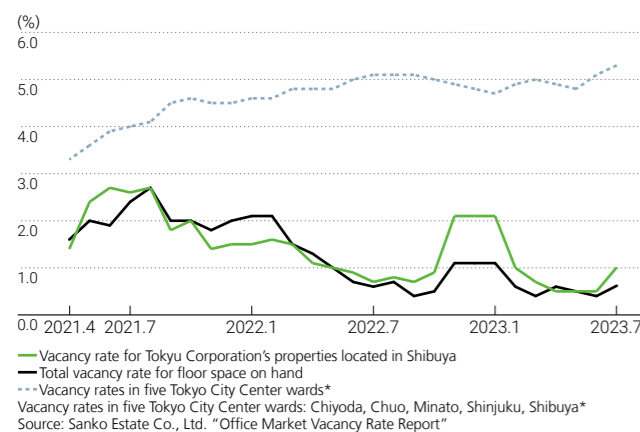
Operating revenue* and operating profit



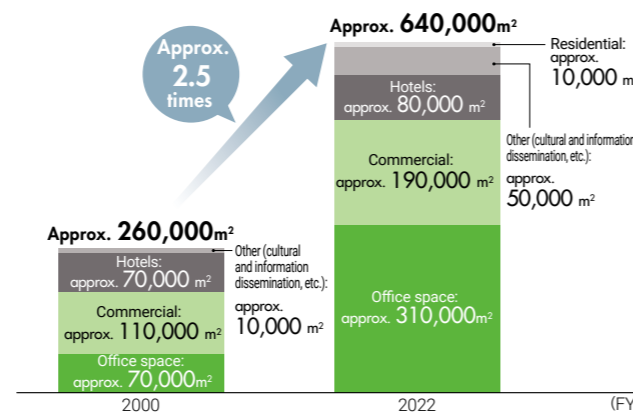
TOKYU EBITDA*



Office Vacancy Rate (Result)



Trend in Tokyu Corporation's Floorspace in the Shibuya Station Vicinity and Wider Shibuya Area



Vacancy rates in the five Tokyo city center wards have been on the rise due to the effects of COVID-19, but such rates at the properties we own have remained low compared to the respective district averages, as many of these properties are directly connected to key stations.

Strategies and Progress in the Three-year Medium-term Management Plan

Implement Tokyu's unique urban and community development that will enhance area value, and play a central role in consolidated business profit, and raise profitability to drive profit growth.

Shinjuku redevelopment progress

- Opened Tokyu Kabukicho Tower**
 - Bringing an unparalleled hotel and entertainment complex from Japan to the world
 - Promoting an entertainment plan in which local community and building combine organically, through integrated utilization of Cinema City Plaza adjacent to outdoor jumbo vision and outdoor stage

Evolving to urban management

- Efforts for self-contained and dispersed urban structures, Tokyu area city**
 - Promote the development of facilities that become the center of the regional economic sphere
 - Solve issues through public- and private-sector partnerships and develop unique communities
 - Enhancement of shared offices, small offices, etc.
- Strengthening of housing-related businesses and revitalize Tokyu areas**
 - Plan products with a focus on proximity between work and home and telecommuting and promote the appeal of Tokyu areas

Improvement of asset recycling building business

- Early contribution to consolidated profit (reduce timeframe)**
 - Establish a business with a focus on fund efficiency
 - Use pipeline with TOKYU REIT, etc.
- Promotion of overseas urban and community development**
 - PJ promotion utilizing distinctive characteristics of individual regions**
 - Build real estate business value chain in Vietnam
 - Residential rental and condominium businesses in Thailand
 - Residential land and urban development business in Australia

Development Plan Underway

In Shibuya, the most important center for the Group, we are promoting development plans, including public-private partnerships, and initiatives that contribute to improving the attractiveness of the city.

In areas served by Tokyu's railway lines, we will strive for invigoration of economic activity including creation of intraregional movement demand and increases in residential and transient populations, etc., by such as functional positioning of work, live, and play based on the idea of self-contained and dispersed urban structures, and collaboration and cooperation with local residents, government, academia, and commercial businesses.

Shibuya area

- SHIBUYA AXSH**
Completion: Scheduled for end of May 2024
- Shibuya Scramble Square (Central Building and West Building)**
Opening: Scheduled for FY2027
- Shibuya Upper West Project**
Completion: Scheduled for FY2027



Areas served by Tokyu's railway Lines

- Shin-Tsunashima Square**
Completion: Scheduled for October 2023
- THE YOKOHAMA FRONT**
Completion: Scheduled for March 2024
- Development of intermediate base stations (Fujigaoka/Saginuma)**



Real Estate Sales Business Progress

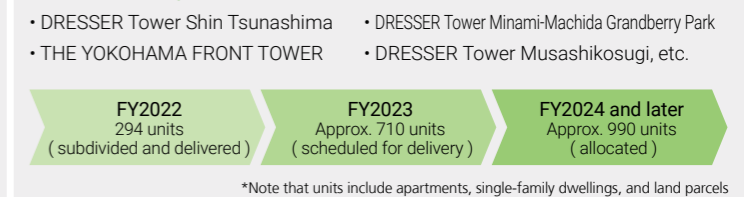
Through our residential sales business, which enhances the value of areas along our railway lines, and our asset turnover building business, which is concerned with portfolio and capital efficiency, we are effecting stable and sustained contributions to profit and further invigoration of areas served by Tokyu's railway lines. We are also proactively promoting urban and community development globally.

Engagement with asset turnover building business

- Rental apartment development and selling of apartment buildings
- Mid-sized office, etc., development and selling
- Renovation, increased value



Key future business plan in residential sales



Expansion of global real estate sales business

- The GLORY (scheduled for completion in FY2024, Binh Duong New City, Vietnam, total 992 apartments)
- dcondo Hype Rangsit (scheduled for completion in 2024, Pathum Thani Province, Thailand, total 546 units)
- dcondo Air Ladkrabang (scheduled for completion in 2025, Bangkok, Thailand, total 539 units)
- Kindsquare Residence (scheduled for completion in 2025, Bangkok, Thailand, total 222 units), etc.



Life Services

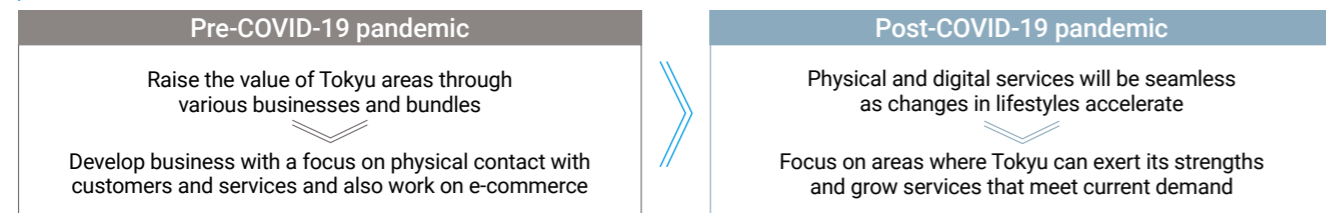
Characteristics and strengths

- Build a wealth of customer contacts and trust through IENAKA (in-home) and MACHINAKA (downtown) business, supporting the lives of various generations of customers with diverse needs

Initiatives to address key social issues

- Promotion of healthy and affluent lifestyles for local residents
- Provision of convenient facilities and services to meet the diversification of lifestyles and work styles

Changes in the business environment and a shift in business strategy



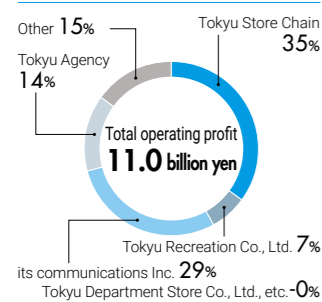
Business Conditions

Operating revenue 517.2 billion yen 2.9% increase YoY Operating profit 11.0 billion yen 67.8% increase YoY

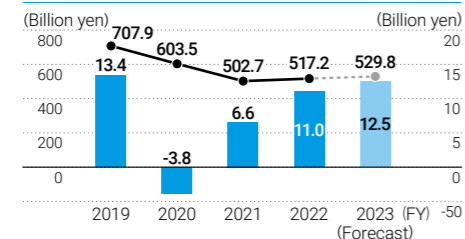
In the life service segment in FY2022, operating profit increased by 4.4 billion yen from the previous fiscal year to 11.0 billion yen due to the recovery of Tokyu Department Stores and Tokyu Recreation following the bounce back from the temporary closure of some stores and shortened business hours in the previous fiscal year, despite consumers refraining from purchases as a result of inflation and an increase in costs such as electricity.

Results for FY2022 (Life Services Segment)

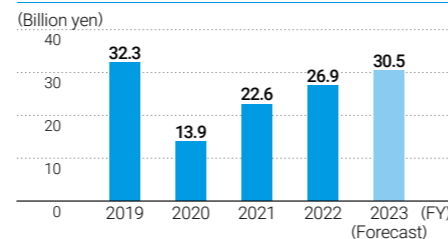
Operating profit distribution ratio



Operating revenue* and operating profit

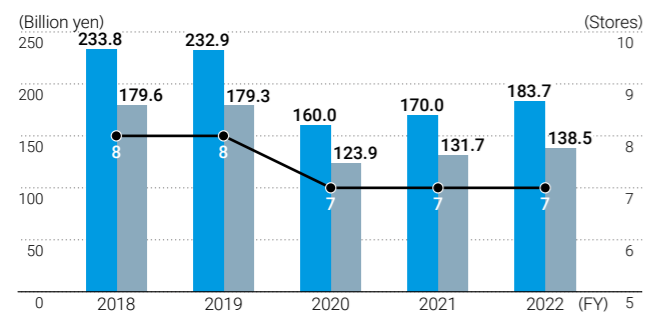


TOKYU EBITDA*

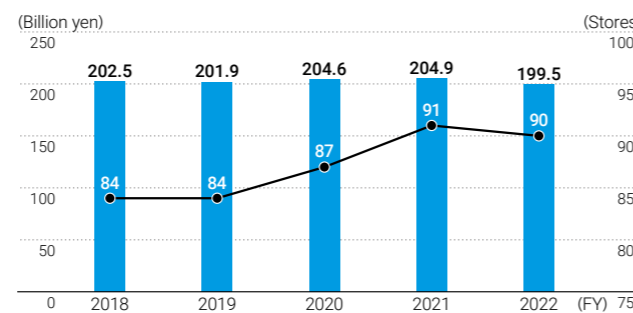


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Trend in Tokyu Department Store Operating Revenue and Number of Stores



Trend in Tokyu Store's Supermarket Business Operating Revenue and Number of Stores



*Operating revenue of Tokyu Department Store and Tokyu Store Chain represent figures before the application of the Accounting Standard for Revenue Recognition. *Tokyu Department Store's fiscal year ends in January, and Tokyu Store Chain's in February *Total operating revenue of Tokyu Department Store include rental tenants (excluding some tenants)

[Tokyu Department Store] Operating revenues are recovering owing to an increase in customer traffic due to the normalization of socio-economic activities.

[Tokyu Store Chain] Operating revenue was lower than the previous fiscal year due to stabilizing demand for eating at home and consumers refraining purchases due to inflation.

Strategies and Progress in the Three-year Medium-term Management Plan

By evolving into businesses and services that respond to new lifestyles, we will strengthen the competitiveness of each business and contribute to consolidated profits.

Providing value through the lifestyle infrastructure business/ Upgrading services to meet customer needs and current demand

- Profit growth by responding to IENAKA (in-home) demand**
 - Promote opening of Tokyu Store Chain, Improve e-commerce
 - Increase operating efficiency using digital technologies
- Selective implementation of strategic Investments**
 - Strengthen the ICT business, Strengthen competitiveness by participating in the business of 5G base station sharing, Mesh Wi-Fi, FTTH (fiber-optic) and promotional of regional BWA
- In the face of a super-aging society, we provide one-stop services that accompany the future lives of customers**
- Develop a "concierge" system by establishing profound relationships with Tokyu area customers and improving proposal skills**
 - Aim to increase services and expand business as the comprehensive provider of "IENAKA" (in-home) solutions
- Grow shares in new markets by responding to rapid changes in working styles**
 - Corporate membership office-sharing business* Focus on increasing the rate of use and number of Customers
 - * The corporate membership shared office business is included in the real estate segment
- Increase the profitability of individual businesses**
 - Examine value provided and income/expenditure structure
 - Redefine the meaning and role of the company and restructure its business and services for the next generation
- Structural reform of department store business**
- Storefront structure reform and increased back office business process efficiency**
- Services and sales promotion shift to digital operations**

Initiatives for Business Structure Transformation

Transitioning Away from the Conventional Department Store Business Model

Tokyu Department Store has closed its key stores (Toyoko Store and flagship store) due to redevelopment in Shibuya. In light of this situation, we are working on business structure transformation to transition away from the conventional department store business model.

Transformation of business structure (Kichijoji Store, Tama Plaza Store, Sapporo Store)

- Expand lease conversion and reduce own sales floor

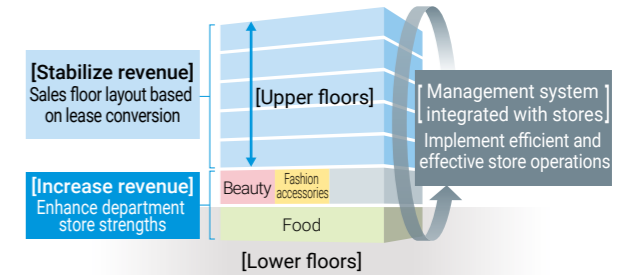
Initiatives for growth

- Further enhance strengths of Tokyu Department Stores (food and beauty)
- Diversify product lineup through tenant mix (own salesfloor + expansion of rental tenants)
- Strengthen collaboration between stores and e-commerce and between stores and out-of-store sales

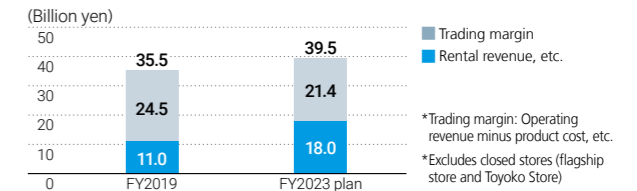
Pursuit of extensive efficiencies

- Streamline operations and slim head office functions [Cost reductions in FY2022] Approx. 5.5 billion yen (compared to FY2019)

Transform Business Structure of Stores



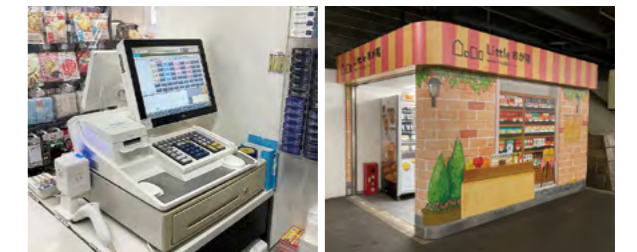
Trend in Trading Margin and Rental Revenue



Restructuring of the Daily Necessities Retail Business

In March 2022, with the aim of evolving into businesses and services compatible with new lifestyles, we merged Tokyu Store Chain and Tokyu Station Retail Service, which operates station kiosks and convenience stores. In the supermarket business and train station store business, we improved operational efficiency after expanding the product lineup by unifying product suppliers, standardizing cash register systems, and integrating office and general administrative operations.

In addition, utilizing Tokyu Store Chain's knowledge of unmanned payment store operation and Tokyu Station Retail Service's vending machine business, we are developing a new business format that meets customer needs such as short-time purchasing and contactless purchasing. In January 2023, we opened Little Ichigao produced by Tokyu Store, an unmanned store featuring vending machines based on the concept of "good for the community and good from the community."



POS cash register at station kiosk shared with supermarket

Little Ichigao produced by Tokyu Store opened on the platform of Ichigao Station on the Den-en-toshi Line

Going forward, through the integrated operation of our retail businesses, including food and daily necessities, we will continue our dominance tailored to regional characteristics and customer needs, and strengthen our product and service capabilities.

Hotel and Resort



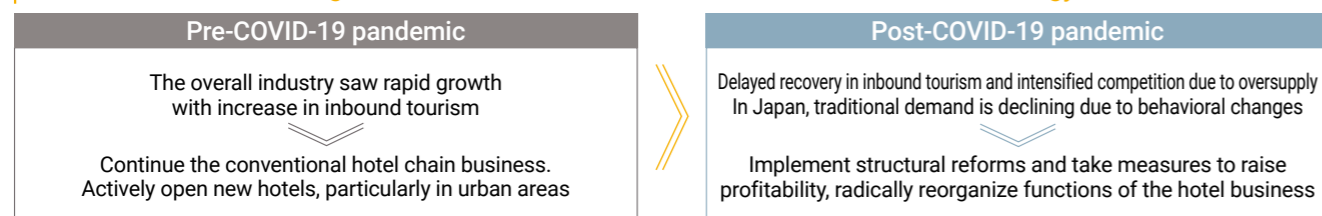
Characteristics and strengths

- Providing hospitality services that enhance the quality of life and responding to the diversification of values and lifestyles with trusted brands nationwide

Initiatives to address key social issues

- Contributions to regional development
- Providing experience value to meet the diversification of lifestyles
- Reduction of environmental impact and promotion of resource recycling

Changes in the business environment and a shift in business strategy



Business Conditions

Operating revenue 70.8 billion yen 62.7% increase YoY Operating profit -4.1 billion yen YoY

In the hotels and resorts segment in FY2022, Tokyu Hotels' annual occupancy rate hit 70.6% (up 26.5 points year-on-year) and operating revenue increased 27.2 billion yen, recovering to 70.8 billion yen, thanks to the effects of easing restrictions on domestic travel and nationwide travel support, as well as the gradual easing of restrictions on visitors from overseas. At 4.1 billion yen, the operating loss improved by ¥12.6 billion due to higher revenue and the effects of structural reforms.

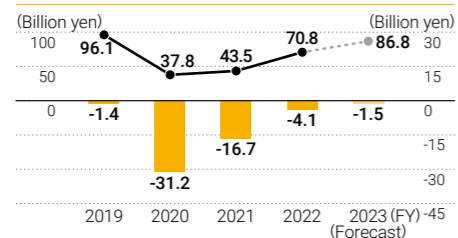
Results for FY2022 (Hotel and Resort Segment)

Operating profit distribution ratio

-4.1 billion yen

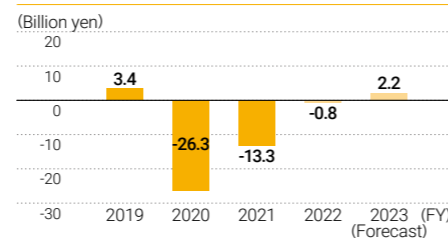
Tokyu Hotels: ... -3.2 billion yen
Other: -0.8 billion yen

Operating revenue* and operating profit



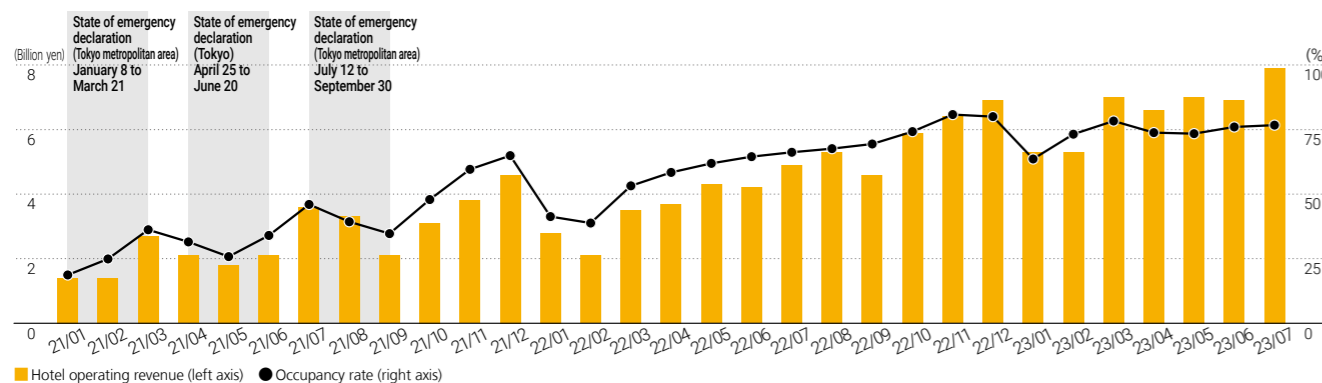
* Operating revenue (left axis) ■ Operating profit (right axis)
* Applied accounting standard for revenue recognition from FY2021

TOKYU EBITDA*



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

Hotel Operating Revenue and Occupancy Rate (Results)



* The above includes hotels operated by Tokyu Corporation, Tokyu Hotels, Tokyu Hotels & Resorts, and THM.

The occupancy rate has been steadily increasing with the recovery of inbound tourism demand following the easing of entry restrictions.

Strategies and Progress in the Three-year Medium-term Management Plan

We will promote structural reforms in each of our businesses to achieve a quick recovery from the COVID-19 pandemic and develop measures to respond to behavioral changes and changes in the market environment for future growth.

Structural reform of each business

- Hotel business**
 - Build a structure that is resilient to changes in the business environment by changing the cost structure and improving profitability
- Time-share resort business**
 - Convert product configuration and business system in TOKYU VACATIONS
- Linen supply business**
 - Reorganize system of linen supply factory
- Golf business**
 - Improvement of profitability and brand power by responding to diversification of usage styles

Responding to behavior change and market environment change

- Acquiring customers with new lifestyles**
 - Officially launched TsugiTsugi, a fixed rate traveling residence business, and developing new "Vacation Style" and "Vacation Masters" membership service plans (TOKYU VACATIONS), etc.
- Using guest rooms as offices**
 - Collaboration with NewWork shared satellite offices



Opening of new hotels to meet future growth

- Open new hotels in response to change**
 - Engage with strengthening competition and improving brand power through opening new hotels responding to diversifying lifestyles and changing customer demand



BELLUSTAR TOKYO, A Pan Pacific Hotel (Tokyu Kabukicho Tower)
Grand opening of SAPPORO STREAM HOTEL in January 2024

Business Structure Transformation Initiatives and Brand Portfolio

To recover quickly from the COVID-19 pandemic and achieve future growth, we have promoted income and expenditure structure reforms and functional restructuring. As part of the income and expenditure structural reforms, we reduced fixed costs such as personnel expenses and rent, exited unprofitable hotels, and implemented measures to improve hotel profitability. In addition, we will differentiate and specialize management and operation functions, and while the newly established Tokyu Hotels & Resorts will be responsible for the operation functions, we will focus on acquiring new hotels centered on management contracts (MCs). Tokyu Corporation and Tokyu Hotels

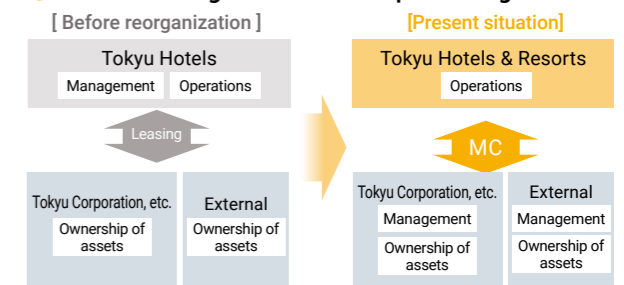
will treat hotels management and assets management as integrated management functions, and will carry out the building of hotels together with the qualities of urban and community development.

In line with this reorganization, we added Tokyu Vacations to existing brands such as Tokyu Hotels and established a new "DISTINCTIVE SELECTION" as part of our efforts to reorganize and expand our brand portfolio. We will provide a wide range of flexible brand options to meet the various needs of customers in diversifying usage scenes and clients considering hotel management and investment.

Promote Income and Expenditure Structure Reforms at Tokyu Hotels

Reduce fixed costs	<ul style="list-style-type: none"> Reduce personnel and outsourcing costs Reduce fixed lease fees
Strengthen ability to attract customers in domestic market	<ul style="list-style-type: none"> Create new revenue using hotel rooms as satellite office spaces, etc. Launch fixed rate traveling residence service
Increase hotel profitability	<ul style="list-style-type: none"> Reorganize loss-making foods and drinks division Introduce smartphone enabled check-in
Review hotels	<ul style="list-style-type: none"> Exit unprofitable hotels

Function Reorganization Conceptual Image



Subcontract management of approximately 4,000 suites in 15 hotels under new management contracts by FY2030

Brand Portfolio After Restructuring and Expansion

Tokyu brand hotels		DISTINCTIVE SELECTION	
<ul style="list-style-type: none"> THE CAPITOL HOTEL TOKYU TOKYU HOTEL TOKYU RESORT HOTEL EXCEL HOTEL TOKYU TOKYU REI HOTEL 	<ul style="list-style-type: none"> BELLUSTAR TOKYO HOTEL GROOVE THE HOTEL HIGASHIYAMA by Kyoto Tokyu Hotel THE PARK FRONT HOTEL AT UNIVERSAL STUDIOS JAPAN 		
<ul style="list-style-type: none"> Member's only medium-to long-stay resorts TOKYU VACATIONS 	<ul style="list-style-type: none"> Partner hotels ホテル伊豆急 Le Nessa OUTRIGGER RESORTS & HOTELS 		
<ul style="list-style-type: none"> Stream Hotel 	<ul style="list-style-type: none"> Storyline 		