

# Tokyu Corporation

## Consolidated Financial Statements First Three Quarters of the Fiscal Year Ending March 31, 2020

(April 1, 2019 – December 31, 2019)

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, 2020**

**Tokyu Corporation**

February 12, 2020

Stock Code:	9005	Listed exchanges:	Tokyo Stock Exchange First Section
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Planned date for submission of quarterly financial reports:	February 12, 2020		
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, 2020  
(April 1, 2019 to December 31, 2019)**

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

1) Consolidated Operating Results

	Nine months ended December 31, 2019		Nine months ended December 31, 2018	
		Change (%)		Change (%)
Operating revenue.....	867,949	1.5	855,272	1.6
Operating profit.....	66,114	0.5	65,800	-4.9
Recurring profit.....	66,438	2.1	65,079	-7.1
Profit attributable to owners of parent .....	46,024	-1.6	46,767	-25.0
Net income per share (¥).....	75.77		76.95	
Net income per share (diluted) (¥).....	—		—	

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

Nine months ended December 31, 2018: ¥46,331 million [-32.3%]

2) Consolidated Financial Position

	As of December 31, 2019		As of March 31, 2019	
Total assets .....	2,518,895		2,412,876	
Net assets .....	824,520		796,164	
Equity ratio (%).....	30.7		30.9	

Reference: Shareholders' equity: As of December 31, 2019: ¥772,430 million

As of March 31, 2019: ¥745,233 million

**2. Dividends**

	FY ending March 31, 2020 (forecast)	FY ending March 31, 2020	FY ended March 31, 2019
Dividend per share – end of first quarter (¥)		—	—
Dividend per share – end of first half (¥)		12.00	10.00
Dividend per share – end of third quarter (¥)		—	—
Dividend per share – end of term (¥)	11.00		10.00
Dividend per share – annual (¥)	23.00		20.00

Note: Revisions to dividend forecasts published most recently: No

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

**3. Consolidated Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)**

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

	Full year	
		Change (%)
Operating revenue.....	1,179,900	1.9
Operating profit.....	83,000	1.3
Recurring profit.....	82,800	1.1
Profit attributable to owners of parent .....	58,000	0.3
Net income per share (¥).....	95.41	

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): Yes  
Newly consolidated: 1 (Company name: Tokyu Railways Co., Ltd.); Excluded —
- (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, 2019: 624,869,876 As of March 31, 2019: 624,869,876
  - 2) Number of treasury stock at the end of the term (shares)  
As of December 31, 2019: 21,030,649 As of March 31, 2019: 16,939,824
  - 3) Average numbers of shares issued during the terms (quarterly consolidated accumulation periods)  
Nine months ended December 31, 2019: 607,381,505  
Nine months ended December 31, 2018: 607,737,573

(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, 2019: 569,500 shares As of March 31, 2019: 1,129,000 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 as of the date of this announcement and assumptions considered reasonable. Actual results may differ materially from 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 FY2019, (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 FY2019” will be disclosed on our IR website and TDnet (Timely Disclosure network) today (February 12, 2020).

## ○ Accompanying Materials – Contents

1. Qualitative Information on Consolidated Financial Results, etc. for the First Three Quarters Ended December 31, 2019.....	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
(Additional Information).....	Page 9
(Segment Information).....	Page 10

## 1. Qualitative Information on Consolidated Financial Results, etc. for the First Three Quarters Ended December 31, 2019

### (1) Explanation about Consolidated Financial Results

Tokyu Corporation (the “Company”) and its consolidated subsidiaries (collectively, the “Group”) are promoting a medium-term business plan for three years dubbed “Make the Sustainable Growth.” This plan is aimed at sustainable growth by bolstering the existing business/projects and actively moving into new areas where the Group can utilize its strengths. By working in conjunction with the plan, the Group is seeking to achieve a big leap in the future.

On September 2, 2019, the Company changed its Japanese trade name from *Tokyo Kyuko Dentetsu Kabushiki Kaisha* to *Tokyu Kabushiki Kaisha*. The railway business was spun off and *Tokyu Dentetsu Kabushiki Kaisha* (Tokyu Railways Co., Ltd.) has been operating the railway business since October 1, 2019. Operating revenue and operating profit for the first three quarters under review stood at ¥867,949 million (up 1.5% year on year) and ¥66,114 million (up 0.5% year on year), chiefly due to strong results in the Company’s real estate leasing business and Tokyu Railways’ railway business, which reflected the opening of large rental properties. Recurring profit increased 2.1% year on year, to ¥66,438 million, mainly due to a rise in investment gains from the equity method, and profit attributable to owners of parent decreased 1.6%, to ¥46,024 million, chiefly reflecting the absence of gain on sales of investment securities in 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.

In the first three quarters under review, the classifications of operating expenses in each reported segment changed. The year-on-year comparisons below use figures from the previous fiscal year that have been reclassified. For details, refer to (Segment Information) in (3) Notes to Quarterly Consolidated Financial Statements of 2. Quarterly Consolidated Financial Statements and Primary Notes.

#### (i) Transportation

In the railway operations of the Company and Tokyu Railways, the number of commuters carried grew 2.1% and the number of non-commuters carried grew 1.8%, mainly reflecting a rise in commuter pass purchases prior to the consumption tax hike. Overall, the number of passengers carried climbed 2.0%.

As a result, operating revenue for the Transportation segment increased 1.8% year on year, to ¥161,305 million. Partly due to a rise in expenses in the railway operations of the Company and Tokyu Railways, operating profit for the segment increased 0.4% year on year, to ¥29,498 million yen.

## (Operating results of the railway operations of the Company and Tokyu Railways)

Categories		Units	First three quarters of the previous fiscal year	First three quarters of the fiscal year under review
			April 1, 2018 to December 31, 2018	April 1, 2019 to December 31, 2019
Number of operating days		Days	275	275
Operating distance		Kilometers	104.9	104.9
Operating distance of passenger trains		Thousand kilometers	114,250	114,131
Number of passengers carried	Non-commuter	Thousand passengers	354,362	360,711
	Commuter	Thousand passengers	544,612	555,859
	Total	Thousand passengers	898,974	916,570
Passenger revenue	Non-commuter	Million yen	57,847	58,927
	Commuter	Million yen	48,591	49,502
	Total	Million yen	106,438	108,429
Miscellaneous income from railway operations		Million yen	10,963	11,733
Total revenues		Million yen	117,401	120,162
Average passenger revenue per day		Million yen	387	394
Operating efficiency		%	51.3	52.3

(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 Business, operating revenue increased to ¥154,901 million (up 3.2% year on year), mainly due to higher sales in the Company's real estate leasing business resulting from the opening of Shibuya Scramble Square and Minamimachida Grandberry Park. Operating profit decreased to ¥22,182 million (down 0.1% year on year), chiefly reflecting a reactionary fall from high-margin property sale in the Company's real estate sales business in the previous fiscal year.

## (iii) Life Service

In the Life Service Business, operating revenue grew 1.0% year on year, to ¥521,571 million, thanks mainly to strong box-office revenues at Tokyu Recreation Co., Ltd. in the movie industry, on the back of a number of box-office hits and new customers acquired by Tokyu Power Supply Co., Ltd., an electric power retailer. Operating profit increased to ¥10,738 million (up 10.0% year on year).

## (iv) Hotel and Resort

Operating revenue for the Hotel and Resort segment increased 3.3% year on year, to ¥77,922 million, mainly reflecting a rise in average daily rates at Tokyu Hotels Co., Ltd. in hotel operations. Operating profit for the segment declined 16.6%, to ¥3,077 million, chiefly due to a rise in expenses.

**(2) Explanation about Consolidated Financial Position****Assets**

Total assets at the end of the first three quarters of the fiscal year under review increased ¥106,019 million, to ¥2,518,895 million, largely due to the acquisition of tangible fixed assets at the Company and consolidated subsidiary Tokyu Railways.

**Liabilities**

Liabilities increased ¥77,663 million year on year, to ¥1,694,375 million, largely because of growth in interest-bearing debt (\*) of ¥61,156 million year on year, to ¥1,127,578 million.

**Net assets**

Net assets at the end of the third quarter of the fiscal year under review rose ¥28,355 million from the end of the previous fiscal year, to ¥824,520 million, reflecting the posting of a profit 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 full-year forecast for consolidated earnings from the one announced on May 13, 2019, taking into account factors such as results for the first three quarters under review. The forecast for operating revenue has changed to ¥1,179.9 billion (down 1.6% from the previous forecast). The forecasts for operating profit, recurring profit and profit attributable to owners of parent have not changed, while the forecasts for each segment have changed.

See the separately disclosed material, "Summary of Results for the First Three Quarters of FY2019," for details.

\* 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, 2019	As of December 31, 2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	34,229	51,967
Trade notes & accounts receivable	165,465	165,317
Merchandise and products	14,068	15,787
Land and buildings for sale	47,811	49,220
Work in progress	5,152	10,486
Raw materials and supplies	7,803	8,168
Others	40,952	54,385
Allowance for doubtful accounts	(1,239)	(1,148)
Total current assets	314,244	354,185
<b>Fixed Assets</b>		
Tangible fixed assets		
Buildings & structures (net)	788,980	869,203
Rolling stock & machinery (net)	70,270	72,778
Land	710,176	727,842
Construction in progress	196,508	143,005
Others (net)	28,013	31,058
Total tangible fixed assets	1,793,950	1,843,887
Intangible fixed assets	37,843	39,440
Investments & others		
Investment securities	174,150	186,779
Net defined benefit asset	6,349	6,581
Deferred tax assets	17,851	17,354
Others	69,153	71,511
Allowance for doubtful accounts	(667)	(843)
Total investments and others	266,838	281,382
Total fixed assets	2,098,632	2,164,709
<b>Total Assets</b>	<b>2,412,876</b>	<b>2,518,895</b>



Million yen

Item	As of March 31, 2019	As of December 31, 2019
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade notes & accounts payable	98,811	112,865
Short-term debt	334,796	312,821
Commercial papers	–	64,000
Current portion of corporate bonds	23,138	30,000
Accrued income taxes	14,607	8,147
Provision	12,351	8,342
Advances received	39,074	50,527
Others	124,981	120,918
Total current liabilities	647,760	707,622
<b>Long-Term Liabilities</b>		
Corporate bonds	220,090	215,090
Long-term debt	488,397	505,666
Provision	2,757	2,669
Net defined benefit liability	43,401	44,467
Long-term deposits from tenants and club members	134,953	137,757
Deferred tax liabilities	14,962	15,564
Deferred tax liabilities from revaluation	9,170	9,168
Others	40,157	43,190
Total long-term liabilities	953,890	973,575
<b>Special Legal Reserves</b>		
Urban railways improvement reserve	15,060	13,177
<b>Total Liabilities</b>	1,616,711	1,694,375
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Common stock	121,724	121,724
Capital surplus	133,763	134,024
Retained income	495,343	528,061
Treasury stock	(28,506)	(37,582)
Total shareholders' equity	722,325	746,227
<b>Accumulated Other Comprehensive Income</b>		
Net unrealized gains (losses) on investment securities, net of taxes	16,735	20,059
Net unrealized gains (losses) on hedging instruments, net of taxes	(179)	(74)
Land revaluation reserve	8,404	8,406
Foreign currency translation adjustment account	3,764	2,238
Remeasurements of defined benefit plans	(5,816)	(4,426)
Total accumulated other comprehensive income	22,907	26,202
<b>Non-Controlling Interests</b>	50,930	52,089
<b>Total Net Assets</b>	796,164	824,520
<b>Total Liabilities and Net Assets</b>	2,412,876	2,518,895

**(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statements of Comprehensive Income****(Quarterly Consolidated Statements of Income)***Million yen*

Item	April 1, 2018 to December 31, 2018	April 1, 2019 to December 31, 2019
<b>Operating Revenue</b>	855,272	867,949
Cost of operating revenue		
Operating expenses & cost of sales (Transportation, etc.)	629,720	633,880
SG&A expenses	159,750	167,954
Total cost of operating revenue	789,471	801,835
<b>Operating Profit</b>	65,800	66,114
Non-operating profit		
Interest income	196	229
Dividend income	866	914
Investment gains from equity method	5,345	5,832
Others	3,387	3,702
Total non-operating profit	9,795	10,678
Non-operating expenses		
Interest expenses	7,044	6,722
Others	3,472	3,631
Total non-operating expenses	10,517	10,353
<b>Recurring Profit</b>	65,079	66,438
Extraordinary gains		
Gains on sale of fixed assets	134	706
Subsidies received for construction	818	454
Gain on reversal of Urban Railways Improvement Reserve	1,882	1,882
Gain on sales of investment securities	3,526	182
Others	373	581
Total extraordinary gains	6,735	3,807
Extraordinary losses		
Reduction entry of land contribution for construction	639	366
Loss on retirement of fixed assets	912	701
Impairment loss	58	1,457
Loss on valuation of investment securities	713	735
Others	495	749
Total extraordinary losses	2,820	4,010
<b>Income before Income Taxes</b>	68,994	66,235
Corporate income taxes	21,096	19,037
<b>Net Income</b>	47,897	47,197
Profit attributable to non-controlling interests	1,130	1,173
Profit attributable to owners of parent	46,767	46,024

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

Item	April 1, 2018 to December 31, 2018	April 1, 2019 to December 31, 2019
<b>Net Income</b>	47,897	47,197
Other comprehensive income		
Net unrealized gains (losses) on investment securities	(921)	2,165
Net unrealized gains (losses) on hedging instruments	(0)	0
Revaluation reserve for land	-	2
Foreign currency translation adjustment account	(1,309)	(1,457)
Remeasurements of defined benefit plans, net of tax	1,031	1,585
Share of other comprehensive income of associates accounted for using equity method	(366)	695
Total other comprehensive income	(1,566)	2,990
<b>Comprehensive Income</b>	46,331	50,188
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	45,494	49,318
Comprehensive income attributable to non-controlling interests	836	869

### (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)

In the first three quarters under review, treasury stock increased ¥9,075 million, chiefly due to market purchases (including off-auction own share trading on the Tokyo Stock Exchange) based on a resolution at a meeting of the Board of Directors held on November 11, 2019. As a result, at the end of the first three quarters under review, treasury stock came to ¥37,582 million.

(Additional Information)

(Change in presentation)

The Company transferred its railway operations (including the railway business) to its wholly owned subsidiary, Tokyu Railways Co., Ltd. ("Tokyu Railways"; the trade name was changed from *Tokyu Dentetsu Bunkatsu Junbi Kabushiki Kaisha* on September 2, 2019), through a company split on October 1, 2019.

Following the reorganization of the Group, in the first three quarters under review, operating expenses linked to each business under the Regulation on Accounting in the Railway Industry (Ministry of Transport Ordinance No. 7, February 20, 1987) were reclassified into operating expenses related to the Group management of the Company as the operating holding company and those related to Tokyu Railways, which operates the railway business. As a result, part of the operating expenses that were presented as operating expenses & cost of sales (Transportation, etc.) are classified into SG&A expenses in the first three quarters under review after the examination of the accrual of the expenses.

Operating expenses of ¥5,294 million included in operating expenses & cost of sales (Transportation, etc.) in the first three quarters in the previous fiscal year have been reclassified into SG&A expenses.

## (Segment Information)

I. April 1, 2018 to December 31, 2018

## 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 financial statements (Note) 2
	Transportation	Real Estate	Life Service	Hotel and Resort			
Operating revenue							
Outside customers	157,041	118,643	504,701	74,884	855,272	–	855,272
Inter-segment internal revenues or transfers	1,388	31,457	11,716	569	45,132	(45,132)	–
Total	158,430	150,101	516,418	75,454	900,404	(45,132)	855,272
Segment profit	29,391	22,197	9,761	3,688	65,039	761	65,800

## Notes

1. An adjustment of ¥761 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, 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 financial statements (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.

## 2. Matters related to change, etc. in reported segment

The Company transferred its railway operations (including the railway business) to its wholly owned subsidiary, Tokyu Railways Co., Ltd. (“Tokyu Railways”; the trade name was changed from *Tokyu Dentetsu Bunkatsu Junbi Kabushiki Kaisha* on September 2, 2019), through a company split on October 1, 2019.

Following the reorganization of the Group, in the first three quarters under review, operating expenses linked to each business under the Regulation on Accounting in the Railway Industry (Ministry of Transport Ordinance No. 7, February 20, 1987) were reclassified into operating expenses related to the Group management of the Company as the operating holding company and those related to Tokyu Railways, which operates the railway business. The reclassification has affected the operating expenses allocated to each business. The Company owns rental and other real estate as the operating holding company and is responsible for the development function and the asset portfolio management. To pursue the growth strategy, the Company classified asset management categories with Tokyu Railways. In relation to this change, the classifications of expenses associated with assets, including depreciation and taxes, has changed.

Considering the above, in the first three quarters under review, segment information is prepared based on the classifications after the change. The segment information for the first three quarters in the previous fiscal year above is also prepared based on the classifications after the change.