

CFO's Small Meeting - Main Questions and Answers

December 8, 2025

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.

Meeting Summary

Date: December 8, 2025

Attendees:

Hirohisa Fujihara, Director and Senior Managing Executive Officer

Kyosuke Toda, Executive Officer and Manager of Finance & Accounting Strategy Headquarters

Yuki Osawa, Senior Manager of Accounting Group of Finance & Accounting Strategy Headquarters

Main questions and answers

Q1. What are your thoughts on your falling stock price?

A1. I acknowledge that the slow growth of our stock price, despite our recent strong performance, is down to insufficient disclosure about future growth potential. Many investors have asked us to present quantitative information about the outlook, and I acknowledge the importance of disclosure. In particular, our failure to sufficiently disclose actual figures showing how much revenue will be generated by the current Shibuya development is perceived as an issue. Going forward, we will not simply build expectations based on qualitative information alone. Instead, we intend to show the level of return that can be expected in figures. At the same time, we probably need to consider extending the Medium-term Management Plan from three to five years, for instance. We should also perhaps consider updating our Long-term Management Initiative. I recognize the need to present a long-term growth rate and quantitative targets. I intend to share capital market feedback within the company, including with the management team, and then consider what action we will take and communicate this to the market.

Q2. Given factors such as the current rate of inflation, the profit growth rate probably needs to be at least 5% a year. What level are you targeting? To achieve profit growth, surely you need to take more risks and invest in growth opportunities?

A2. I think it is important to clearly spell out a growth story for each business. While the railway and real estate leasing businesses are our core businesses that provide us with stable profit, the hotel, life service and overseas businesses have a lot of room for growth. As you point

out, the question of how to achieve unit price increases outpacing inflation is the key to growth, and we intend to achieve sustainable growth through rent revisions in the real estate business and increases in unit selling prices in the life service and hotel and resort businesses.

Q3. What is your view on shareholder returns given that your dividend payout ratio is low compared with other companies? Also, what are your thoughts on future purchases of treasury shares?

A3. Under the current Three-year Medium-term Management Plan, profit has grown more than initially anticipated, and it is true that an update of our shareholder return policy is overdue. While monitoring future performance and capital policy developments, I intend to discuss our returns policy internally, including with the management team.

Regarding share buybacks, I think the way in which we allocate cash is important. We need to strike a balance between shareholder returns and investment in growth; however, we will also likely make progress with the elimination of cross-shareholdings, and think we need to also consider treasury share purchases as a strategy to counter this.

Q4. How have you been impacted by the deterioration in Japan-China relations?

A4. The hotel business has continued performing strongly since November and, although customers from China have decreased, occupancy and the average daily rate (ADR) have remained high thanks to customers from Europe, the United States and Southeast Asia. A feature of this business is that customers from mainland China account for around 7% of total revenue and independent customers outnumber group customers. On the other hand, I recognize that, in the airport business, cuts to flight routes from mainland China have impacted revenue to some extent at Hiroshima Airport and Sendai Airport. I think our retail business and commercial facilities business, as well as the wider Japanese economy, have also been considerably impacted.

Q5. Regarding the real estate leasing business, in your view, how sustainable are rent increases exceeding inflation? Also, has the ROA of the real estate leasing business increased?

A5. Based on rental rates with existing tenants, rents have been raised by around 15% over a period of 5 years, with no rent-free period being offered in more and more cases. In the Shibuya area, rents are increasing at a fast pace. I have also heard talk of targeting a 100,000 yen rental rate in Chiyoda's Marunouchi and Yaesu districts. My personal opinion in relation to our Shibuya area redevelopment project is that a rental rate of 50,000 to 60,000 yen is appropriate for now. We will also consider the possibility of further rent increases if inflation

increases further. I think it is important to take the inflation rate in the area into consideration and aim for a rate of increase that exceeds this. The ROA of the real estate leasing business is definitely in an upward trend, reflecting the rising rents.

Q6. The financial results presentation included an explanation about ensuring financial health through unrealized gains, and I felt your policy is not to be very proactive about the liquidation of real estate. Is this understanding correct?

A6. Regarding the liquidation of real estate, we still intend to make strategic property sales, as also mentioned in our financial results presentation in May. Balance sheet management and our asset portfolio strategy also require a certain amount of sales. Our current Medium-Term Management Plan also factors in sales of 70 billion yen over 3 years. Unless we take some kind of action to address the tax burden mentioned in our financial results presentation in November, we will end up losing around 30% of gains from real estate sales business. Moreover, selling properties without a strategy will result in a loss of corporate value. What we mean to say is that we must proceed with sales while taking appropriate action and not that we are rejecting property sales themselves.

Q7. Does the additional acquisition of investment units of TOKYU REIT, Inc. ("TOKYU REIT") and its treatment as an equity-method affiliate have any implications for your real estate sales strategy, for example, increased capital gains through the sale of property?

A7. We made the additional acquisition of investment units of TOKYU REIT in the interests of further strengthening our collaboration and sponsorship in the real estate business and also on the basis that the units looked like good value for the market price. We have adopted a strategy of cyclical reinvestment, which involves intensively reinvesting funds raised through property sales in Shibuya and the areas served by Tokyu's railway lines. We consider TOKYU REIT to be very important as a partner that remains aligned with and can effectively communicate our strategic direction after the contribution of properties. TOKYU REIT's investment targets used to be confined to properties for office and commercial use, but it can now acquire assets with diverse uses such as rental housing and mixed-use complexes integrating office and commercial spaces, in fact, several years ago, we contributed rental housing located along our lines. This is just one example of how collaboration is increasing; we intend to further increase collaboration going forward.

Q8. Are you thinking about approaching overseas business with a greater sense of urgency? And, in your view, what is there to gain from overseas expansion?

A8. Overseas, in regions where growth can be expected, we intend to pursue business over the medium and long term. While we project that the population within the areas served by our lines will not begin to decline until 2040, Japan is unlikely to see any significant population growth in the future due to its low birth rate and aging population. I think that overseas business in regions with medium-to-long-term growth potential can make up for this. We began our involvement in the overseas business in the 1970s but later withdrew through the 1990s. We then had another crack at a new form of overseas business from 2011. Now our overseas business hinges on two locations, Western Australia, where last year we celebrated the 50th anniversary of the start of development, and Vietnam, where we first invested in the fall of 2011. We have massive land holdings in both regions. Especially in Vietnam, we welcome the fact that there has been a change in General Secretary, advancing infrastructure development and government restructuring, and necessitating a greater sense of urgency in investment and business activities. What is more, thanks to rising land prices and favorable exchange rates (around 80 yen to the dollar at the time of investment), we have made good unrealized gains. Meanwhile, Australia is a region where the minerals business is booming, population growth is also high due to high immigration, and the market can be expected to continue growing in the future. These businesses are not short-term turnover businesses. They are projects developed with local venture partners over a long period of time, the results of which will be enjoyed by future generations. We intend to pursue business expansion in such a way that the brand value of Tokyu that has proven effective in Japan is replicated overseas.

Q9. Regarding business expansion in Western Australia, is it right that you have not taken advantage of large unrealized gains for a long time? Is Western Australia really an appropriate place to invest compared with other up-and-coming places?

A9. Western Australia is seven times larger than Japan and is a region that drives the entire Australian economy. Whereas Japan and Australia have GDP per capita of 36,000 dollars and 65,000 dollars, respectively, Western Australia has a very high GDP per capita of 100,000 dollars. The population currently stands at 3 million, with the mining business (mining and mineral resources) underpinning the economy. In July 2024, the rail extension from Perth to Yanchep opened, and we feel there is potential for transit-oriented development (TOD), which is our area of expertise. As regards us having large unrealized gains, taking into consideration the potential for further growth and business expansion in the region, we intend to take a long-term view towards selling the assets we own to avoid disrupting the real estate sales market. We believe that, due to its location and political stability, Western Australia will become a source of profit that will support us in the future.

Q10. You said the hotel business is performing strongly recently. Tell us about your

future growth story and sense of direction for this business.

A10. This fiscal year, operating revenue amounted to around 120 billion yen, growing significantly from the 96 billion yen in revenue achieved pre-COVID in FY2018. Our strategy varies depending on the location and property, but by adopting the optimal strategy for each property, we intend to increase the average daily rate. Also, currently, approximately 80% of around 12,000 guestrooms in total are occupied, and the same also applies to banquet halls, which means we are not using our total capacity. Going forward, we will work to increase efficiency. At the same time, given that hospitality is an important business, we will also allocate the necessary human resources to improve the quality of services and increase the amount of services provided. Through this, we believe that further growth is possible.

Q11. Given that the government is targeting 60 million foreign visitors by 2030, an increasing number of companies are expanding small luxury-type hotels and apartment-type hotels. Given the many potential business opportunities, what is your future hotel strategy?

A11. We currently operate around 45 hotels in Japan. In recent years, besides the TOKYU brand, we have been developing new hotel brands with different concepts such as BELLUSTAR TOKYO and HOTEL GROOVE SHINJUKU in Shinjuku and the STREAM HOTEL brand in Shibuya and Sapporo. In terms of area, since we are highly competitive in the Tokyo Metropolitan Area in particular, our policy is to continue expanding and strengthening the hotel business mainly in the Tokyo Metropolitan Area. We will also take advantage of the advancement of DX and Japan's appeal as a tourist destination and consider various strategies, including collaborative partnerships. We will adopt a flexible strategy, for example, not necessarily insisting on putting our own hotels in the properties we develop in the future and winning management contracts instead.

Q12. I would like to ask about optimization of the business portfolio. The life service business, in particular, includes low-profit businesses like the department store business. What kind of criteria are you using to rebuild your portfolio?

A12. The Tokyu Group, led by Tokyu Corporation, has undergone significant restructuring since around 1995, and with the number of listed companies now reduced from a maximum of 16 to three equity-method affiliates, restructuring of the group is to some extent complete. On top of that, we continue to hold internal discussions about optimization of the business portfolio, taking into consideration quantitative indicators, including more in-depth analysis of ROA. In this context, we expect there to be scope for growth in the life service and hotel businesses, because in many of these businesses it is easy to pass through higher costs to prices under inflation, and we will also be able to tap into inbound demand. In fact, some

companies are generating a very high ROA, like Tokyu Power Supply, and we intend to continue focusing management resources on these businesses in the future to bring about further growth. On the other hand, we have Tokyu Department Store, as you pointed out. With the closure of the flagship store as part of the redevelopment of the Shibuya area, we are currently in the process of unifying the management functions of commercial facilities, including the department store business. In August 2025, Tokyu Retail Management Co., Ltd., which was established to build a unified management structure for the Group's commercial facilities, commenced full-scale operation.

Q13. You said there is room for growth in the life service segment. I guess that how you organize your management resources is crucial for sales and profit growth. Which management resources are you lacking, and what is the time frame for putting these resources in place?

A13. Personally, I feel that DX and the implementation of digital-related measures are lacking. I think that to achieve further growth in the life service business, we must commit to improving business through the use of AI and technology. For example, in the retail sector, we need to focus on marketing, including determining what are the best-selling products and whether cost pass through is possible; however, to do this, we must urgently secure human resources with high levels of expertise and human resources that can drive DX. I think we do not have enough time to simply develop human resources. Besides securing human resources with skills above a certain level, we must also collaborate with outside IT companies and other experts. Shibuya is home to many IT companies and I intend to pursue partnerships and collaborations of some sort with them. As for where to introduce technology, we need to work out an order of priority internally. We have considered implementing DX in each business, including our supermarket, shopping center, hotel and railway businesses, and have yet to come up with any clear answers, but I plan to actively focus on this in the future.

Q14. When it comes to promoting DX and digital measures across the group, what are your thoughts about the current number of Group companies?

A14. I think the question of where to allocate management resources is more important than the number of group companies itself. Currently, we have many group companies and there is no clear order of priority for the allocation of management resources. Going forward, we must establish an order of priority for the allocation of management resources.