

Tokyu Corporation

Consolidated Financial Statements First Three Quarters of the Fiscal Year Ending March 31, 2021

(April 1, 2020 – December 31, 2020)

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 Three Quarters of the Fiscal Year Ending March 31, 2021**

Tokyu Corporation

February 10, 2021

Stock Code:	9005	Listed exchanges:	Tokyo Stock Exchange First Section
URL:	https://www.tokyu.co.jp/	Inquiries:	Katsumi Oda, Senior Manager, Accounting and IR Group
President	Kazuo Takahashi	Telephone:	81-3-3477-6168
Planned date for submission of quarterly financial reports:	February 10, 2021		
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 Three Quarters of the Fiscal Year Ending March 31, 2021
(April 1, 2020 to December 31, 2020)**

*(Figures in percentages denote the year-on-year change)
Million yen*

1) Consolidated Operating Results

	Nine months ended December 31, 2020		Nine months ended December 31, 2019	
		Change (%)		Change (%)
Operating revenue.....	685,855	-21.0	867,949	1.5
Operating profit.....	-15,945	—	66,114	0.5
Recurring profit.....	-12,594	—	66,438	2.1
Profit attributable to owners of parent	-26,523	—	46,024	-1.6
Net income per share (¥).....	-43.91		75.77	
Net income per share (diluted) (¥).....	—		—	

Note: Comprehensive Income: Nine months ended December 31, 2020: ¥-23,852 million [-%]

Nine months ended December 31, 2019: ¥50,188 million [8.3%]

2) Consolidated Financial Position

Million yen

	As of December 31, 2020	As of March 31, 2020
Total assets	2,522,063	2,537,196
Net assets	772,709	809,614
Equity ratio (%).....	28.6	29.8

Reference: Shareholders' equity: As of December 31, 2020: ¥722,314 million

As of March 31, 2020: ¥757,003 million

2. Dividends

	FY ending March 31, 2021 (forecast)	FY ending March 31, 2021	FY ended March 31, 2020
Dividend per share – end of first quarter (¥)		—	—
Dividend per share – end of first half (¥)		10.00	12.00
Dividend per share – end of third quarter (¥)		—	—
Dividend per share – end of term (¥)	5.00		11.00
Dividend per share – annual (¥)	15.00		23.00

Notes: (1) Revisions to dividend forecasts published most recently: Yes

(2) The interim dividend of ¥12.0 for the fiscal year ended March 31, 2020 includes a commemorative dividend of ¥2.0.

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

*(Figures in percentages denote the year-on-year change)
Million yen*

	Full year	
		Change (%)
Operating revenue.....	931,000	-20.0
Operating profit.....	-35,000	—
Recurring profit.....	-40,000	—
Profit attributable to owners of parent.....	-60,000	—
Net income per share (¥).....	-99.32	

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 December 31, 2020: 624,869,876 As of March 31, 2020: 624,869,876
 - 2) Number of treasury stock at the end of the term (shares)
As of December 31, 2020: 20,775,493 As of March 31, 2020: 20,858,041
 - 3) Average numbers of shares issued during the terms (quarterly consolidated accumulation periods)
Nine months ended December 31, 2020: 604,085,321
Nine months ended December 31, 2019: 607,381,505

(Note) The number of treasury stock includes shares of the Company held by a group of shareholding employees in trust and compensation for Directors in trust, as follows:

As of December 31, 2020: 310,500 shares As of March 31, 2020: 395,600 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 information available on the date of this announcement and assumptions 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 of "1. Qualitative Information on Consolidated Financial Results, etc. for the First Three Quarters of FY2020, (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 Three Quarters of FY2020" will be disclosed on Timely Disclosure network (TDnet) and our IR website today (February 10, 2021).

○ Accompanying Materials – Contents

1. Qualitative Information on Consolidated Financial Results, etc. for the First Three Quarters Ended December 31, 2020.....	Page 2
(1) Explanation about Consolidated Financial Results.....	Page 2
(2) Explanation about Consolidated Financial Position.....	Page 4
(3) Explanation about the Future Outlook, Including Forecast for Consolidated Earnings.....	Page 4
2. Quarterly Consolidated Financial Statements and Primary Notes.....	Page 5
(1) Quarterly Consolidated Balance Sheets.....	Page 5
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statements of Comprehensive Income.....	Page 7
Quarterly Consolidated Statements of Income.....	Page 7
Quarterly Consolidated Statements of Comprehensive Income.....	Page 8
(3) Notes to Quarterly Consolidated Financial Statements.....	Page 9
(Notes Regarding the Premise of a Going Concern).....	Page 9
(Notes If There Is a Considerable Change to Shareholders' Equity).....	Page 9
(Matters Related to Consolidated Quarterly Statements of Income).....	Page 9
(Additional Information).....	Page 9
(Segment Information).....	Page 10

1. Qualitative Information on Consolidated Financial Results, etc. for the First Three Quarters Ended December 31, 2020

(1) Explanation about Consolidated Financial Results

During the first three quarters under review, the Japanese economy faced extremely challenging circumstances, with continued heavy corporate profit declines under the adverse effects of COVID-19, although signs of recovery were observed in certain sectors. Conditions in the first three quarters, such as restraints on outings and movements in response to spreading COVID-19, weakened consumer demand and declined service use, seriously affected businesses operated by the Company and its consolidated subsidiaries.

Operating revenue for the first three quarters under review decreased 21.0% year on year, to ¥685,855 million, reflecting demand decline that occurred in all sectors under the adverse effects of the spread of COVID-19. The operating loss amounted to ¥15,945 million (compared to operating profit of ¥66,114 million in the same period of the previous fiscal year). The recurring loss came to ¥12,594 million (compared to recurring profit of ¥66,438 million in the same period of the previous fiscal year). The loss attributable to owners of parent was ¥26,523 million (compared to profit attributable to owners of parent of ¥46,024 million in the same period of the previous fiscal year).

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 segment, the number of passengers carried in the railway operations of Tokyu Railways (numbers shown for the first three quarters of the previous fiscal year are operating results for the railway business of Tokyu Corporation and Tokyu Railway) plunged 33.9% overall, reflecting a 34.6% decline in the number of commuters carried and a 33.0% fall in the number of non-commuters carried, both of which were attributable to declined rail use due to the spread of COVID-19.

As a result, operating revenue for the segment decreased 30.8% year on year, to ¥111,629 million, resulting in an operating loss of ¥12,320 million for the segment (as opposed to operating profit of ¥29,498 million in the same period of the previous fiscal year), despite cost cutting initiatives taken by Tokyu Railways.

(Operation results of the Company and Tokyu Railway's railway operations)

Categories		Units	First three quarters of the previous fiscal year	First three quarters of the fiscal year under review
			April 1, 2019 to December 31, 2019	April 1, 2020 to December 31, 2020
Number of operating days		Days	275	275
Operating distance		Kilometers	104.9	104.9
Operating distance of passenger trains		Thousand kilometers	114,431	115,421
Number of passengers carried	Non-commuter	Thousand passengers	360,711	241,648
	Commuter	Thousand passengers	555,859	363,801
	Total	Thousand passengers	916,570	605,449
Passenger revenue	Non-commuter	Million yen	58,927	39,000
	Commuter	Million yen	49,502	33,863
	Total	Million yen	108,429	72,863
Miscellaneous income from railway operations		Million yen	11,733	10,830
Total revenues		Million yen	120,162	83,693
Average passenger revenue per day		Million yen	394	265
Operating efficiency		%	52.3	33.0

(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 decreased 5.4% year on year, to ¥146,539 million, mainly due to the absence of large orders received by Tokyu Geox Co., Ltd. in the same period of the previous fiscal year. Operating profit stood at ¥22,496 million, up 1.4% year on year, reflecting sales of highly profitable properties in the Company's real estate sales business, despite the temporary closing of facilities in the Company's real estate leasing business following the declaration of a state of emergency.

(iii) Life Service

In the Life Service segment, operating revenue fell 15.7% year on year, to ¥439,925 million, mainly due to a trend of staying at home in view of COVID-19's spread, and the adverse effects caused by the suspension of various facilities' operations and the reduction of their operating hours in the wake of the declaration of a state of emergency. The operating loss came to ¥3,544 million (as opposed to operating profit of ¥10,738 million in the same period of the previous fiscal year).

(iv) Hotel and Resort

In the Hotel and Resort segment, the occupancy rate plummeted to 32.5% (down 51.2 points from the same period of the previous fiscal year), reflecting a sharp decline in the use of facilities at most hotels operated by Tokyu Hotels Co., Ltd. in hotel operations following their operational resumption, in addition to their temporary closing in response to a state of emergency declared to deal with COVID-19's spread. Consequently, operating revenue plunged 62.2% year on year, to ¥29,426 million, resulting in an operating loss of ¥23,023 million (compared to operating profit of ¥3,077 million in the same period of the previous fiscal year).

(2) Explanation about Consolidated Financial Position

Assets

Total assets decreased ¥15,132 million from the end of the previous fiscal year, to ¥2,522,063 million at the end of the first three quarters under review, primarily due to a decrease in notes and accounts receivable - trade.

Liabilities

Liabilities increased ¥21,772 million from the end of the previous fiscal year, to ¥1,749,354 million, attributable to interest-bearing debt* of ¥1,211,673 million (rising ¥60,662 million year on year), even though notes and accounts payable - trade decreased.

Net assets

Net assets declined ¥36,905 million from the end of the previous fiscal year, to ¥772,709 million, chiefly reflecting the posting of a loss attributable to owners of parent.

* Interest-bearing debt: the sum of debt, corporate bonds, and commercial papers

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

The Company has revised its earnings forecast for the fiscal year ending March 31, 2021 that was announced on November 10, 2020. The operating revenue forecast has changed to ¥931.0 billion (down 1.0% from the previous forecast). The forecasts for the operating loss, recurring loss and loss attributable to owners of parents have changed to ¥35.0 billion (from an operating loss of ¥20.0 billion), ¥40.0 billion (from a recurring loss of ¥25.0 billion) and ¥60.0 billion (from a loss attributable to owners of parents of ¥45.0 billion), respectively.

Based on the revision to the earnings forecast, the Company has revised the year-end dividend forecast. The Company plans to pay annual dividends of ¥15 per share (interim dividends of ¥10 per share and year-end dividends of ¥5 per share).

For details of the earnings forecasts and revised dividend forecasts, refer to the Notice Regarding Revisions to Full-Year Results and Dividend Forecasts and Summary of Results for the First Three Quarters of FY2020 separately disclosed today.

* 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

Million yen

Item	As of March 31, 2020	As of December 31, 2020
Assets		
Current Assets		
Cash and deposits	59,389	44,009
Trade notes & accounts receivable	154,176	150,051
Merchandise and products	13,717	13,285
Land and buildings for sale	49,251	43,612
Work in progress	7,044	9,124
Raw materials and supplies	8,265	9,033
Others	55,297	50,438
Allowance for doubtful accounts	(1,195)	(1,286)
Total current assets	345,947	318,268
Fixed Assets		
Tangible fixed assets		
Buildings & structures (net)	884,032	866,716
Rolling stock & machinery (net)	78,666	77,300
Land	732,209	738,420
Construction in progress	147,573	162,151
Others (net)	33,024	30,705
Total tangible fixed assets	1,875,506	1,875,295
Intangible fixed assets	40,468	38,027
Investments & others		
Investment securities	176,218	196,226
Net defined benefit asset	4,494	4,746
Deferred tax assets	23,846	21,392
Others	71,441	68,835
Allowance for doubtful accounts	(727)	(729)
Total investments and others	275,273	290,472
Total fixed assets	2,191,248	2,203,794
Total Assets	2,537,196	2,522,063

Million yen

Item	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current Liabilities		
Trade notes & accounts payable	103,082	90,573
Short-term debt	331,817	404,219
Commercial papers	50,000	35,000
Current portion of corporate bonds	35,090	5,090
Accrued income taxes	14,066	5,597
Provision	13,193	8,716
Advances received	46,772	48,942
Others	131,099	116,193
Total current liabilities	725,122	714,332
Long-Term Liabilities		
Corporate bonds	210,000	270,000
Long-term debt	524,102	497,363
Provision	2,912	2,789
Net defined benefit liability	47,768	48,182
Long-term deposits from tenants and club members	138,055	136,842
Deferred tax liabilities	14,079	12,099
Deferred tax liabilities from revaluation	9,168	9,168
Others	43,823	47,908
Total long-term liabilities	989,909	1,024,354
Special Legal Reserves		
Urban railways improvement reserve	12,550	10,667
Total Liabilities	1,727,581	1,749,354
Net Assets		
Shareholders' Equity		
Common stock	121,724	121,724
Capital surplus	134,023	134,092
Retained income	524,423	484,907
Treasury stock	(37,291)	(37,151)
Total shareholders' equity	742,880	703,574
Accumulated Other Comprehensive Income		
Net unrealized gains (losses) on investment securities, net of taxes	9,983	14,969
Net unrealized gains (losses) on hedging instruments, net of taxes	(41)	44
Land revaluation reserve	8,406	8,700
Foreign currency translation adjustment account	3,371	1,415
Remeasurements of defined benefit plans	(7,598)	(6,389)
Total accumulated other comprehensive income	14,122	18,740
Non-Controlling Interests	52,611	50,394
Total Net Assets	809,614	772,709
Total Liabilities and Net Assets	2,537,196	2,522,063

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

Million yen

Item	April 1, 2019 to December 31, 2019	April 1, 2020 to December 31, 2020
Operating Revenue	867,949	685,855
Cost of operating revenue		
Operating expenses & cost of sales (Transportation, etc.)	633,880	548,990
SG&A expenses	167,954	152,810
Total cost of operating revenue	801,835	701,801
Operating Profit (Loss)	66,114	(15,945)
Non-operating profit		
Interest income	229	218
Dividend income	914	838
Investment gains from equity method	5,832	2,680
Subsidies for employment adjustment	–	*1 4,847
Others	3,702	4,372
Total non-operating profit	10,678	12,956
Non-operating expenses		
Interest expenses	6,722	6,475
Others	3,631	3,130
Total non-operating expenses	10,353	9,605
Recurring Profit (Loss)	66,438	(12,594)
Extraordinary gains		
Subsidies for employment adjustment	–	*1 1,266
Gains on sale of fixed assets	706	51
Subsidies received for construction	454	447
Gain on reversal of Urban Railways Improvement Reserve	1,882	1,882
Gain on sales of investment securities	182	103
Others	581	1,041
Total extraordinary gains	3,807	4,792
Extraordinary losses		
Reduction entry of land contribution for construction	366	372
Loss on retirement of fixed assets	701	400
Impairment loss	1,457	7,135
Loss on valuation of investment securities	735	40
Losses related to the spread of COVID-19	–	*2 3,734
Others	749	2,303
Total extraordinary losses	4,010	13,987
Income (loss) before Income Taxes	66,235	(21,789)
Corporate income taxes	19,037	5,836
Net Income (loss)	47,197	(27,625)
Profit (loss) attributable to non-controlling interests	1,173	(1,101)
Profit (loss) attributable to owners of parent	46,024	(26,523)

(Quarterly Consolidated Statements of Comprehensive Income)*Million yen*

Item	April 1, 2019 to December 31, 2019	April 1, 2020 to December 31, 2020
Net Income (loss)	47,197	(27,625)
Other comprehensive income		
Net unrealized gains (losses) on investment securities	2,165	4,090
Net unrealized gains (losses) on hedging instruments	0	(0)
Revaluation reserve for land	2	–
Foreign currency translation adjustment account	(1,457)	(1,632)
Remeasurements of defined benefit plans, net of tax	1,585	1,114
Share of other comprehensive income of associates accounted for using equity method	695	201
Total other comprehensive income	2,990	3,772
Comprehensive Income	50,188	(23,852)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	49,318	(22,199)
Comprehensive income attributable to non-controlling interests	869	(1,653)

(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)

There is no applicable item.

(Matters Related to Consolidated Quarterly Statements of Income)

*1 Employment Adjustment Subsidy

The Company posted the Employment Adjustment Subsidy received in connection with the spread of COVID-19 under non-operating profit and extraordinary gains. The Company posted the Employment Adjustment Subsidy received for a loss related to COVID-19 posted under extraordinary losses as extraordinary gains.

*2 Losses related to the spread of COVID-19

Some hotels and commercial facilities of the Group were closed temporarily following the declaration of a state of emergency issued by the government and stay-at-home requests made by local authorities amid the spread of COVID-19. The Company decided that fixed expenses (personnel expenses, rents, and depreciation) incurred due to such temporary closings were contingent and therefore posted them as extraordinary losses.

(Additional Information)

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

The Company reconsidered the details of assumptions, such as when COVID-19 will end, stated in *(Additional Information) Approach to Incorporating the Effects of the COVID-19 Pandemic When Making Accounting Estimates* in the annual securities report for the previous fiscal year, taking into consideration a resurgence of COVID-19 infections toward the end of 2020 and the second declaration of a state of emergency in early January 2021. When COVID-19 will end remains hard to predict. The Company assumes conditions will not normalize by the end of the fiscal year ending March 31, 2021 and that they will recover in stages in the period from fiscal 2021. The Company estimates future cash flows in the impairment accounting of fixed assets, collectability of deferred tax assets and the like based on those assumptions.

(Segment Information)

I. April 1, 2019 to December 31, 2019

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	Real Estate	Life Service	Hotel and Resort			
Operating revenue							
Outside customers	159,658	121,816	509,001	77,473	867,949	–	867,949
Inter-segment internal revenues or transfers	1,646	33,085	12,569	449	47,751	(47,751)	–
Total	161,305	154,901	521,571	77,922	915,701	(47,751)	867,949
Segment profit	29,498	22,182	10,738	3,077	65,496	618	66,114

Notes

1. An adjustment of ¥618 million in segment profit represents the deduction of intersegment transactions.
2. Segment profit has been adjusted with operating profit recorded in the consolidated quarterly statements of income.

II. April 1, 2020 to December 31, 2020

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	Real Estate	Life Service	Hotel and Resort			
Operating revenue							
Outside customers	109,128	118,642	428,852	29,232	685,855	–	685,855
Inter-segment internal revenues or transfers	2,501	27,897	11,073	193	41,666	(41,666)	–
Total	111,629	146,539	439,925	29,426	727,521	(41,666)	685,855
Segment profit (loss)	(12,320)	22,496	(3,544)	(23,023)	(16,391)	445	(15,945)

Notes

1. An adjustment of ¥445 million in segment profit (loss) represents the deduction of intersegment transactions.
2. Segment profit (loss) has been adjusted with operating profit (loss) recorded in the consolidated quarterly statements of income.

2. Information related to impairment loss on fixed assets, goodwill, etc. by reported segment

(Important impairment loss related to fixed assets)

The Company posted an impairment loss of ¥5,917 million in the Hotel and Resort segment and ¥1,203 million in the Life Service segment.

Impairment loss the Company posted in the first three quarters under review was ¥7,135 million.