

# Summary of Results for the Second Quarter of FY2023

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November 8, 2023

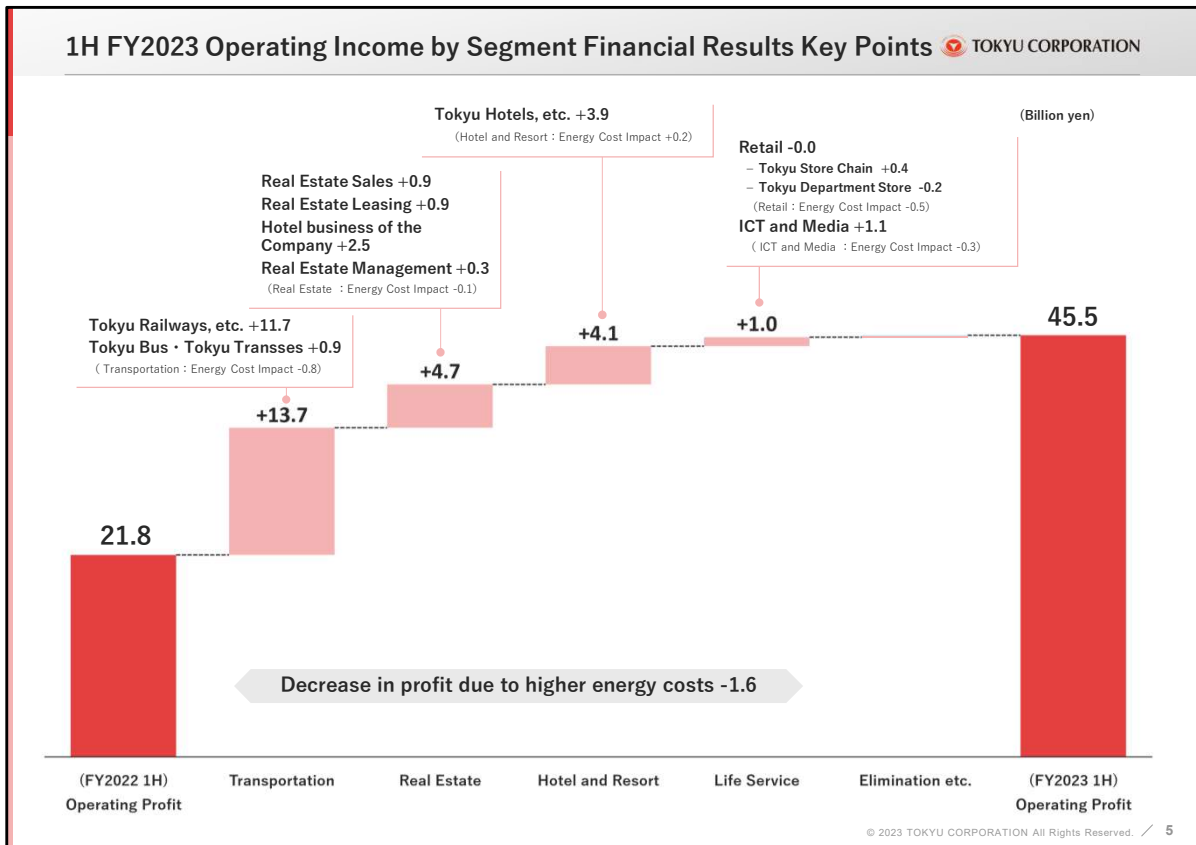
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### I Comparison with the previous fiscal year

- Operating revenue and operating profit both increased mainly due to fare revisions in Tokyu Railways, in addition to recovery of demand in Railway and Hotel business.
- Profit attributable to owners of parent rose chiefly due to an increase in share of profit of entities accounted for using equity method in addition to increased in operating profit.

(Unit : Billion yen)	FY2022 1H Results	FY2023 1H Results	YoY Comparison
Operating Revenue	434.6	483.4	+48.7 (+11.2%)
Operating Profit	21.8	45.5	+23.7 (+108.6%)
Recurring Profit	24.7	49.6	+24.9 (+101.0%)
Profit attributable to owners of parent	18.4	35.0	+16.5 (+89.5%)
EPS (Earnings Per Share)	Yen Sen 30.67	Yen Sen 57.85	Yen Sen +27.18

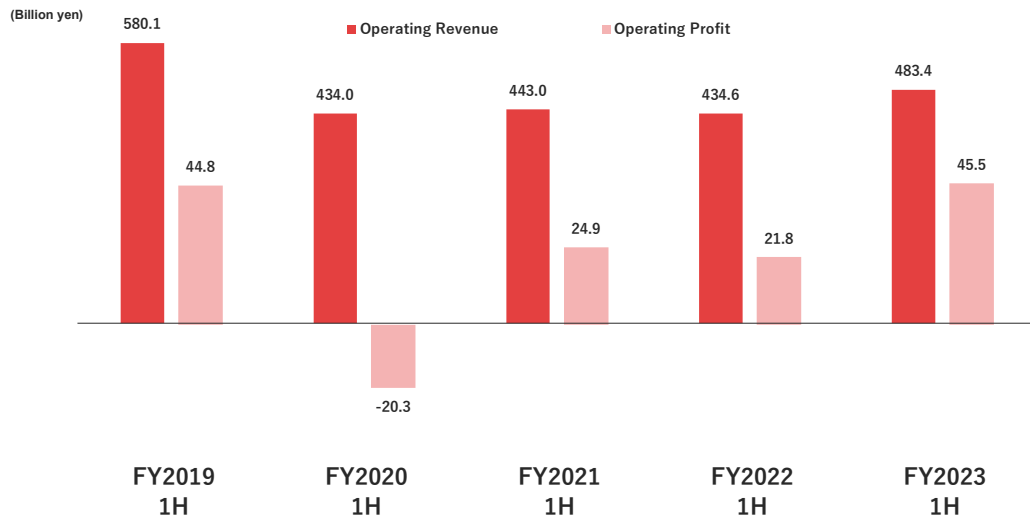
- Operating revenue was 483.4 billion yen, with operating profit of 45.5 billion yen in the second quarter of FY2023.
- Operating revenue and operating profit both increased 48.7 billion yen and 23.7 billion yen year on year, respectively, mainly due to recovery of demand in the Transportation Business, Hotel and Resort Business, and others as a result primarily of the downgrading of COVID-19 to a Class 5 infectious disease. Fare revisions in Tokyu Railways also contributed to this result.
- Profit attributable to owners of parent stood at 35.0 billion yen, increasing 16.5 billion yen, chiefly reflecting an increase in operating profit and a rise in share of profit of entities accounted for using equity method.
- In comparison to the forecasts made in August, demand largely for the Transportation Business increased steadily and the increase in electricity and other energy expenses remained below the initial forecast, which resulted in growth in operating profit.



- A year-on-year comparison of operating profit by segment reveals a substantial increase in the Transportation Business, reflecting the recovery of human mobility. The Real Estate Business and Hotel and Resort Business also generated profit growth through high hotel occupancy. Therefore, all businesses achieved an increase in operating profit.
- The impact of the increase in energy costs, including electricity rates, caused a decrease of 1.6 billion yen in the second quarter.

- Operating profit continued to exceed pre-COVID levels as a result of the progress of structural reforms in each business in addition to the gradual recovery of the business environment from the COVID crisis.

Consolidated Operating Revenue and Operating Profit Trends



- The graph shows trends in operating revenue and operating profit from FY2019.
- The operating profit of 45.5 billion yen for the second quarter of FY2023 exceeds the pre-COVID 19 level in FY2019.

(Unit: Billion yen)	FY2022 1H Results	FY2023 1H Results	Change	Remarks
Operating Revenue	88.2	103.8	+ 15.6 (+ 17.7%)	Passengers Carried: +7.2% (Non-commuter: +8.3%; Commuter: +6.3%) Passenger Revenue: +21.9% (Non-commuter: +25.2%; Commuter: +16.9%)
Tokyu Railways	65.7	78.6	+ 12.8 (+ 19.6%)	Passenger Revenue: 71.7 (+12.8)
Tokyu Bus · Tokyu Transses	12.5	13.6	+ 1.0 (+ 8.2%)	Passenger Revenue: +8.0%
Others	9.9	11.6	+ 1.7 (+ 17.3%)	
Operating Profit	4.9	18.7	+ 13.7 (+ 277.4%)	
Tokyu Railways	5.3	17.1	+ 11.7 (+ 219.2%)	
Tokyu Bus · Tokyu Transses	0.4	1.4	+ 0.9 (+ 187.1%)	
Others	-0.9	0.1	+ 1.0 (-)	

**Tokyu Railways: Breakdown of operating expense**

(Unit: Billion yen)	FY2022 1H Results	FY2023 1H Results	2023-2022 Change
Total operating expense	60.6	61.6	+1.0
Labor cost	16.0	16.5	+0.4
Power Costs	4.0	4.6	+0.5
Repair Costs	3.6	3.6	-0.0
Expenses	16.3	15.9	-0.4
Various taxes	3.4	3.6	+0.1
Depreciation and amortization	16.9	17.1	+0.2

- The Transportation Business posted operating revenue of 103.8 billion yen and operating profit of 18.7 billion. This represents a 15.6 billion yen increase in operating revenue and 13.7 billion yen rise in operating profit year on year.
- In the Rail Business, Tokyu Railways generated 17.1 billion yen in operating profit, recording year-on-year increases in operating revenue and operating profit of 12.8 billion and 11.7 billion, respectively. The number of passengers carried increased 7.2%. Revenue from fares rose 21.9%, partly due to the fare revision, driving a 12.8 billion yen increase in operating revenue. Note that the number of passengers carried was down 15.0% compared with FY2019 levels. However, in the second quarter of 2019, there was the impact of the rush demand for commuter passes and other tickets due to the consumption tax hike in October, the real pre-Covid19 comparison is expected to be around -13%, which was seen in August and earlier.
- Expenses increased 1.0 billion yen in total due in part to higher labor expenses and power expenses.
- Tokyu Bus Corporation posted an operating profit of 1.4 billion yen, with operating revenue and operating profit recording year-on-year increases of 1.0 billion and 0.9 billion yen, respectively.
- As for Others, businesses such as the airport operation, regional transportation, and others generated an operating profit of 0.1 billion yen in total, resulting in year-on-year profit growth of 1.0 billion yen.
- Operating profit exceeded the forecast as of August chiefly due to a recovery in demand with the downgrading of COVID-19 to a Class 5 infectious disease and less-than-expected power costs.

(Unit: Billion yen)	FY2022 1H Results	FY2023 1H Results	Change	Remarks
Operating Revenue	93.6	113.1	+ 19.4 (+ 20.7%)	
Real Estate Sales	10.1	16.8	+ 6.6 (+ 65.2%)	
Real Estate Sales of the Company	5.9	13.6	+ 7.6 (+ 128.3%)	Increase in number of properties sold
Real Estate Leasing	55.8	62.6	+ 6.7 (+ 12.2%)	
Real Estate Leasing of the Company	48.9	54.3	+ 5.3 (+ 11.0%)	
Real estate Management	14.0	14.8	+ 0.7 (+ 5.2%)	
Others	13.6	18.8	+ 5.2 (+ 38.6%)	Hotel business of the Company: 10.7 (+5.8)
Operating Profit	14.8	19.6	+ 4.7 (+ 31.7%)	
Real Estate Sales	3.0	4.0	+ 0.9 (+ 31.5%)	
Real Estate Sales of the Company	1.8	4.0	+ 2.1 (+ 116.3%)	Increase in number of properties sold
Real Estate Leasing	11.4	12.3	+ 0.9 (+ 8.4%)	
Real Estate Leasing of the Company	9.2	10.0	+ 0.7 (+ 8.2%)	
Real Estate Management	1.3	1.6	+ 0.3 (+ 21.8%)	
Others	- 1.0	1.4	+ 2.4 (-)	Hotel business of the Company: 1.7 (+2.5)

- The Real Estate Business posted operating revenue of 113.1 billion yen and operating profit of 19.6 billion yen. This represents a 19.4 billion yen increase in operating revenue and 4.7 billion yen rise in operating profit year on year.
- Regarding the Real Estate Sales business, there were the deliveries of income-earning properties in the first quarter but few properties such as condominiums delivered in the second quarter. As a result, operating profit came to 4.0 billion yen, with revenue increased 6.6 billion yen and profit rose by 0.9 billion yen year on year.
- Operating revenue in Real Estate Leasing increased 6.7 billion yen due to the opening of Tokyu Kabukicho Tower and a recovery in revenue from retail facilities. Operating profit remained 0.9 billion yen, reflecting the startup costs for Tokyu Kabukicho Tower.
- Others of the Real Estate Business posted operating revenue up 5.2 billion yen and operating profit increasing 2.4 billion yen year on year. In Hotel business of the Company, where earnings from the hotels in the complexes owned by the Company are posted, operating revenue and operating profit rose 5.8 billion yen and 2.5 billion yen year on year, respectively, due to a significant rise in average daily rate (ADR) which reflects inbound tourism demand. Operating profit stood at 1.7 billion yen.
- The results exceeded the forecasts made in August, partly due to a rise in ADR at Hotel business of the Company, which was higher than the forecast.

(Unit: Billion yen)	FY2022 1H Results	FY2023 1H Results	Change	Remarks
Operating Revenue	163.3	163.5	+ 0.1 (+ 0.1%)	
Tokyu Department Store	31.4	28.2	- 3.2 (- 10.2%)	Rate of Change in Sales: All Stores: -20.3% Existing Stores -6.0% Rate of Change in Total sales (including leasing): Existing Stores: +8.1%
Tokyu Store Chain	104.7	106.4	+ 1.7 (+ 1.7%)	Rate of Change in Sales: All Stores: +1.2% Existing Stores: +1.4%
Others	27.2	28.8	+ 1.6 (+ 5.9%)	
Operating Profit	1.3	1.3	- 0.0 (- 3.1%)	
Tokyu Department Store	- 0.3	- 0.5	- 0.2 (-)	
Tokyu Store Chain	1.5	1.9	+ 0.4 (+ 31.9%)	
Others	0.2	- 0.0	- 0.3 (-)	

- The Life Service Business overall generated operating revenue of 256.7 billion yen, with operating profit of 5.4 billion yen. This represents a 6.2 billion yen increase in operating revenue and 1.0 billion yen rise in operating profit year on year.
- In the Retail Business, operating revenue and operating profit stood at 163.5 billion yen and 1.3 billion yen, respectively. Operating revenue rose 0.1 billion yen year on year and operating profit remained roughly flat.
- Tokyu Department Store operating revenue declined due to the closure of the head store in Shibuya and the remodeling in Tama Plaza, Kichijoji, etc., where the department store's own sales floors have changed to rental sales floors. Operating profit decreased only 0.2 billion yen from a year ago as a result of an improvement in operational efficiency. Sales at all existing stores including tenants, excluding the effect of the closure of the head store, rose from a year ago.
- Tokyu Store Chain operating revenue and operating profit rose 1.7 billion yen and 0.4 billion yen, respectively, due to the rise of product prices.

(Unit: Billion yen)	FY2022 1H Results	FY2023 1H Results	Change	Remarks
Operating Revenue	87.1	93.2	+ 6.0 (+ 7.0%)	
Tokyu Recreation	13.0	15.7	+ 2.7 (+ 20.8%)	
its communications	13.2	13.0	- 0.1 (- 1.3%)	
Tokyu Agency	20.7	22.5	+ 1.7 (+ 8.7%)	
Others	40.2	41.9	+ 1.7 (+ 4.3%)	
Operating Profit	2.9	4.0	+ 1.1 (+ 37.7%)	
Tokyu Recreation	0.2	0.4	+ 0.1 (+ 78.7%)	
its communications	1.7	1.6	- 0.0 (- 3.9%)	
Tokyu Agency	0.8	1.1	+ 0.3 (+ 40.2%)	
Others	0.1	0.8	+ 0.6 (+ 346.3%)	Tokyu Power Supply +0.6

- In the ICT and Media business, operating revenue was 93.2 billion yen with operating profit of 4.0 billion yen, year-on-year increase of 6.0 billion yen and 1.1 billion yen respectively.
- Tokyu Recreation Co., Ltd. recorded a 2.7 billion yen increase in operating revenue and operating profit increased 0.1 billion yen year on year to 0.4 billion yen, reflecting a rebound from the previous year. its communications Inc. posted operating profit roughly equal to the previous year at 1.6 billion yen, while Tokyu Agency Inc. posted operating profit of 1.1 billion yen, an increase of 0.3 billion yen.
- In Others, operating revenue increased 1.7 billion yen, and operating profit increased by 0.6 billion yen. Tokyu Power Supply engages in electricity retailing, and its operating profit rose 0.6 billion yen due to subsidies to mitigate drastic changes in electricity rates and a decrease in procurement cost, despite a decline in the quantity of electricity sold.
- The overall results for the Life Service Business were generally in line with the forecasts made in August.



(Unit: Billion yen)	FY2022	FY2023	Change	Remarks	
	1H Results	1H Results			
Operating Revenue	31.0	43.6	+ 12.5 (+ 40.5%)	(reference) Total hotel business	
Tokyu Hotels, etc. (※)	24.4	36.3	+ 11.8 (+ 48.4%)	Income and expenditures	
Others	6.5	7.2	+ 0.7 (+ 11.0%)	Hotel and Resort (Tokyu Hotels, etc.)	Operating Revenue
Operating Profit	- 2.5	1.6	+ 4.1 (-)	Operating Profit	36.3
Tokyu Hotels, etc. (※)	- 2.5	1.3	+ 3.9 (-)	Excluding impact of hotel openings, hotel closings, etc.	Operating Revenue
Others	0.0	0.2	+ 0.1 (-)	Operating Profit	1.3
				Real Estate (Hotel business of the Company)	Operating Revenue
				Operating Profit	2.8
				Operating Revenue	10.7
				Operating Profit	1.7
				Total Hotel Business	Operating Revenue
				Operating Profit	47.0
				Operating Profit	3.1

(※) "Tokyu Hotels, etc." includes Tokyu Hotels co., Ltd. but also Tokyu Hotels & Resorts co., Ltd. and THM Corporation, as well as the Company, New Perspective One, LLC and T.H. Properties, Inc.

### Key Indicators

	● Occupancy Rates (%)			● ADR (including service charge) (Yen)			● RevPAR (Yen)		
	FY2023 1H Results	VS FY2022	VS FY2019	FY2023 1H Results	VS FY2022	VS FY2019	FY2023 1H Results	VS FY2022	VS FY2019
Overall hotel business	75.6	+ 10.9p	- 8.5p	20,508	+6,587	+3,181	15,498	+6,489	+930
Shibuya Area Hotels(※) + The Capitol Hotel Tokyu	78.9	+ 15.0p	- 7.4p	40,860	+19,794	+9,432	32,223	+18,769	+5,125

(※) Shibuya Area Hotels : Cerulean Tower Tokyu Hotel, Shibuya Stream EXCEL HOTEL TOKYU, Shibuya EXCEL HOTEL TOKYU, Shibuya Tokyu REI Hotel

- In the Hotel and Resort Business, operating revenue was 43.6 billion yen with operating profit of 1.6 billion yen, corresponding to year-on-year increases of 12.5 billion yen and 4.1 billion yen, respectively.
- Tokyu Hotels operating revenue and operating profit increased 11.8 billion yen and 3.9 billion yen year on year, respectively, due mainly to the downgrading of COVID-19 to a class 5 infectious disease.
- Operating profit excluding special factors such as new hotels and discontinued hotels with business commencement expenses, etc. came to 2.8 billion yen. Operating profit combined with the income and expenditure of Hotel business of the Company posted in the Real Estate Business becomes 3.1 billion yen.
- Performance at hotels recovered significantly from the previous year. The average occupancy rate at all hotels was 75.6%, and the average daily rate (ADR) was 20,508 yen. The occupancy rate at four hotels in Shibuya and The Capitol Hotel Tokyu in Nagatacho stood at 78.9%, and ADR was 40,860 yen. RevPAR also exceeded the pre-COVID levels.
- ADR exceeded the forecast made in August as an indication of strong performance, resulting in a rise in operating profit.

	(Unit: Billion yen)		Change	Remarks
	FY2022 1H Results	FY2023 1H Results		
<b>Operating Profit</b>	21.8	45.5	+ 23.7 (+ 108.6%)	
<b>Non-operating Revenue</b>	9.7	11.0	+ 1.2 (+ 13.1%)	
Interest and Dividend Income	0.8	1.0	+ 0.1	
Investment Gain from Equity Method	4.6	6.9	+ 2.3	Tokyu Fudosan Holdings: 6.1 (+1.7); Tokyu Construction: 0.3 (+0.4)
Others	4.2	3.0	- 1.2	Subsidies for employment adjustment, COVID19 subsidies except employment adjustment -1.1
<b>Non-operating Expenses</b>	6.8	6.8	+ 0.0 (+ 0.4%)	
Interest	4.2	4.2	+ 0.0	
Others	2.6	2.6	- 0.0	
<b>Recurring Profit</b>	24.7	49.6	+ 24.9 (+ 101.0%)	
<b>Extraordinary Gains</b>	4.3	2.5	- 1.8 (- 41.4%)	
Gain on Sale of Fixed Assets	0.3	0.0	- 0.3	
Gain on Subsidies Received for Construction	1.5	0.2	- 1.2	
Gain on Reversal of Urban Railways Improvement Reserve	1.2	1.2	-	
Others	1.2	1.0	- 0.2	
<b>Extraordinary Losses</b>	2.4	2.1	- 0.2 (- 11.2%)	
Loss on Reduction of Subsidies Received for Construction	1.1	0.2	- 0.9	
Others	1.3	1.9	+ 0.6	
Income before Income Taxes and Minority Interests	26.6	50.0	+ 23.4 (+ 87.8%)	

- Non-operating revenue increased 1.2 billion yen year-on-year to 11.0 billion yen, and investment gains from equity method increased 2.3 billion yen year on year to 6.9 billion yen. However, employment adjustment subsidies and COVID-19-related subsidies declined from the previous year.
- Extraordinary income declined 1.8 billion yen year on year to 2.5 billion. Gain on subsidies received for construction fell 1.2 billion yen as a reaction to those related to the Tokyu Shin-yokohama Line posted in the previous fiscal year.
- As a result, profit attributable to owners of parent stood at 35.0 billion yen, an increase of 16.5 billion year on year.

## Assumptions for FY2023 Forecasts (as of November)

- Forecast of the Business Environment**
- With the downgrading of COVID-19 to a Class 5 infectious disease, the business environment recovery will be more robust than forecast in August.
  - The impact of rising energy prices will be less than forecast in August.

Forecast for Each Business	
Transportation	<p>▶ <b>Tokyu Railways</b></p> <p>The Company raised its August forecast due to a stronger recovery in the number of passengers carried than forecast in August as a result of more opportunities to go out.</p> <ul style="list-style-type: none"> <li>• Number of passengers carried: YoY +6.4%; -11.4% from FY2019 (Aug forecast: YoY +3.8%; -13.5% from FY2019)</li> <li>• Revenue from fares: YoY +19.7%; +2.3% from FY2019 (Aug forecast: YoY +15.8%; -1.0% from FY2019)</li> <li>• Power costs: 8.6 billion; YoY same level (Aug forecast: 10.7 billion; YoY+2.1 billion)</li> </ul>
Real Estate	<p>▶ <b>Real estate sales</b></p> <p>The number of units sold through the Company's sale of condominiums is expected to increase year on year.</p> <p>▶ <b>Real estate leasing</b></p> <p>Vacancy rates and rent levels will remain at the August forecast levels.</p>
Life Services	<p>▶ <b>Tokyu Department Store</b></p> <ul style="list-style-type: none"> <li>• YoY Changes in Store Sales: All Stores -33.0%, Existing Stores -11.9% / YoY Changes in Sales (Incl. rent): Existing Stores +8.9% (Aug forecast: All Stores -33.5%, Existing Stores -12.7% / YoY Changes in Sales (Incl. rent): Existing Stores +9.6%)</li> </ul> <p>▶ <b>Tokyu Store Chain</b></p> <ul style="list-style-type: none"> <li>• YoY Changes in Store Sales: All Stores +3.1%, Existing Stores +1.3% (Aug forecast: All Stores +3.9%, Existing Stores +2.0%)</li> </ul>
Hotel and Resort	<p>▶ <b>Hotel Business</b></p> <p>Since the average daily rate (ADR) was higher than Aug forecast, largely as a result of the recovery of inbound demand, the forecast factors in a higher ADR for the full year as well.</p> <ul style="list-style-type: none"> <li>• Full-year occupancy rate: 75.6% YoY +5.7P (Aug forecast: 75.8% YoY +5.9P)</li> <li>• Average daily rate (ADR)*: 20,465 yen YoY +5,035 yen (Aug forecast: 20,033 yen YoY +4,603 yen)</li> </ul> <p>* ADR figures include service charges.</p>

The Company raised its FY2023 forecasts announced in August.

On a consolidated basis, energy costs are expected to be **approximately 3.5 billion yen less than forecast in August** (November forecast: YoY +0.3 billion, August forecast: YoY +3.8 billion).

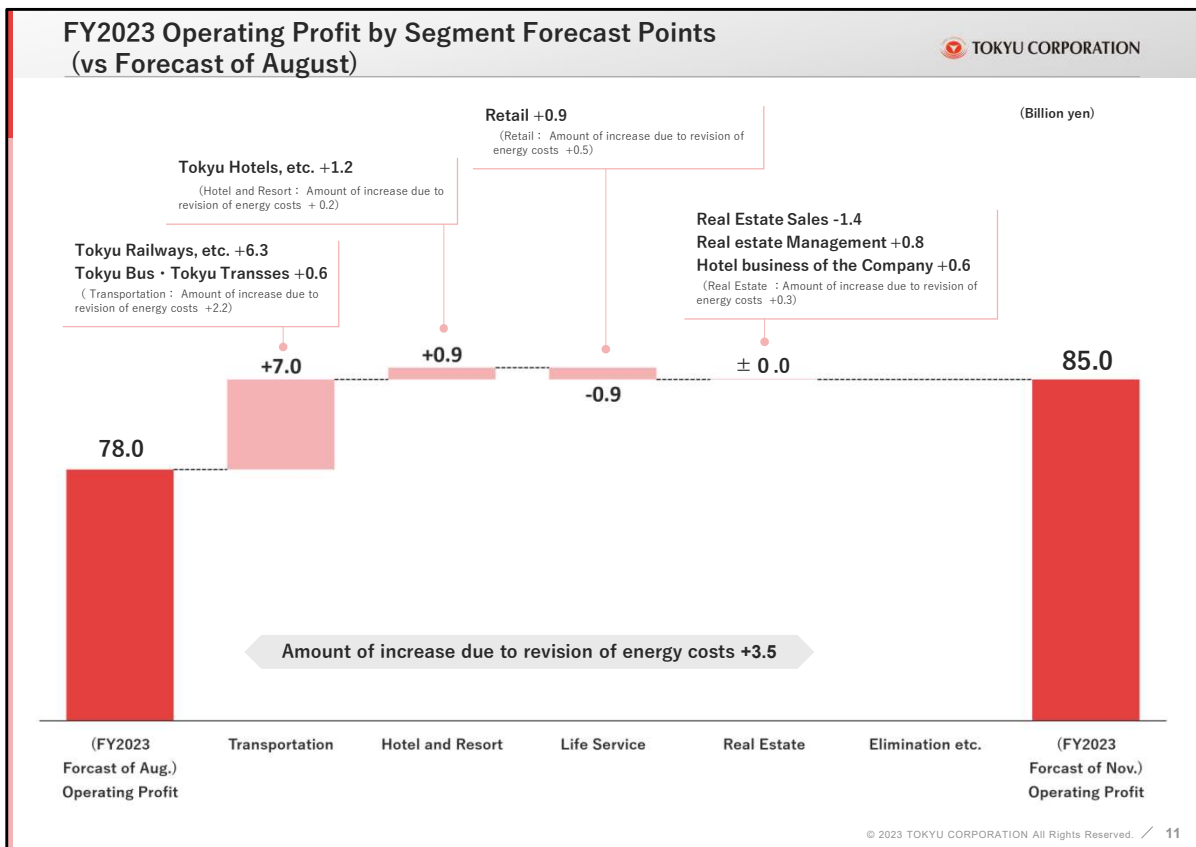
- With the downgrading of COVID-19 to a Class 5 infectious disease, the business environment in the assumptions for FY2023 forecasts will be more robust than the forecasts revised in August. In the forecasts for each business, the number of passengers carried and revenue from fares in the Railway Operations Business and ADR in the Hotel Business have been revised.
- Concerning expenses, the impact of a surge in energy prices was expected to be a year-on-year increase of 3.8 billion yen in August. It was, however, revised to an increase of 0.3 billion yen to reflect a recent decline in unit prices, which is a decrease of 3.5 billion yen from the forecast as of August.
- Taking the business environment into consideration, the Company has revised upward the forecasts disclosed in August.

### Comparison with Forecast as of August

- Operating revenue increased mainly as a result of an increase in the number of passengers carried in the Transportation Business.
- Operating profit rose due to the lessening impact of surging energy costs, etc. in addition to higher revenue.

(Unit : Billion yen)	FY2023 Full Year Forecast	YoY Comparison	Comparison with Forecast as of August
Operating Revenue	<b>1,039.5</b>	<b>+108.2</b> (+11.6%)	<b>+6.6</b> (+0.6%)
Operating Profit	<b>85.0</b>	<b>+40.3</b> (+90.6%)	<b>+7.0</b> (+9.0%)
Recurring Profit	<b>88.0</b>	<b>+40.6</b> (+85.8%)	<b>+9.8</b> (+12.5%)
Profit attributable to owners of parent	<b>54.0</b>	<b>+28.0</b> (+107.7%)	<b>+9.0</b> (+20.0%)
EPS (Earnings Per Share)	Yen Sen <b>89.65</b>	Yen Sen <b>+46.71</b>	Yen Sen <b>+14.91</b>

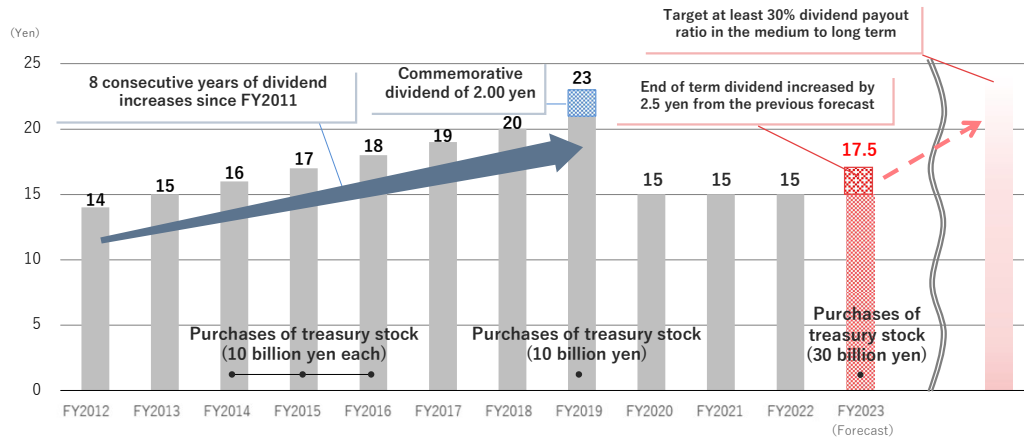
- In the revised forecast for FY2023, operating profit is forecast to be 85.0 billion yen, 7.0 billion yen more than the forecast in August, and profit attributable to owners of parent is forecast to be 54.0 billion yen, a 9.0 billion yen increase, reflecting the recovery of demand and reduction particularly of energy expenses in Tokyu Railways and other businesses.



- Now I would like to describe key points about operating profit by segment in comparison with the forecast as of August.
- The Transportation Business is projected to achieve profit growth of 7.0 billion yen as a segment total, including a decrease in power expenses in addition to an increase in the number of passengers carried by Tokyu Railways due to recovery of demand. The full-year number of passengers carried is expected to fall 11.4% from that in FY2019. The revenue from fares is forecast to increase 2.3%, exceeding the pre-COVID-19 level, chiefly owing to the effect of fare revisions.
- Hotel and Resort Business is expected to achieve profit growth of 1.2 billion yen in light of trends up to the second quarter, despite repair expenses, the cost of a new store opening in Sapporo, and other expenditures expected in the second half of FY2023. The segment is projected to achieve total profit growth of 9.0 billion yen.
- Life Service Business is expected to post a decrease in profit of 0.9 billion yen due to its retail business.
- Real Estate Business has changed the breakdown of its forecast as of August. The segment total is unchanged. In real estate sales, the share-out of property planned for a joint business in the condominium business was canceled, resulting in a profit decrease from the forecast in August. Meanwhile, profit growth is expected in the real estate management and hotel businesses. Real estate leasing remained strong in the first half of FY2023, but the forecast in August is unchanged due to the planned accumulation of repair expenses.

- The year-end dividend will be increased by 2.5 yen from the previous forecast due to the upward revision of our earnings forecast, for a planned annual dividend of 17.5 yen per share.
- Repurchased about 30 billion yen worth of treasury stock – 16,524,300 shares – in June 2023.
- As the number of shares issued has increased due to past group reorganizations, further flexible share repurchases will be considered, taking into account trends in profits and capital.

Trend of dividend per share



- Let me explain the concept of shareholder returns.
- The year-end dividend will increase by 2.5 yen from the previous forecast due to the upward revision of the earnings, resulting the annual dividend of 17.5 yen per share.