

Conference Call on First Quarter FY2024 Financial Results - Main Questions and Answers

August 8, 2024

TOKYU CORPORATION

* Please note in advance that this is not a transcription of the entire Q&A session, but a brief summary prepared by the Company.

Q1. Operating profit in the first quarter exceeded the forecast announced in May by around 30%. Please provide a breakdown of the profit by segment and specify the increase attributed to a delay in recording expenses.

A1. The positive impact of the delay in recording expenses was around 1.0 billion yen. Profit exceeded the forecast in all segments, surpassing the forecast by the upper half of the 10%-20% range in Transportation and Real Estate Businesses, and by around 80% in Life Service. In Hotel and Resort, we expect the business environment to improve further from the second quarter onward. In the first quarter, the profit was almost the same as the difference between the actual result and forecast.

Q2. Are you considering increasing expenses or front-loading expenses planned for the next fiscal year due to the higher-than-expected profit? Please tell us the situation especially in the railway business.

A2. We are not considering raising costs in the railway business. Costs will not increase significantly from the May forecast. Under the Medium-term Management Plan, we plan to actively implement initiatives to achieve internal growth on a consolidated basis, so we may accelerate expenses and initiatives if actual results surpass forecasts. As for construction or renovation costs, it may not be possible to accelerate or increase them largely due to a labor shortage even if Tokyu Corporation desires to do so. We will examine the possibility. Performance-linked bonuses and other personnel expenses may increase when results are strong. Taking these factors into account, we will consider performance trends.

Q3. What factors contributed to the year-on-year profit increase in real estate leasing in the Real Estate Business?

Will there be any changes in the real estate sales business environment due to interest rate hikes and other factors?

A3. There are no specific factors such as those related to individual properties, that would account for the increase in profit from real estate leasing. The situation is generally good. More specifically, the rise in profit is because of higher revenue from individual properties, including an increase in percentage rents for commercial facilities and hotels, as well as a rise in inbound tourism demand, especially from SHIBUYA SKY, the observatory of Shibuya Scramble Square.

The real estate sales market has undergone significant changes in the past week. It is necessary to continue to monitor the effects of interest rate hikes and other changes.