

# Results in FY2021 Presentation

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May 17, 2022

Tokyu Corporation

(9005)

<https://www.tokyu.co.jp/global/>



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## Introduction

FY2021 was the first year of the Three-year Medium-term Management Plan, which aims to respond to changes in the business environment and restore earnings through structural reforms.

Looking back over the past year, although the situation was more challenging than expected—with factors such as the spread of the COVID-19 pandemic—we still achieved our profit target mainly as a result of contributions from real estate sales, working with a strong intention to avoid continued losses. At the same time, considering the group as a whole, there are still businesses facing challenging conditions, and we recognize the urgent need for drastic measures, particularly in the hotel business.

In terms of specific measures, the path to enhancing Tokyu Railways' business structure is being established, through measures such as fare revisions and operational reforms. In urban and community development, priority strategies for each business are progressing, including efforts based on autonomous and decentralized city structure.

FY2022 marks the 100th anniversary of the company's founding, and several large-scale projects—such as the completion of the Tokyu Kabukicho Tower and the opening of the Tokyu Shin-Yokohama Line—are on the agenda. At the same time, we believe that the business environment remains uncertain.

The slogan for our medium-term management plan—"変革(Henkaku)"—includes not only responding to changes, but also the desire to create new markets for ourselves. Our business domains are wide-ranging. The source of our competitiveness lies in maintaining the stability of our base businesses—the Transportation Business and Real Estate Business—and creating synergies between businesses, with the independent Life Service Business and Hotel and Resort Business based on this foundation. In addition, maximizing area value centered around areas served by Tokyu's railway lines through unique and attractive urban and community development by connecting these businesses will lead to increases in corporate value.

We regard this time when we are exposed to social change as a new growth opportunity, rather than a difficulty, and will continue to work to create beautiful living environments through the resolution of social issues.

Kazuo Takahashi, President & Representative Director May 2022

# I . Executive Summary

## Main Points in the Results for FY2021

(Unit: Billion yen)	Results	YoY Comparison	Comparison with Forecasts as of Feb.
Operating Revenue	879.1	- 56.8 (- 6.1%)	+ 18.3 (+ 2.1%)
Operating Profit	31.5	+ 63.2	+ 3.5 (+ 12.7%)
Recurring Profit	34.9	+ 61.8	+ 4.1 (+ 13.6%)
Profit attributable to owners of parent	8.7	+ 65.0	- 1.2 (- 12.2%)

\* A year-on-year increase of 97.5 billion yen in revenue before the application of the Standard for Revenue Recognition

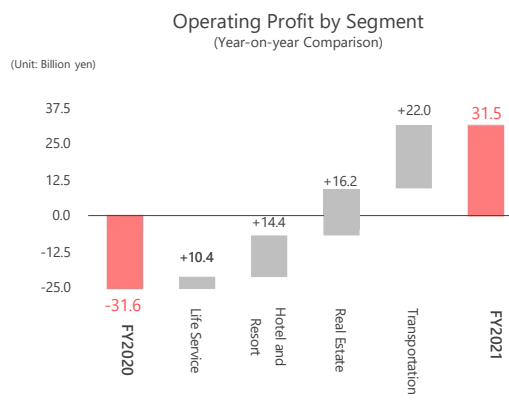
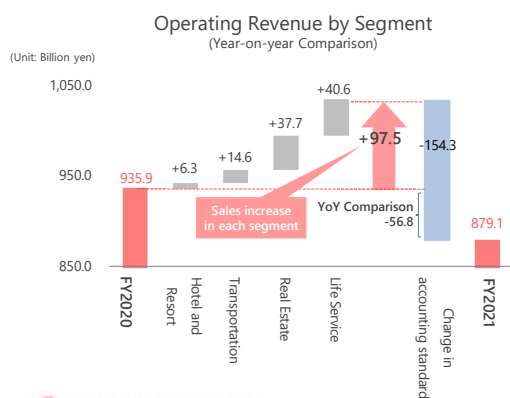
### [Year-on-year comparison]

• Profit attributable to owners of parent increased 65.0 billion yen year on year, due to the posting of a gain on sale of fixed assets as well as Increase in operating income and improvements in losses in all segments including the Real Estate Business segment in which the sale of a large-scale property contributed.

### [Compared with forecast as of February]

• Operating profit exceeded the forecast mainly in the Transportation Business and Hotel and Resort Business, reflecting the weaker-than-expected impact of the COVID-19 pandemic.

• Profit attributable to owners of parent decreased 1.2 billion yen from the February forecast primarily due to the posting of impairment loss.



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- This slide shows Main Points in the Results for FY2021.
- Operating profit stood at 31.5 billion yen, increasing 63.2 billion yen. It rose in the Real Estate Business, in which the sale of a large-scale property contributed, and all other segments. Net income increased 65.0 billion yen year on year, reflecting a gain on sale of fixed assets.
- Compared with the forecast as of February, operating profit exceeded the forecast by 3.5 billion yen, mainly in the Transportation Business and Hotel and Resort Business, reflecting the weaker-than-expected impact of the COVID-19 pandemic.
- Net income was, however, 1.2 billion yen less than the February forecast primarily due to extraordinary losses, particularly an impairment loss at Izukyu Corporation.

## (Reference) Impact of the "Accounting Standard for Revenue Recognition"

(Unit : Billion yen)		①	②	①-②	Impact of accounting standard revision	③	②-③	
		FY2021 Results	FY2021 Prior to accounting standard revision	Change		FY2020 Results	Change	
Total Operating Revenue		879.1	1,033.4	- 154.3 (- 14.9%)		935.9	+ 97.5 (+ 10.4%)	
Transportation	Operating Revenue	166.5	166.6	- 0.0		151.9	+ 14.6	
Real Estate	Operating Revenue	223.2	235.4	- 12.1	Tokyu GEOX -11.9	197.6	+ 37.7	
	Total Life Service	502.7	644.2	- 141.4		603.5	+ 40.6	
Life Service	Operating Revenue	Retail	330.8	425.1	- 94.3	Tokyu Department Store -75.7 Tokyu Store Chain -11.2	413.2	+ 11.9
		ICT and Media	171.9	219.0	- 47.1	Tokyu Agency -42.2 Tokyu power supply -3.5	190.3	+ 28.6
		Hotel and Resort	43.5	44.1	- 0.6		37.8	+ 6.3
Elimination etc.	Operating Revenue	- 56.9	- 56.9	-		- 55.1	- 1.8	

## Assumptions for FY2022 Forecasts

### Assumptions for forecasts

- The direct impact of the COVID-19 pandemic will continue up until the end of the first half of the fiscal year, after which no new spread is expected.
- With regard to inbound tourism, demand is not expected
- Changes in the external environment, such as soaring energy prices, have been reflected in individual businesses. If there is additional impact, measures including cost control will be taken within the expected scope.
- With regard to cost reductions, we will continue to make reductions for businesses that carry out structural reforms, and increase the ratio of constant necessary reductions.

### Assumptions in the financial forecasts for each segment

Segment	Assumptions for forecasts
Transportation	• Tokyu Railways: Number of passengers carried by Tokyu Railways will decrease by approx. -21.0% from FY2019 (+4.5% year on year comparison)
Real Estate	• Real estate leasing: Vacancy rates and rent levels are the same as at the end of the previous fiscal year, and there is no expected vacancy risk • Real estate sales : Although a certain amount of sales are expected in the current fiscal year, this is a reactionary decline from the previous fiscal year, when there were sales of large properties.
Life Service	• Sales at Tokyu Department Store will increase approx. +3.5% year on year and sales at Tokyu Store Chain will increase approx. +2.2% year on year.
Hotel and Resort	• The full-year occupancy rate for Tokyu Hotels is expected to be around the 69% range (1Q: 54%, 2Q: 73%, 3Q :77%, 4Q:74%).

○ Next, let me explain the assumptions for our forecasts for fiscal 2022.

○ The impact of the COVID-19 pandemic will continue until the first half of the fiscal year, but no effects from a renewed surge in infections or movement restrictions are expected.

○ No recovery in demand such as inbound tourism is expected.

○ Rising electricity bills have been reflected to a certain extent in individual businesses. If there is an additional impact, measures, including stronger cost control, will be taken.

○ We will continue to make cost reductions and raise the ratio of constant reductions boosting the profit-generating structure.

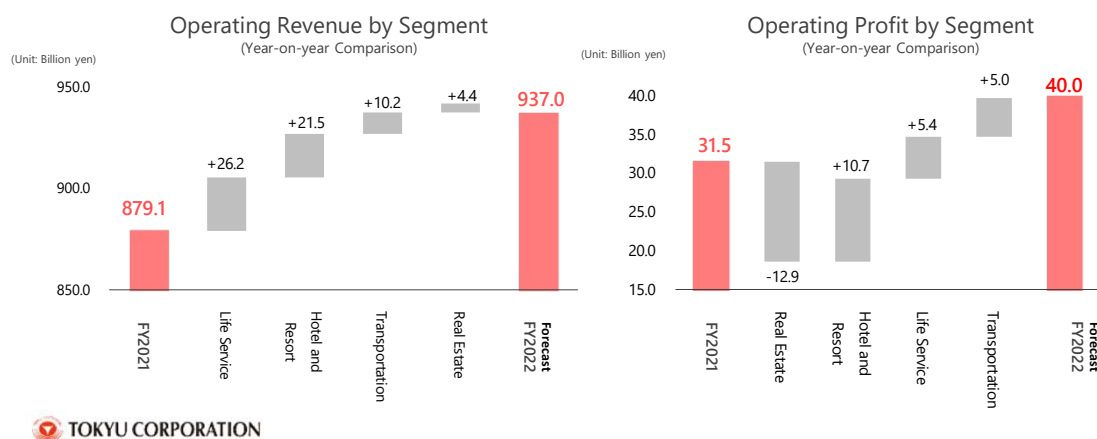
## Main Points in Forecasts for FY2022

(Unit: Billion yen)	Full Year Forecast	YoY Comparison	
Operating Revenue	937.0	+ 57.8	(+ 6.6%)
Operating Profit	40.0	+ 8.4	(+ 26.8%)
Recurring Profit	35.5	+ 0.5	(+ 1.4%)
Profit attributable to owners of parent	22.0	+ 13.2	(+ 150.5%)

[Operating revenue]  
 • Increased 57.8 billion yen year on year due to rises in sales in all segments.

[Operating profit]  
 • Increased 8.4 billion yen because a decline in profitability in the Real Estate Business due to the absence of the sale of a large-scale property recorded in the previous year was more than offset by increases in profit and improvement in losses in the other segments.

[Profit attributable to owners of parent]  
 • Increased mainly due to decreased impairment loss and increased operating profit, more than offsetting a reactionary decline in profitability due to the absence of a gain on sale of fixed assets recorded in the previous year



○ This slide shows the main points in our forecasts for fiscal 2022.

○ Operating revenue is forecast to rise 57.8 billion yen year on year, to 937.0 billion yen due to rises in sales in all segments.

○ Operating profit is expected to increase 8.4 billion yen, to 40.0 billion yen, due to an increase in profit in all segments other than the Real Estate Business, which more than offset the absence of the sale of a large-scale property recorded in the Real Estate Business in the previous fiscal year.

○ Net income is forecast to climb 13.2 billion yen, to 22.0 billion yen, chiefly due to an increase in operating profit and a decrease in the impairment loss from the previous year.



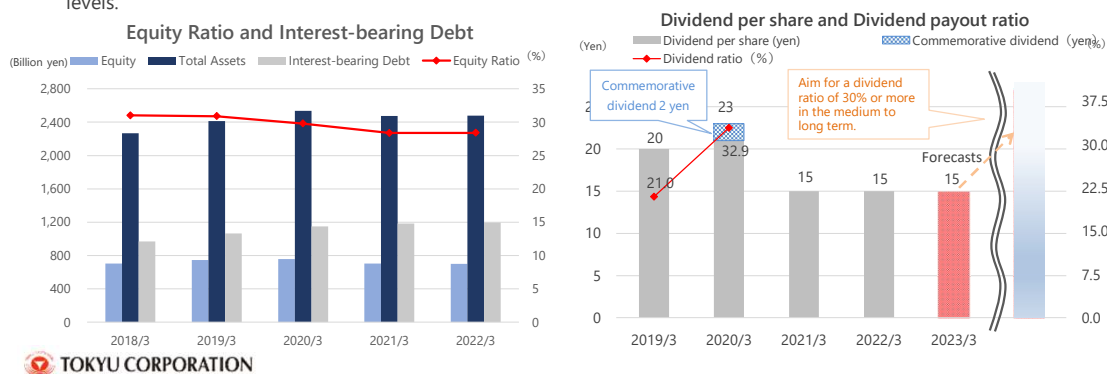
## Concept of Funds and Shareholder Returns for FY2022

### Funds

- Based on the medium-term three-year management plan, 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.
- In FY2022, capital expenditures will temporarily increase to 158.8 billion yen due to the completion of the Tokyu Kabukicho Tower and other factors, and the level of interest-bearing debt will temporarily increase, but through FY2023, the interest-bearing debt / Tokyu EBITDA multiple will remain at 7 times range due to a recovery in profitability and other factors.

### Shareholder returns

- Annual dividend is expected to be 15 yen per share.
- We will continue to flexibly consider the acquisition of treasury shares, etc., taking into account trends in funds and profit levels.




○ Our policy on funds and shareholder returns is as stated on the slide.

○ With regard to financing, the level of interest-bearing debt will temporarily increase due to the completion of the Tokyu Kabukicho Tower. The Company will improve the ratio of interest-bearing debt to Tokyu EBITDA to the 7 times range by FY2023, the final year of the medium-term management plan, chiefly by achieving a recovery in earnings.

○ As for shareholder returns, we will pay annual dividends of 15 yen per share.

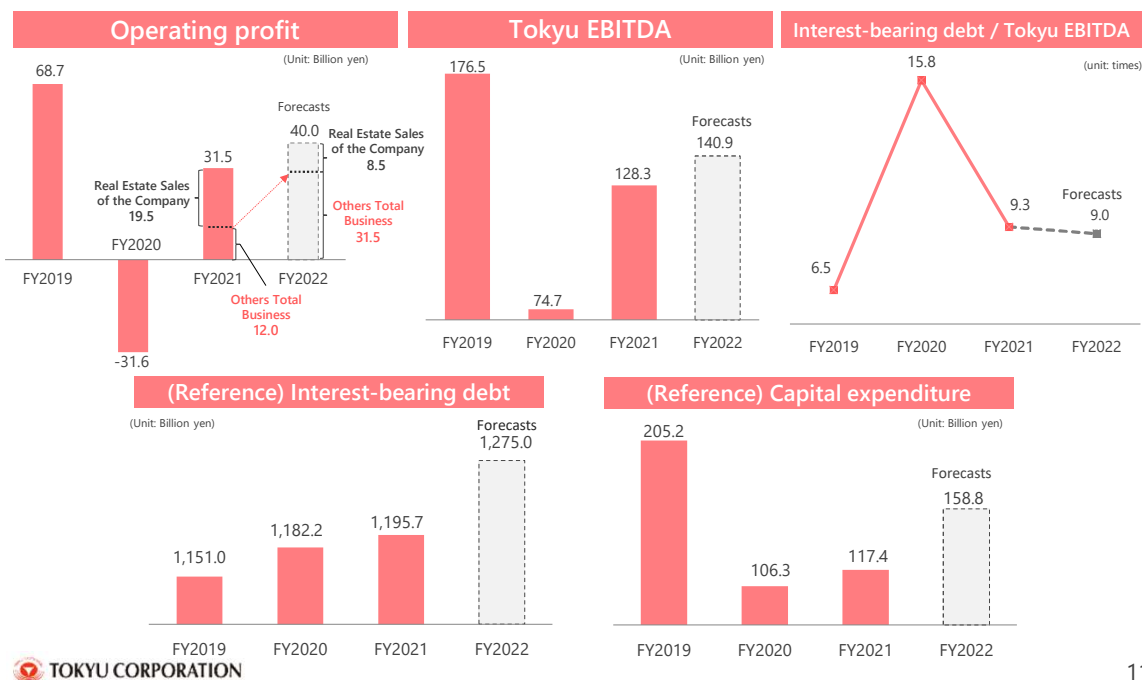
○ We will continue to flexibly consider the acquisition of treasury shares, etc., taking into account trends in funds and profit levels.

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## II. Performance Indicators and Segment Results

## Performance Indicators

We will facilitate the recoveries of the individual segments to achieve operating profit of 40 billion in FY2022, the second year of the Medium-Term Management Plan.

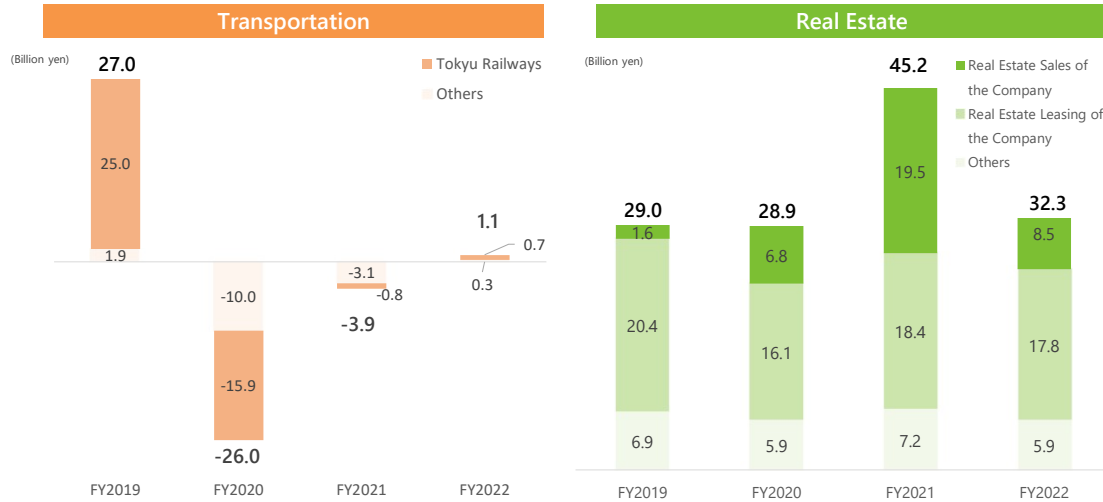


- Let me explain trends in indicators.
- As I have said, operating profit is expected to be 40.0 billion yen this fiscal year.
- That is 8.4 billion yen more than the year-earlier level. If excluding the impact from the absence of a large amount of profit in the Real Estate Sales Business in FY2021, recovery in revenue and profit is expected to progress.
- Tokyu EBITDA and the interest-bearing debt / Tokyu EBITDA multiple, which bottomed in FY2020, will be recovering steadily.

# Operating Profit by Segment(1)

Forecast for FY2022

<b>Transportation</b>	<ul style="list-style-type: none"> <li>• Tokyu Railways has been making a steady progress in its profitability improvement initiatives such as fare revisions and Permanent fixed cost reductions.</li> <li>• It expects to enter profitability due to a recovery in demand in FY2022. Nevertheless, the effect of fare revisions will start to contribute in FY2023</li> </ul>
<b>Real Estate</b>	<ul style="list-style-type: none"> <li>• Overall segment income is expected to decrease due to the great contribution from the real estate sales business on the scale of FY2021, but we expect continuous and stable profit contribution mainly from the real estate leasing business. Tokyu Kabukicho Tower completion costs, etc. are factored in.</li> </ul>



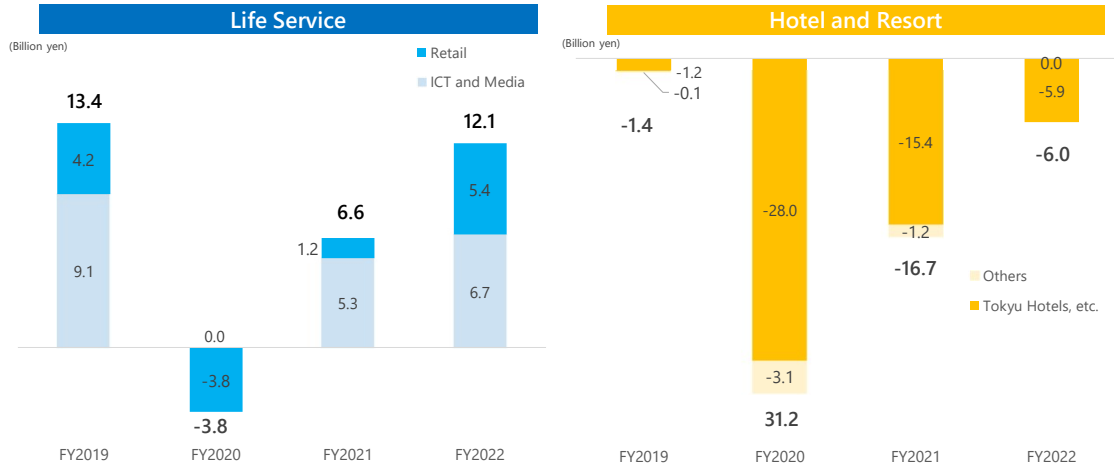
○ We are moving on to trends in operating profit in each segment.

○ The Real Estate Business has been stably contributing to overall profit even after the spread of COVID-19. Operate profit in the Real Estate Business will fall year on year in FY2022 due to the absence of the impact from the sale of a large-scale property in the Real Estate Sales Business in FY2021. However, profit will remain high compared with past years.

# Operating Profit by Segment(2)

Forecast for FY2022

Life Service	Retail	<ul style="list-style-type: none"> <li>• Tokyu Store Chain, has been continuously earning solid profits, although in stay-at-home demand is beginning to subside.</li> <li>• Tokyu Department Store, has been securing operating profit through the full-scale implementation of structural reform programs including the remodeling of stores and cost reductions.</li> </ul>
	ICT / Media	<ul style="list-style-type: none"> <li>• The segment expects the recovery of businesses affected by the COVID-19 pandemic and that its communications Inc. and other companies will continue to contribute to profitability.</li> </ul>
Hotel and Resort		<ul style="list-style-type: none"> <li>• The segment expects that it will again post an operating loss because the impact of the COVID-19 pandemic will continue up to the first half. Even so, the loss is expected to improve significantly year on year.</li> <li>• It will implement drastic reorganize restructuring programs to take advantage of the post-COVID-19 recovery of demand while also working to achieve an income and expenditure balance as soon as possible.</li> </ul>



○ We think that the Transportation Business, Life Service Business and Hotel and Resort Business have definitely been on a recovery trend, albeit to different degrees, reflecting structural reforms and improvements in the external environment.

### III. Status of Each Business

# Railway Business Initiatives (1)

We will be implemented around March 2023 in revise fares in a manner that minimizes the increase of the burdens on customers preconditioned on further efforts to streamline operations such as the transformation of the business structure.

## Initiatives to recover profitability

### Initiatives to streamline operations and cut costs

- Change in the structure of businesses to reduce fixed expenses and improve productivity
- Transformation of railway operations and station services to adapt to changes in demand
- Transformation of operations utilizing technology
  - Achieve single-person operation of Toyoko Line services at an early stage



- Digital transformation of station services and equipment / facilities maintenance
- Early-stage development of 5G communications infrastructure



- Transformation of internal systems and rules, unconstrained by past conventions and customs
- Cost reduction through in-house production (advertising expenses, etc.)

### Fare revision

- Details of approval
  - Date of approval: April 8, 2022
  - Effective date: March 2023 (plan)
  - Revision rate and revenue increase rate: 12.9% (revision rate) and 11.7% (revenue increase rate)
  - Revision rates by ticket type (fare increase rates)

#### Ordinary passenger fare

**Minimum fares and fares for the Setagaya Line will be raised approximately 10 yen.**  
Increases in fares for other sections will be largely equivalent to the revision rate.  
Fares for the Kodomonokuni Line remain unchanged.

(Unit: %)

	1 yen units	10 yen units	Non-commuters - total
Revision rate	13.6	11.5	13.5

#### Fares for commuter passengers

**Student commuter fares remain fixed at current rate**  
Increases in commuter pass fares will be equivalent to the revision rate

(Unit: %)

	Commuter pass	Student commuter pass	Commuters - total
Revision rate	13.8	—	12.1

- Now I will explain the situation of each business.
- I will start with the railway business.
- To restore profitability, Tokyu Railways is changing its business structure to reduce fixed expenses and improve productivity. The company is undertaking a number of initiatives, including single-person operation on the Toyoko Line.
- A fare revision was approved in April. Fares will be revised in March next year.
- Because of those initiatives, the business will move into the black in FY2022. In FY2023, the business will achieve a further recovery.



## Railway Business initiatives (2)

We will continue to sustainably provide social value in line with contemporary needs, with a view to the post-COVID era.

Initiatives to provide social value, such as safety & security, improving the comfort of urban transportation, and solving problems

### Further pursuit of safety and security

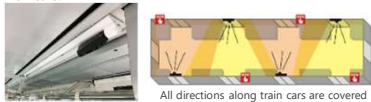
#### ■ Maintaining facilities in sound condition

We are ensuring safety and stability by ensuring proper maintenance and replacement of equipment necessary for railway operation, such as updating driving safety devices.



#### ■ Additional security measures aboard trains, etc.

We are enhancing the functionality of in-train security cameras already installed in all cars.



#### ■ Measures against natural disasters, adapting to climate change

We have completed basic seismic reinforcement work, and will be performing additional work to minimize damage and improve recovery capabilities in the future. In order to improve resilience to climate change, we will continue to implement various risk countermeasures.



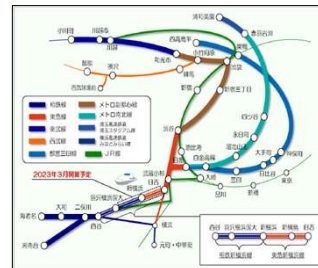
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### Improving comfort and convenience

#### ■ Efforts to open the Tokyu Shin-Yokohama Line

- Scheduled to open: March 2023
- Formation of a wide-area railway network

With the opening of the Tokyu Shin-Yokohama Line, a wide-area railway network will be formed, extending from the central Kanagawa and western Yokohama area to the Tokyo and Saitama areas, facilitating revitalization and cooperation between regions.



#### ■ Boosting transportation capacity by conversion of Meguro Line to 8-car configuration

- Starting sequentially from early April 2022
- Conversion to 8-car configuration scheduled to be completed in March 2023



Meguro Line cars (new Model 3020 series)

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○ The operations of the business will continue to sustainably provide social value in line with contemporary needs, in anticipation of the post-COVID era.

○ We will continue to pursue safety and security in terms of facilities, in-train environments, and measures against natural disasters, considering social conditions.

○ Also, The Tokyu Shin-Yokohama Line is scheduled to open in March next year. We will steadily enhance comfort and convenience as we form a wide-area railway network.

# State of Progress Toward Opening Tokyu Kabukicho Tower

We are constructing a high-rise complex consisting of entertainment facilities and hotels, etc., scheduled to open in April 2023.

## Plan overview

Name of facility: Tokyu Kabukicho Tower  
Site area: Approx. 4,600 m<sup>2</sup>  
Total floor area: Approx. 87,400 m<sup>2</sup>  
No. of floors: 48 above ground floors, 5 basement levels, 1 penthouse  
Height: Approx. 225 meters  
Use: Hotel, theater, cinema, stores, parking, etc.  
Completion: January 2023 (scheduled)  
Opening: April 2023 (scheduled)



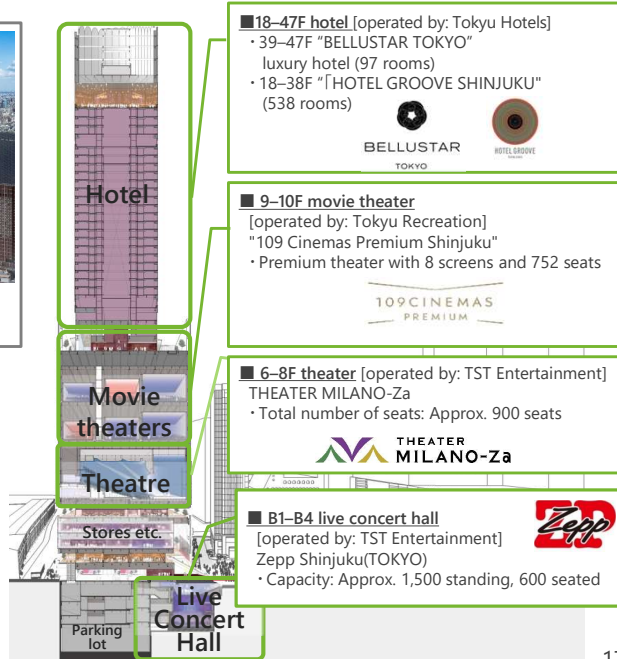
Exterior of Tokyu Kabukicho Tower (as of March 2022)

## Concept

- Creating "a place for refining one's tastes"  
We are taking advantage of the characteristics of this hotel × entertainment complex model, working on plans to help consumers find new things they like, such as by discovering nurturing and making their new-found "likes" take flight.



## Facility application overview



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- Let me describe progress toward the opening of Tokyu Kabukicho Tower.
- We plan to open Tokyu Kabukicho Tower in April 2023.
- We aim to establish a new, internationally renowned base for urban tourism in Kabukicho as an entertainment city.

# Redevelopment Efforts Around Shibuya Station

- Implement multi-layered activities, including public-private partnerships, for the future of Shibuya, the most important area for Tokyu
- Going forward, we will actively consider participating in redevelopment momentum efforts in addition to those shown in the figure below

## Status of Development Efforts in the Shibuya Area

**Expansion of development areas around the station**  
Creation of the core of lively activities to be the symbol of Entertainment City Shibuya

**In planning**  
Dogenzaka 2-chome 24 district land development project (Tokyu Department Store)

**In development**  
Shibuya Scramble Square Phase II (Central and West Bldg.)

**In development**  
Shibuya 2-chome 17 district Urban redevelopment project type1

**In development**  
Shibuya Sakuragaoka block Urban redevelopment project type1

**Development in 5 blocks around the station**  
Steadily execution of redevelopment plans that are underway

**Development project at 2-24 Dogenzaka, Shibuya-ku**

- Joint operation between LVMH fund (※) and Tokyu Department Store
- Tokyu Department Store (Honten) will be closed on January 31, 2023, and demolition work will begin as of spring 2023 onward (scheduled)

(※) Real estate development and investment company established by the LVMH Group .

**Shibuya 2-chome 17 district Urban redevelopment project type1**

Site area: Approx. 3,460 m<sup>2</sup>  
Total floor area: Approx. 44,560 m<sup>2</sup>  
Use: Offices, stores, parking, etc.  
Opening: First half of FY2024 (scheduled)

**Shibuya Scramble Square**

Site area: Approx. 15,300 m<sup>2</sup>  
Total floor area: Approx. 276,000 m<sup>2</sup>  
Use: Offices, stores, observation facility, etc.  
Opens: Phase I November 2019  
Phase II FY2027 (scheduled)

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○ This page describes our redevelopment efforts around Shibuya station.

○ Our development plan is as you see here. We will actively participate in redevelopment momentum efforts in addition to those shown here.

# Tokyu Area Development Project Initiatives

Based on our autonomous decentralized urban structure concept, we are actively promoting the functional arrangement of work, housing and entertainment, and revitalizing communities through collaboration and cooperation with local residents, government, academia and private sector business operators.

## Creating an autonomous decentralized urban structure

### ■ Concept

We aim to create a self-contained and dispersed city area served in light of the rapid spread of new lifestyles such as living in close proximity to work, and teleworking.

- Functional placement of work, housing and entertainment
- Improvement and enhancement of midpoint stations
- Uniquely distinctive urban development

Actualizing diverse values and lifestyles



### ■ Development of midpoint stations to drive urban development

#### • Fujigaoka

Partners: Yokohama City, Showa University

An integrated urban development combining station area facilities, hospitals and parks



Conceptual image of redevelopment

#### • Saginuma

Partners: Kawasaki City

As a project partner, we will work to develop a variety of urban functions in a complex manner.



Conceptual image of redevelopment

## New Suburban Urban and Community Development: The nexus Concept

### ■ Concept

In the Tama Den-en toshi area the aim is to create a "walkable neighborhood" where elements of daily life such as living, studying, working and playing are fused with nature and agriculture, in order to realize a free and affluent suburban life for consumers.

### ■ Features of the nexus concept

The nexus concept seeks to pull away from the conventional concept of "dwelling = primarily suburbs" and "offices and commerce = primarily city center," and create new value by increasing mutual assistance in daily life in various regions.

#### Walkable Neighborhood



nexus concept (conceptual image)



In April 2022, nexus Challenge Park Hayano opened in the Nijigaoka Danchi and Susukino Danchi area.

○ Let me now explain development project initiatives in the areas served by Tokyu's railway lines.

○ In the areas served by Tokyu's railway lines, we are promoting urban development based on the concept of autonomous decentralized urban structure.

○ In the Tama Den-en toshi area, we have started resident-oriented suburban urban development based on the "nexus concept." Through this initiative, we will work to revitalize the areas served by Tokyu's railway lines.

## Promotion of Real Estate Sales Business

We aim to contribute to stable and continuous profits in the Real Estate Sales Business by improving the value of the areas served by Tokyu's railway lines through the Residential Sales Business and the Asset Recycling Building Business, with a focus on portfolio and financial efficiency.

### Main future business plans for the Residential Sales Business

**DRESSER Aoba-Edakita Front**  
Total units: 50  
**DRESSER Yokohama Tokaichiba Residence**  
Total units: 61  
**DRESSER Kohoku New Town Nakagawa**  
Total units: 62  
All to be completed in FY2022 (scheduled)

**DRESSER Tower Minami-Machida Grandberry Park**  
  
• Completion: March 2024 (scheduled)  
• Total units: 375  
• Tower condominium using effectively 100% renewable energy

**DRESSER Tower Shin Tsunashima**



• Completion: October 2023 (scheduled)  
• Total units: 252

**The YOKOHAMA FRONT TOWER**



• Completion: Spring 2024 (scheduled)  
• Total units: 459

**DRESSER Tower Musashikosugi**



• Completion: May 2024 (scheduled)  
• Total units: 160



### Asset Recycling Building Business initiatives

#### Development and sale of rental condominium buildings

- Development and sale of properties in line with investor demand

Rental condominium Stylio Kamata II  
Opened in February 2022



#### Development and sale of medium-sized office buildings, etc.

- Identify office demand and develop and sell properties suitable for the market

#### Renovation and value improvement

- Changing the application of use for properties corresponding to changing work styles, etc., and selling them

- Office building renovation project "The Folks BY IOQ" opened in February 2022
- Consists of 26 office plots, a membership based co-working space that can be used casually from one person upward, and a lounge dedicated to office contractors



**the Folks BY IOQ**

We will continue to purchase good properties while assessing real estate market conditions with a view to generating stable profits.

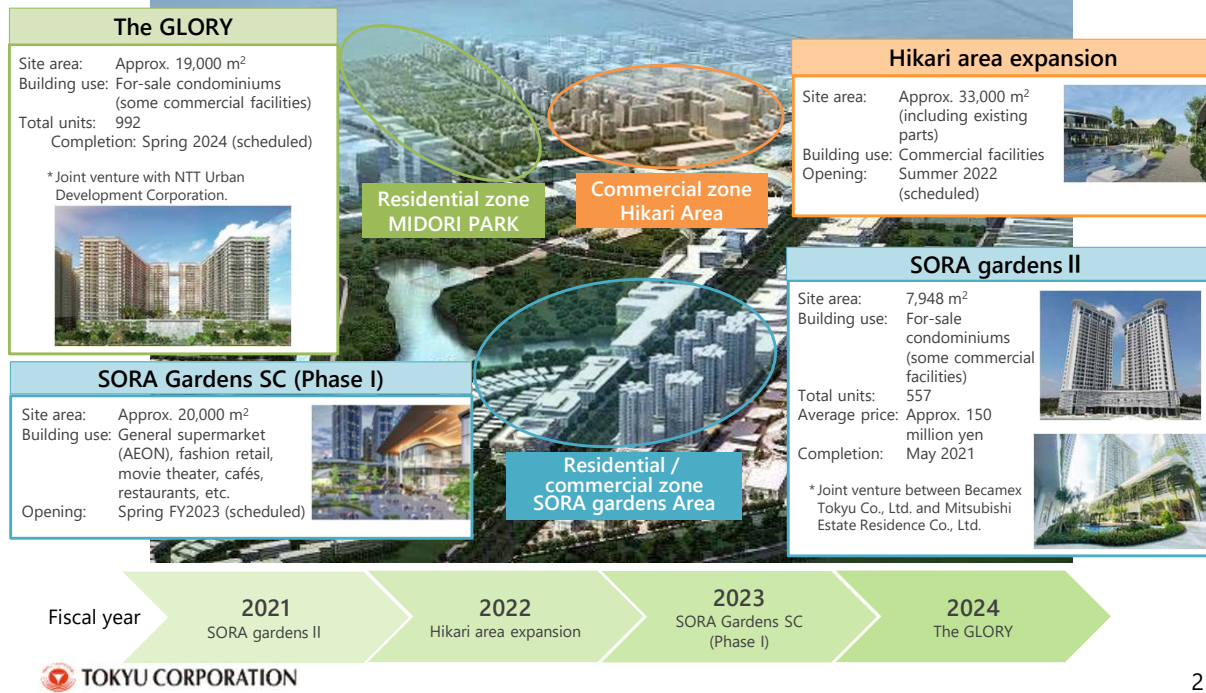
- Now I will explain the real estate sales business.
- We aim to have the Real Estate Sales Business contribute to profits stably and continually through the Residential Sales Business and the Asset Recycling Building Business.
- We will continue to purchase properties while assessing real estate market conditions to consistently generate stable profits.



## Development of Real Estate Business Overseas (Binh Duong New City, Vietnam)

Utilizing our extensive experience and know-how in Japan, we will actively engage in Urban and Community Development, including residential sales overseas.

### Development Project in Binh Duong New City, Vietnam



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○ Let me explain the development of the Real Estate Business overseas.

○ In FY2021, we completed SORA gardens II, for-sale condominiums developed in Vietnam, and the Real Estate Business overseas made a substantial contribution.

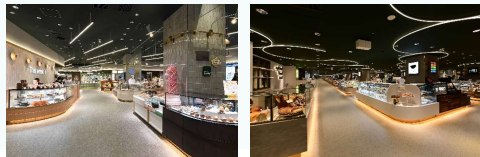
○ We will continue to purchase properties in Japan as I have said, but the real estate market appears to be overheated, We will consider well-balanced business development, including the purchase of properties overseas.

## Initiatives in the Retail Business

Raise the competitiveness of each business by providing services corresponding to environmental changes and contribute to consolidated profit.

### Tokyu Department Store: Structural reform based on redevelopment of flagship store (Honten)

- Establishment of Tokyu food show locations in Shibuya and areas served by Tokyu area



- Driving store structural reform and remodeling
- Promote store renewals / renovations in response to customers' new values



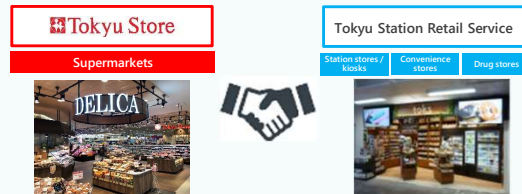
Conceptual image of babies and kids' section on the first floor of Tokyu Department Store Tama Plaza

- Enhancing out-of-store sales and cosmetics businesses
- Secure customer contact points through new out-of-store sales solutions, etc.

TOKYU CORPORATION

### Tokyu Store Chain Co: Reorganization of daily necessities retail business in the retail business

- Merger with Tokyu Station Retail Service
- Enhance dominance by incorporating daily consumption through integrated operation



### Initiatives to create new value in collaboration with Rakuten Group, Inc.

- Development of integrated point barcodes at Tokyu Store Chain
- Enhance customer convenience by expanding point integration and advancing OMO, etc.
- The first group-wide shared point initiative in the railway industry



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- I will now describe our initiatives in the Life Service Business.
- In our Life Service business, we are working in unison with transportation and real estate to create communities where people want to continue to live. We will provide comfortable living to the residents in the areas served by Tokyu's railway lines and enhance the value of the areas.
- The Retail Business took steps in response to changes in the environment. Tokyu Department Store drove structural reform based on the redevelopment of the flagship store (Honten). Meanwhile, the Retail Business reorganized its daily necessities retail business primarily at stores of Tokyu Store Chain.

## ICT and Media Business Initiatives

Further strengthen the entertainment business that has been active until now, and the digital field that is expected to grow in the future.

### Strengthening the entertainment business

(future plans at Tokyu Kabukicho Tower)

#### Tokyu Recreation

##### ■ Operation of 109 Cinemas Premium Shinjuku cinema complex

- Beyond movies, it provides a wide variety of entertaining content.
- Introduced ScreenX, the first three-screen wide-view movie theater in the Shinjuku area



ScreenX, a three-screen theater

#### TST Entertainment

##### ■ Planning and operation of entertainment facilities such as theaters and live performance / concert halls

- The theater space with nearly 900 seats enables more people to experience diverse forms of entertainment including plays, music and movies / video



THEATER MILANO-Za

#### Tokyu Agency

##### ■ Considering using outdoor electric signage

- We are considering integrated use of the adjacent Cinecity Square, outdoor digital signage and outdoor stage



Outdoor digital signage

### Further strengthening our digital shift

#### its communications

##### ■ Number of subscribed households remains stable (around 350,000 households)

- Drive expansion of contactless services and mechanisms
- Create new customer contacts by expanding digital contact points



### Providing new forms of entertainment

#### BS Shochiku Tokyu

##### ■ BS broadcasting channel BS Shochiku Tokyu opened in March this year

- The channel aims to create high-quality entertainment and new value through collaboration between the Shochiku Group and the Tokyu Group



BS 松竹東急

○ In the ICT and Media Business, as a concerted efforts, the entire Tokyu Group is planning to strengthen the entertainment business at Tokyu Kabukicho Tower.

○ Also, its communications Inc. is continuing to provide service in consideration of post-COVID changes in society.

The number of subscribed households remains stable.

○ As we pursue those initiatives, the entire Life Service Business is has been contributing to profit on a stable, continuous basis with the exception of FY2020, when the business was significantly affected by COVID-19.

○ We will continue to promote business development, considering profitability in each business and their contributions to other businesses.



## Direction of the Hotel Business

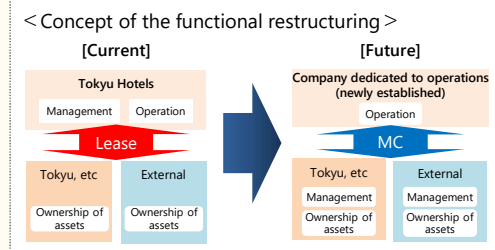
We will take steps to respond to market fluctuation risks that will continue to grow going forward and the recovery of demand, including demand generated by inbound tourists, which is expected to occur following the end of the COVID-19 pandemic. To this end, we will increase competitiveness by implementing drastic regrowth-oriented business structural reforms.

### Overview of the restructuring of business functions

- The restructuring of the operation and management functions will be carried out in FY2022.
- A new company dedicated to operations will be established separately to strengthen competitiveness.
- The operation of hotels and the management of relevant assets will be implemented mainly by the Company.

### Roles of each function

- **Operation function (Company dedicated to operations)**
  - Strengthen competitiveness through the implementation of full-scale structural reform programs with a view toward increasing productivity and product power
  - For reducing risks, focus efforts on the acquisition of new stores including FCs with MCs functioning as the main players
- **Management function (the Company)**
  - Improve the appeal of towns and their ability to attract customers through the selection of hotel operators (including those backed by foreign capital) in line with the characteristics of town planning and urban development
  - Reduce business risks through the reduction of rents for existing stores and metabolic changes in rents for existing hotels (redevelopment, withdrawal, etc.)



By approximately FY2030, we will decrease the number of leased hotels and launch the entrusted operation of 15 new MC hotels covering approximately 4,000 rooms.



- Next, I will explain the direction of the Hotel Business.
- In the Hotel Business, we will respond to expanding market risks and will institute drastic regrowth-oriented business structural reforms to tap into demand, which is expected to recover after the COVID-19 pandemic.
- We aim to restructure the business functions in FY2022. We will restructure the hotels' operation and management functions.
- With respect to the operation functions, we will establish a new company dedicated to operations to strengthen competitiveness. Meanwhile, we will focus our efforts on the acquisition of new hotels, based on MCs.
- As for the management functions, the Company will take the lead in operating hotels and managing assets in an integrated way. We will establish new hotels, taking into consideration town planning and urban development, and create added value.
- We will select the most appropriate hotel operators, including parties outside the Group. Meanwhile, we will reduce rents for the existing hotels and make changes to existing hotels, considering redevelopment and withdrawal.
- Through those initiatives, we will decrease the number of leased hotels and aim to launch 15 new MCs hotels, with about 4,000 rooms.

## For the regrowth of the Hotel Business

We will improve the structure of income and expenditures through the facilitation of structural reforms toward the achievement of the regrowth of the Hotel Business. We will also develop new hotels in a variety of styles while keeping in mind the optimal portfolio.

### Initiatives to improve profitability and productivity

#### Improve profitability by developing products in response to social trends

##### Strengthen customer base (Comfort Members)

- Acquisition of demand from frequent travelers and wealthy members by enhancing the appeal of programs



##### Enhance product power and expand customer contact points through collaboration with Group companies

- Creation of accommodation programs and beverage products in collaboration with cultural and commercial facilities and collaboration with the Tokyu Royal Club

##### TsugiTsugi flat-rate flexible housing / accommodation service

- In addition to Tokyu Group hotels, we have also partnered with external hotels and evolved into a platform for touring hotel subscriptions.



#### Further improve productivity and enhance operational capabilities through the facilitation of DX and other means.

- Introduce web check-in and check-out systems utilizing smartphones
- Implementation of effective operations through the introduction of multi-functionalization
- Enhancement of operational capabilities and provision of high added value through DX and human resource development



### New hotel openings to respond to new market environments

#### Scheme that considers risk reduction



Yonezawa EXCEL HOTEL TOKYU  
Scheduled for completion in April 2022, 62 rooms



Kichijoji EXCEL HOTEL TOKYU (tentative)  
Scheduled for completion in October 2022, 99 rooms

#### Tap into inbound demand that is expected to rise following the end of the COVID-19 pandemic.

THE HOTEL HIGASHIYAMA  
by Kyoto Tokyu Hotel  
Scheduled for completion in July 2022, 168 rooms



#### Create added value in town planning and urban development

Tokyu Kabukicho Tower  
BELLUSTAR TOKYO, 97 rooms  
HOTEL GROOVE SHINJUKU, 538 rooms  
Scheduled for completion in April 2023



Sapporo Susukino Station Area Complex  
Development plan (provisional name)  
Scheduled for completion in December 2023, approx. 440 rooms

○ Let me explain the specific plans for the regrowth of the Hotel Business.

○ Tokyu Hotels has been striving to improve break-even points with both increased profitability and reduced fixed costs.

○ Going forward, we will open new hotels in a variety of styles while keeping in mind the optimal portfolio, following the direction of the Hotel Business which I have explained.

○ The specific new hotel opening plans are as you see here. The Company will control the plans according to the overall direction of the Hotel Business.

# Environmental Initiatives

We formulated the Environmental Vision 2030 to help achieve decarbonation and a recycling-based society and updated our consolidated environmental targets.

## Environmental Vision 2030 concept

### ■ Everyday life influences the future

- Taking advantage of the Company's business characteristics relating to public transportation, urban and living infrastructure, we aim to enable the choice of environmentally friendly actions without any special burden, where everyone can contribute to the regeneration of a sustainable society and the local environment.

## Goals of Environmental Vision 2030

### Realizing Towns in Harmony With the Environment

To create sustainable cities and communities, we will work to realize towns in harmony with the environment toward a decarbonation and recycling-based society, and grow sustainably together with the towns.



### Helping to Solve Global Issues

We will contribute to solving global issues by disseminating good practices in existing urban areas to reduce environmental impact and harmonize with the environment.



## Symbolic initiatives

### ■ Japan's first railway route operated using power that is 100% derived from renewable energy

- As of FY2022, we switched to electricity derived from renewable energy with zero effective CO<sub>2</sub> emissions for all Tokyu railway lines.
- This represents Japan's first initiatives to operate railway routes using power that is 100% derived from renewable energy.



2020 Series with improved environmental performance



Kamata Station platform lighting replaced with LEDs

○ Finally, I will explain the Environmental Vision 2030.

○ The concept of the vision is "Everyday life influences the future."

We aim to enable the choice of environmentally friendly actions without any special burden. We aim for urban development where everyone living in the areas served by Tokyu's railway lines can contribute to a sustainable society and the regeneration of the local environment.

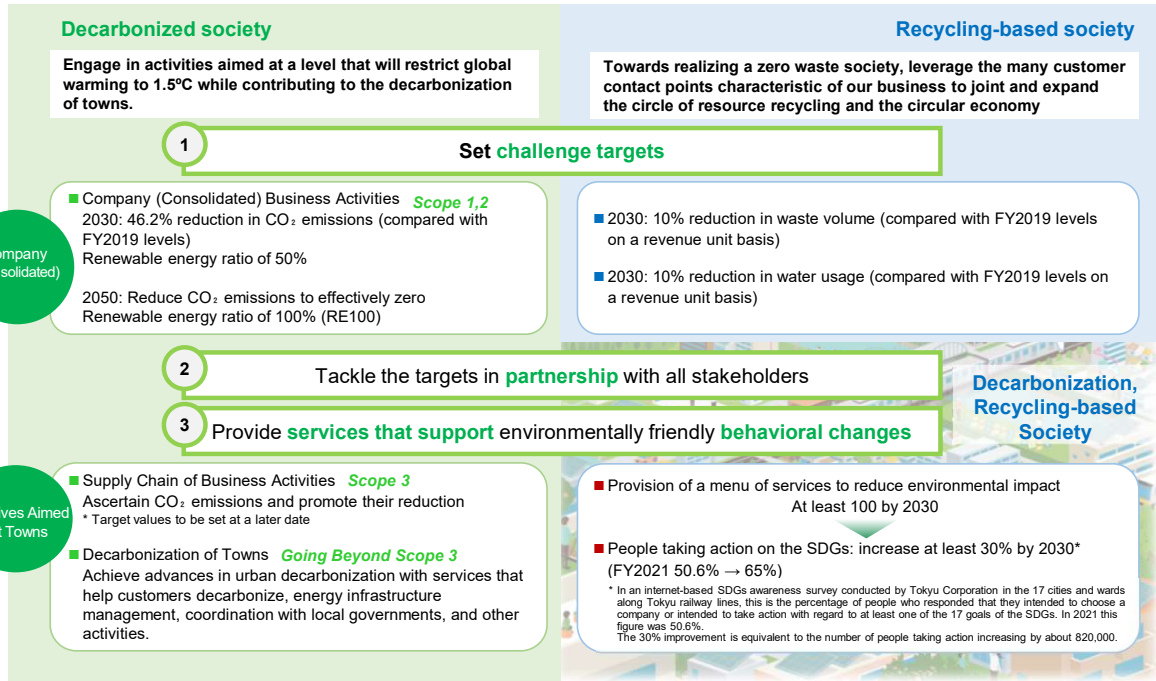
○ In addition to achieving the CO<sub>2</sub> emissions reduction target, we will work to create towns that are in harmony with the environment through decarbonation efforts.

The Company aims to make its urban development a good practice so that we evolve cities into those that harmonize with the environment and thereby contribute to solving global issues.

○ In FY2022, Tokyu Railways has become the first Japanese company to operate all railway routes using power that is 100% derived from renewable energy. This is an iconic initiative.

○ Further details, including targets, are included on the next page for your reference.

# Environmental Vision 2030 Targets (reference)



\* For details of Environmental Vision 2030, including the status of major initiatives in urban development, please refer to the following release.