

Tokyu Corporation

Consolidated Financial Statements

Fiscal 2020

(April 1, 2020 – March 31, 2021)

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 Fiscal Year Ended March 31, 2021

Tokyu Corporation

May 13, 2021

Stock Code:	9005	Listed exchanges:	Tokyo Stock Exchange First Section
URL	https://www.tokyu.co.jp/	Inquiries:	Hiroaki Nishimura, General Manager and Senior Manager, Accounting and IR Group
President	Kazuo Takahashi		
Planned date of general meeting of shareholders:	June 29, 2021	Telephone:	81-3-3477-6168
Scheduled date of commencement of dividend payment:	June 30, 2021		
Planned date for submission of financial reports:	June 29, 2021		
Supplementary results documents	YES		
Results briefing (institutional investors and analysts)	YES		

* Amounts less than ¥1 million have been rounded down.

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

(April 1, 2020 to March 31, 2021)

(Figures in percentages denote year-on-year changes)
Million yen

1) Consolidated Operating Results

	FY ended March 31, 2021		FY ended March 31, 2020	
		Change (%)		Change (%)
Operating revenue	935,927	-19.6	1,164,243	0.6
Operating profit	-31,658	—	68,760	-16.1
Recurring profit	-26,824	—	70,925	-13.4
Profit attributable to owners of parent	-56,229	—	42,386	-26.7
Net income per share (¥)	-93.08		69.88	
Net income per share (diluted) (¥)	—		—	
Return on equity (%)	-7.7		5.6	
Return on assets (%)	-1.1		2.9	
Operating profit ratio (%)	-3.4		5.9	

Notes: Comprehensive Income: FY ended March 31, 2021: ¥-45,072 million [-%]; FY ended March 31, 2020: ¥35,132 million [-34.5%]

Reference: Equity in income (losses) of equity-method affiliates: FY ended March 31, 2021: ¥4,622 million; FY ended March 31, 2020: ¥9,001 million

2) Consolidated Financial Position

	As of March 31, 2021		As of March 31, 2020	
	Total assets	2,476,061		2,537,196
Net assets	752,538		809,614	
Equity ratio (%)	28.4		29.8	
Net assets per share (¥)	1,162.66		1,253.29	

Reference: Shareholders' equity: FY ended March 31, 2021: ¥702,355 million; FY ended March 31, 2020: ¥757,003 million

3) Consolidated Cash Flows

	FY ended March 31, 2021		FY ended March 31, 2020	
	Operating activities	85,890		155,302
Investing activities	-115,195		-190,641	
Financing activities	17,184		59,634	
Cash and cash equivalents at end of year	45,297		57,524	

2. Dividends

	FY ending March 31, 2022 (forecast)	FY ended March 31, 2021	FY ended March 31, 2020
Dividend per share – end of first quarter (¥)	—	—	—
Dividend per share – end of first half (¥)	7.50	10.00	12.00
Dividend per share – end of third quarter (¥)	—	—	—
Dividend per share – end of term (¥)	7.50	5.00	11.00
Dividend per share – annual (¥)	15.00	15.00	23.00
Total cash dividends (annual)		9,069	13,962
Dividend payout ratio (consolidated) (%)	—	—	32.9
Net assets dividend ratio (consolidated) (%)		1.2	1.9

Notes: (1) Dividends for shares held by a group of shareholding employees in trust and compensation for Directors in trust that are included in total dividends are as follows:

FY ended March 31, 2021: ¥4 million; FY ended March 31, 2020: ¥13 million

(2) 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, 2022 (April 1, 2021 to March 31, 2022)

(Figures in percentages denote year-on-year changes)
Million yen

	Full year	
		Change (%)
Operating revenue	898,200	-4.0
Operating profit	20,000	—
Recurring profit	15,600	—
Profit attributable to owners of parent.....	10,000	—
Net income per share (¥)	16.55	

* Notes

- (1) Changes in important subsidiaries during the term
(Changes in specified subsidiaries resulting in changes in the scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates and restatements of revisions
1) Changes in accounting policies with revision of accounting standards: No
2) Changes in accounting policies other than 1): No
3) Changes in accounting estimates: No
4) Restatements of revisions: No
- (3) Number of shares issued (common stock)
1) Number of shares issued at the end of the term (including treasury stock) (shares)
FY ended March 31, 2021: 624,869,876 FY ended March 31, 2020: 624,869,876
2) Number of treasury stock at the end of the term (shares)
FY ended March 31, 2021: 20,776,928 FY ended March 31, 2020: 20,858,041
3) Average numbers of shares issued during the term (shares)
FY ended March 31, 2021: 604,087,222 FY ended March 31, 2020: 606,591,818
- (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.
FY ended March 31, 2021: 310,500 shares FY ended March 31, 2020: 395,600 shares

(Reference) Summary of Non-Consolidated Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

- 1) Non-Consolidated Operating Results (Figures in percentages denote year-on-year changes)
Million yen

	FY ended March 31, 2021		FY ended March 31, 2020	
		Change (%)		Change (%)
Operating revenue	139,271	-36.0	217,454	-23.6
Operating profit	15,483	-58.6	37,388	-31.4
Recurring profit	25,858	-31.9	37,974	-30.3
Net income	-26,989	—	25,780	-32.7
Net income per share (¥)	-44.66		42.48	
Net income per share (diluted) (¥)	—		—	

2) Non-Consolidated Financial Position

Million yen

	As of March 31, 2021	As of March 31, 2020
Total assets.....	1,932,158	1,862,623
Net assets	522,912	554,026
Equity ratio (%)	27.1	29.7
Net assets per share (¥)	865.25	916.86

Reference: Shareholders' equity: FY ended March 31, 2021: ¥522,912 million; FY ended March 31, 2020: ¥554,026 million

* 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 on the date of this announcement and assumptions considered reasonable.

Actual results may differ materially from forecasts depending on many factors.

For more information on forecast results, please see the statement under the heading, "1. Overview of business results, etc., (4) Explanation about the future outlook" in the accompanying materials.

(Method for acquiring the Three-year Medium-term Management Plan)

The "Three-year Medium-term Management Plan (FY2021-2023)" will be disclosed on TDnet (Timely Disclosure network) and our IR website today (May 13, 2021).

(Method for acquiring supplementary results documents)

The “Summary of Results for FY2020 Forecasts for FY2021” will be disclosed on TDnet (Timely Disclosure network) and our IR website today (May 13, 2021).

(Method for acquiring closing of accounts briefing materials)

Tokyu Corporation will hold a result and medium-term management plan briefing for institutional investors and analysts on May 14, 2021.

Please see the “Three-year Medium-term Management Plan (FY2021-2023)” and the “Summary of Results for FY2020 Forecasts for FY2021” disclosed on May 13, 2021 for the materials to be used on that day.

○ Accompanying Materials – Contents

1. Overview of Financial Results, etc.....	Page 2
(1) Overview of Financial Results for the Fiscal Year under Review.....	Page 2
(2) Overview of Financial Position.....	Page 4
(3) Overview of Cash Flows.....	Page 4
(4) Outlook.....	Page 4
2. Basic Concept concerning the Selection of Accounting Standards.....	Page 4
3. Consolidated Financial Statements and Primary Notes.....	Page 5
(1) Consolidated Balance Sheets.....	Page 5
(2) Consolidated Statement of Income and Consolidated Statements of Comprehensive Income.....	Page 7
Consolidated Statements of Income.....	Page 7
Consolidated Statements of Comprehensive Income.....	Page 8
(3) Consolidated Statements of Changes in Net Assets.....	Page 9
(4) Consolidated Statements of Cash Flow.....	Page 11
(5) Notes to Consolidated Financial Statements.....	Page 13
(Notes Regarding the Premise of a Going Concern).....	Page 13
(Matters related to Consolidated Statements of Income).....	Page 13
(Additional Information).....	Page 13
(Segment Information).....	Page 13
(Per Share Information).....	Page 16
(Subsequent Events).....	Page 16

1. Overview of Financial Results, etc.

(1) Overview of Financial Results for the Fiscal Year under Review

During the fiscal year under review, the Japanese economy remained sluggish with an uncertain outlook. The COVID-19 pandemic caused a significant fall in demand for services such as dining and lodging, with restrictions in Japan and internationally on people's movement and economic activities producing a substantial decline in corporate earnings.

In the environment of the Tokyu Group (the "Group"), the number of passengers carried by Tokyu Railways decreased sharply due to the impact of the stay-at-home advisory in response to the declaration of a state of emergency and changes in people's working styles such as telecommuting. Department store and hotel operations were also severely affected by reduced business hours and the temporary closure of stores, as well as by a considerable decrease in demand for inbound tourism.

Under these circumstances, the Group continued its business as a company providing life infrastructure services while taking preventive measures against COVID-19 to ensure the safety and security of its customers and employees. Meanwhile, the Group initiated business reforms to accommodate new lifestyles and improve break-even points, primarily by reducing fixed expenses with an aim to raise its business competitiveness.

Operating revenue for the fiscal year under review decreased 19.6% year on year, to ¥935,927 million, reflecting a decline in demand that occurred in all sectors under the adverse effects of the spread of COVID-19. The operating loss amounted to ¥31,658 million (compared to operating profit of ¥68,760 million in the previous fiscal year). The recurring loss came to ¥26,824 million (compared to recurring profit of ¥70,925 million in the previous fiscal year). The loss attributable to owners of parent was ¥56,229 million (compared to profit attributable to owners of parent of ¥42,386 million 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.

Transportation

Tokyu Corporation is instituting business structural reforms to return to its previous profit level and continue its growth while fulfilling its responsibility for safe and stable transportation. This is being done based on the recognition that working styles and behavioral patterns that changed as a result of COVID-19 will not fully return to those before COVID-19. Tokyu Corporation facilitates human movement, communication, and connection with communities by upgrading its business operations using advanced technologies such as the rationalization of the railway service system while looking at expanding one-person operation.

The number of passengers carried in the railway operations of Tokyu Railways (numbers shown for the previous fiscal year are operating results for the railway business of Tokyu Corporation and Tokyu Railway) declined 32.1% overall, reflecting a 33.7% decline in the number of commuters carried and a 32.1% fall in the number of non-commuters carried, both of which were attributable to falling rail use due to the spread of COVID-19.

Looking at the number of passengers carried by consolidated subsidiaries, the number carried by Izukyu Corp. declined 44.4%.

In bus operations, the number of passengers carried by Tokyu Bus Corp. fell 28.6%.

Operating revenue for the overall transportation business decreased 28.9% year on year, to ¥151,972 million, resulting in an operating loss of ¥26,014 million for the segment (as opposed to operating profit of ¥27,018 million in the previous fiscal year), despite cost cutting initiatives taken by Tokyu Railways.

(Operation results of the Company and Tokyu Railway's railway operations)

Categories		Units	151st term	152nd term
			April 1, 2019 to March 31, 2020	April 1, 2020 to March 31, 2021
Number of operating days		Days	366	365
Operating distance		Kilometers	104.9	104.9
Operating distance of passenger trains		Thousand kilometers	152,342	152,926
Number of passengers carried	Non-commuter	Thousand passengers	464,980	327,165
	Commuter	Thousand passengers	722,283	478,618
	Total	Thousand passengers	1,187,263	805,783
Passenger revenue	Non-commuter	Million yen	75,862	52,781
	Commuter	Million yen	64,916	44,497
	Total	Million yen	140,778	97,278
Miscellaneous income from railway operations		Million yen	16,011	15,141
Total revenues		Million yen	156,789	112,419
Average passenger revenue per day		Million yen	428	308
Operating efficiency		%	50.8	33.1

(Note) Calculation method of the operating efficiency

$$\text{Operating efficiency} = \frac{\text{Number of passengers carried}}{\text{Operating distance of passenger trains}} \times \frac{\text{Average service distance}}{\text{Average transportation capacity}} \times 100$$

Real Estate

In the Real Estate segment, operating revenue decreased 6.0% year on year, to ¥197,634 million, mainly due to the absence of large orders received by Tokyu Geox Co., Ltd. in the previous fiscal year. Operating profit stood at ¥28,978 million, down 0.1% year on year, reflecting the temporary closing of facilities in the Group's real estate leasing business following the declaration of a state of emergency.

Life Service

In the Life Service segment, operating revenue fell 14.7% year on year, to ¥603,598 million, mainly due to a trend of staying at home in view of COVID-19's spread, and the adverse effects caused by the suspension of various facilities' operations and the reduction of their operating hours in the wake of the declaration of a state of emergency. The operating loss came to ¥3,867 million (as opposed to operating profit of ¥13,411 million in the same period of the previous fiscal year).

Hotel and Resort

In the Hotel and Resort segment, the occupancy rate plummeted to 31.0% (down 45.6 points from the same period of the previous fiscal year), reflecting a sharp decline in the use of facilities at most hotels operated by Tokyu Hotels Co., Ltd. in hotel operations following their operational resumption, in addition to their temporary closing in response to a state of emergency declared to deal with COVID-19's spread. Consequently, operating revenue plunged 60.6% year on year, to ¥37,871 million, resulting in an operating loss of ¥31,224 million (compared to operating loss of ¥1,495 million in the same period of the previous fiscal year).

(2) Overview of Financial Position

Total assets decreased ¥61,134 million from the end of the previous fiscal year, to ¥2,476,061 million primarily due to a decrease in notes and accounts receivable - trade.

Liabilities decreased ¥4,059 million year on year, to ¥1,723,522 million, largely because of a decrease in advances received.

Net assets declined ¥57,075 million from the end of the previous fiscal year, to ¥752,538 million, chiefly reflecting the posting of a loss attributable to owners of parent.

(3) Overview of Cash Flows

Net cash provided by operating activities reached ¥85,890 million after adjustments of depreciation of ¥88,308 million and impairment loss of ¥26,806 million for loss before income taxes of ¥55,715 million. Net cash provided by operating activities decreased ¥69,412 million from the previous fiscal year, mainly due to the posting of loss before income taxes.

Net cash used in investing activities totaled ¥115,195 million, which was mainly attributable to payments for purchases of fixed assets of ¥113,229 million. Net cash used in investing activities declined ¥75,445 million from the previous fiscal year owing to factors including a decrease in payments for purchases of fixed assets. Net cash provided by financing activities was ¥17,184 million, mainly reflecting funding through debts and the issuance of bonds.

As a result, cash and cash equivalents stood at ¥45,297 million at the end of the fiscal year under review, down ¥12,226 million from the end of the previous fiscal year.

(4) Outlook

Consolidated financial forecasts for the fiscal year ending March 31, 2022, include operating revenue of ¥898,200 million (down 4.0% year on year) and operating profit of ¥20,000 million (operating loss of ¥31,600 million in the previous fiscal year) in anticipation of a recovery to some extent from COVID-19 through normalization of domestic economic activities after a gradual lifting of restriction on activities in the second half of the fiscal year. Recurring profit is expected to be ¥15,600 million (recurring loss of ¥26,800 million for the fiscal year ended March 31, 2021) and profit attributable to owners of parent is projected to be ¥10,000 million (loss attributable to owners of parent of ¥56,200 million for the fiscal year ended March 31, 2021).

The impact of the state of emergency declared on April 25, 2021, until May 11, 2021, is taken into account in the above consolidated financial forecasts.

For details of the financial forecasts, please refer to the separate Summary of Results for FY2020 Forecasts for FY2021 released today.

- * The Group adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No.29) at the beginning of the fiscal year ending March 31, 2022, which applies also to the above forecasts.
- * 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. Basic Concept Concerning the Selection of Accounting Standards

The Tokyu Group applies Japanese accounting standards, taking into consideration the period comparability of its consolidated financial statements and comparability with other companies.

We will appropriately respond to the application of the International Financial Reporting Standards (IFRS), considering various circumstances in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

Million yen

Item	As of March 31, 2020	As of March 31, 2021
Assets		
Current Assets		
Cash and deposits	59,389	45,964
Trade notes & accounts receivable	154,176	121,756
Merchandise and products	13,717	11,864
Land and buildings for sale	49,251	70,108
Work in progress	7,044	7,092
Raw materials and supplies	8,265	8,460
Others	55,297	62,224
Allowance for doubtful accounts	-1,195	-1,247
Total current assets	345,947	326,225
Fixed Assets		
Tangible fixed assets		
Buildings & structures (net)	884,032	843,871
Rolling stock & machinery (net)	78,666	74,735
Land	732,209	727,884
Construction in progress	147,573	135,638
Others (net)	33,024	27,360
Total tangible fixed assets	1,875,506	1,809,491
Intangible fixed assets	40,468	36,941
Investments & others		
Investment securities	176,218	203,685
Net defined benefit asset	4,494	6,806
Deferred tax assets	23,846	24,454
Others	71,441	68,991
Allowance for doubtful accounts	-727	-533
Total investments & others	275,273	303,403
Total fixed assets	2,191,248	2,149,836
Total Assets	2,537,196	2,476,061

Million yen

Item	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current Liabilities		
Trade notes & accounts payable	103,082	96,900
Short-term debt	331,817	405,932
Commercial papers	50,000	10,000
Current portion of corporate bonds	35,090	–
Accrued income taxes	14,066	6,949
Reserve for employees' bonuses	11,940	10,720
Advances received	46,772	28,356
Others	132,352	129,606
Total current liabilities	725,122	688,466
Long-Term Liabilities		
Corporate bonds	210,000	270,000
Long-term debt	524,102	496,262
Deferred tax liabilities	14,079	13,761
Deferred tax liabilities from revaluation	9,168	9,168
Allowance for loss on redemption of merchandise coupons	2,374	2,561
Net defined benefit liability	47,768	44,492
Long-term deposits from tenants and club members	138,055	136,226
Others	44,360	52,543
Total long-term liabilities	989,909	1,025,016
Special Legal Reserves		
Urban railways improvement reserve	12,550	10,040
Total Liabilities	1,727,581	1,723,522
Net Assets		
Shareholders' Equity		
Common stock	121,724	121,724
Capital surplus	134,023	134,095
Retained income	524,423	455,201
Treasury stock	-37,291	-37,153
Total shareholders' equity	742,880	673,868
Accumulated Other Comprehensive Income		
Net unrealized gains (losses) on investment securities, net of taxes	9,983	20,509
Net unrealized gains (losses) on hedging instruments, net of taxes	-41	-75
Land revaluation reserve	8,406	8,700
Foreign currency translation adjustment account	3,371	895
Remeasurements of defined benefit plans	-7,598	-1,542
Total accumulated other comprehensive income	14,122	28,486
Non-Controlling Interests	52,611	50,183
Total Net Assets	809,614	752,538
Total Liabilities and Net Assets	2,537,196	2,476,061

**(2) Consolidated Statement of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)**

Million yen

Item	April 1, 2019 to March 31, 2020	April 1, 2020 to March 31, 2021
Operating Revenue	1,164,243	935,927
Cost of operating revenue		
Operating expenses & cost of sales (Transportation, etc.)	866,629	747,433
SG&A expenses	228,853	220,152
Total cost of operating revenue	1,095,483	967,585
Operating Profit (Loss)	68,760	-31,658
Non-operating profit		
Interest income	317	283
Dividend income	1,369	1,046
Investment gains from equity method	9,001	4,622
Subsidies for employment adjustment	–	*1 6,027
Others	5,704	6,263
Total non-operating profit	16,393	18,242
Non-operating expenses		
Interest expenses	8,870	8,607
Others	5,357	4,801
Total non-operating expenses	14,228	13,408
Recurring Profit (Loss)	70,925	-26,824
Extraordinary gains		
Gains on sale of fixed assets	1,122	303
Subsidies received for construction	6,977	13,350
Gain on reversal of Urban Railways Improvement Reserve	2,510	2,510
Subsidies for employment adjustment	–	*1 1,275
Others	1,345	2,027
Total extraordinary gains	11,955	19,466
Extraordinary losses		
Reduction entry of land contribution for construction	4,566	7,422
Loss on retirement of fixed assets	1,079	5,905
Impairment loss	7,326	26,806
Losses related to the spread of COVID-19	–	*2 3,617
Others	4,143	4,604
Total extraordinary losses	17,115	48,356
Income (Loss) before Income Taxes	65,764	-55,715
Corporate income taxes	25,513	9,526
Corporate income taxes adjustment	-3,713	-6,965
Total corporate income taxes	21,799	2,560
Net Income (Loss)	43,964	-58,276
Profit (loss) attributable to non-controlling interests	1,578	-2,046
Profit (loss) attributable to owners of parent	42,386	-56,229

(Consolidated Statements of Comprehensive Income)*Million yen*

Item	April 1, 2019 to March 31, 2020	April 1, 2020 to March 31, 2021
Net Income (Loss)	43,964	-58,276
Other comprehensive income		
Net unrealized gains (losses) on investment securities	-5,500	8,808
Net unrealized gains (losses) on hedging instruments	-0	0
Revaluation reserve for land	2	-
Foreign currency translation adjustment account	-498	-2,133
Remeasurements of defined benefit plans, net of tax	-1,502	5,707
Share of other comprehensive income of associates accounted for using equity method	-1,333	822
Total other comprehensive income	-8,831	13,204
Comprehensive Income	35,132	-45,072
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	33,600	-42,159
Comprehensive income attributable to non-controlling interests	1,532	-2,912

(3) Consolidated Statements of Changes in Net Assets

April 1, 2019 to March 31, 2020

Million yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained income	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	121,724	133,763	495,343	-28,506	722,325
Changes during the period					
Dividends			-13,404		-13,404
Profit (loss) attributable to owners of parent			42,386		42,386
Liquidation of land revaluation reserve			-0		-0
Purchases of treasury stock				-10,022	-10,022
Sale of treasury stock		0		1,237	1,238
Changes in equity of subsidiaries owned continuously		259			259
Increase due to increase in affiliates accounted for using equity method			98		98
Changes other than those to shareholders' equity (net)					
Total changes during the period	-	259	29,079	-8,784	20,554
Balance at the period end	121,724	134,023	524,423	-37,291	742,880

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net unrealized gains (losses) on hedging instruments	Land revaluation reserve	Foreign currency translation adjustment account	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	16,735	-179	8,404	3,764	-5,816	22,907	50,930	796,164
Changes during the period								
Dividends								-13,404
Profit (loss) attributable to owners of parent								42,386
Liquidation of land revaluation reserve								-0
Purchases of treasury stock								-10,022
Sale of treasury stock								1,238
Changes in equity of subsidiaries owned continuously								259
Increase due to increase in affiliates accounted for using equity method								98
Changes other than those to shareholders' equity (net)	-6,751	137	2	-392	-1,781	-8,785	1,680	-7,104
Total changes during the period	-6,751	137	2	-392	-1,781	-8,785	1,680	13,450
Balance at the period end	9,983	-41	8,406	3,371	-7,598	14,122	52,611	809,614

April 1, 2020 to March 31, 2021

Million yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained income	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	121,724	134,023	524,423	-37,291	742,880
Changes during the period					
Dividends			-12,697		-12,697
Profit (loss) attributable to owners of parent			-56,229		-56,229
Liquidation of land revaluation reserve			-293		-293
Purchases of treasury stock				-7	-7
Sale of treasury stock		-0		145	144
Changes in equity of subsidiaries owned continuously		71			71
Increase due to increase in affiliates accounted for using equity method					-
Changes other than those to shareholders' equity (net)					
Total changes during the period	-	71	-69,221	138	-69,012
Balance at the period end	121,724	134,095	455,201	-37,153	673,868

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net unrealized gains (losses) on hedging instruments	Land revaluation reserve	Foreign currency translation adjustment account	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the period	9,983	-41	8,406	3,371	-7,598	14,122	52,611	809,614
Changes during the period								
Dividends								-12,697
Profit (loss) attributable to owners of parent								-56,229
Liquidation of land revaluation reserve								-293
Purchases of treasury stock								-7
Sale of treasury stock								144
Changes in equity of subsidiaries owned continuously								71
Increase due to increase in affiliates accounted for using equity method								-
Changes other than those to shareholders' equity (net)	10,526	-34	293	-2,476	6,055	14,364	-2,427	11,936
Total changes during the period	10,526	-34	293	-2,476	6,055	14,364	-2,427	-57,075
Balance at the period end	20,509	-75	8,700	895	-1,542	28,486	50,183	752,538

(4) Consolidated Statements of Cash Flow*Million yen*

Item	April 1, 2019 to March 31, 2020	April 1, 2020 to March 31, 2021
Cash flows from operating activities		
Income (loss) before income taxes	65,764	-55,715
Depreciation and amortization	85,448	88,308
Amortization of goodwill	27	0
Impairment loss	7,326	26,806
Retirement benefit expenses	3,192	1,988
Increase (Decrease) in urban railways improvement reserve	-2,510	-2,510
Subsidies received for construction	-6,977	-13,350
Reduction entry of land contribution for construction	4,566	7,422
Loss (gain) on sale of fixed assets	-1,118	-124
Loss on retirement of fixed assets	12,748	19,386
Investment (gain) loss from the equity method	-9,001	-4,622
Loss (gain) on sales of investment securities	-195	-512
Decrease (increase) in accounts receivable	11,155	32,343
Decrease (increase) in inventories	-2,921	3,851
Increase (decrease) in trade payables	4,223	-6,186
Increase (decrease) in advances received	4,634	-2,333
Increase (decrease) in guarantee deposits received	3,097	-1,279
Increase (decrease) in accrued consumption taxes	3,257	9,296
Increase (decrease) in other current liabilities	4,356	-2,268
Interest and dividend income	-1,686	-1,329
Interest payable	8,870	8,607
Others	-8,350	799
Subtotal	185,910	108,577
Interest and dividends received	4,290	3,876
Interest paid	-9,067	-8,662
Income taxes (paid) refund	-25,829	-17,900
Net cash provided by (used in) operating activities	155,302	85,890

Million yen

Item	April 1, 2019 to March 31, 2020	April 1, 2020 to March 31, 2021
Cash flows from investing activities		
Payments for purchases of fixed assets	-200,230	-113,229
Proceeds from sale of fixed assets	2,747	1,002
Payments for retirement of fixed assets	-819	-1,767
Payments for acquisition of investment securities	-6,346	-14,391
Proceeds from sale of investment securities	845	1,534
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	927	-
Proceeds from subsidies received for construction	12,504	8,369
Proceeds from liquidation of non-consolidated subsidiaries	-	1,350
Others	-269	1,937
Net cash provided by (used in) investing activities	-190,641	-115,195
Cash flows from financing activities		
Increase (decrease) in short-term debt, net	27,370	57,066
Proceeds from long-term debt	70,379	32,389
Repayment of long-term debt	-65,069	-42,830
Proceeds from issuance of commercial papers	307,000	335,000
Redemption of commercial papers	-257,000	-375,000
Proceeds from bond issue	24,819	59,660
Payments for redemption of bonds	-23,138	-35,090
Repayment of finance lease obligations	-3,059	-3,190
Purchase of treasury stock	-10,100	-12
Cash dividends paid	-13,404	-12,697
Proceeds from share issuance to non-controlling shareholders	1,179	1,397
Dividends paid to non-controlling interests	-555	-786
Proceeds from sale and leaseback transactions	-	1,609
Others	1,214	-330
Net cash provided by (used in) financing activities	59,634	17,184
Effect of exchange rate changes on cash and cash equivalents	-73	-106
Increase (decrease) in cash and cash equivalents	24,222	-12,226
Cash and cash equivalents at beginning of period	33,302	57,524
Cash and cash equivalents at end of period	57,524	45,297

(5) Notes to Consolidated Financial Statements

(Notes Regarding the Premise of a Going Concern)

There is no applicable item.

(Matters Related to Consolidated Statements of Income)

***1 Employment Adjustment Subsidy**

The Company posted the Employment Adjustment Subsidy received in connection with the spread of COVID-19 under non-operating profit and extraordinary gains. The Company posted the Employment Adjustment Subsidy received for a loss related to COVID-19 posted under extraordinary losses as extraordinary gains.

***2 Losses related to the spread of COVID-19**

Some hotels and commercial facilities of the Group were closed temporarily following the declaration of a state of emergency issued by the government and stay-at-home requests made by local authorities amid the spread of COVID-19. The Company decided that fixed expenses (personnel expenses, rents, and depreciation) incurred due to such temporary closings were contingent and therefore posted them as extraordinary losses.

(Additional Information)

(Approach to Incorporating the Effects of the COVID-19 Pandemic When Making Accounting Estimates)

While it remains difficult to project when the pandemic will subside, the Company assumes that it will continue to have some impact and that a recovery will start in stages from the fiscal year ended March 2021. The Company estimates future cash flows in the impairment accounting of fixed assets, collectability of deferred tax assets and the like based on those assumptions.

(Segment Information)

1. Overview of reported segments

Reported segments of Tokyu Group (the Company and its consolidated subsidiaries) are constituent units of the Group, for which separate financial information is available. The Board of Directors of the Company examines these units regularly to determine the allocation of management resources and to assess segment performance.

The Tokyu Group undertakes a wide range of businesses that are closely related to the daily life of customers in geographic areas focused on Tokyu Lines' service areas.

The Group's reported segments are four segments classified by type of service: Transportation, Real Estate, Life Service, and Hotel and Resort. The major lines of business in each reported segment are as follows:

Transportation:	Railway, bus, and airport operations
Real Estate:	Sales, leasing, and management of real estate
Life Service:	Department store operations, chain store operations, shopping center operations, CATV operations, advertising operations, and imaging operations
Hotel and Resort:	Hotel operations and golf course operations

2. Method for calculating operating revenue, profit and loss, assets and other amounts for reported segments

The profit figures stated in the reported segments are based on operating profit.

Inter-segment internal revenues or transfers are based on prevailing market prices.

3. Information relating to operating revenue, profit and loss, assets and other amounts for reported segments

April 1, 2019 to March 31, 2020

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	211,048	165,677	691,953	95,565	1,164,243	–	1,164,243
Inter-segment internal revenues or transfers	2,599	44,498	16,042	560	63,700	-63,700	–
Total	213,647	210,175	707,995	96,125	1,227,944	-63,700	1,164,243
Segment profit (loss)	27,018	29,000	13,411	-1,495	67,934	825	68,760
Segment assets	776,324	1,063,068	440,779	122,319	2,402,491	134,705	2,537,196
Other items							
Depreciation	39,166	22,840	18,813	4,773	85,593	-144	85,448
Amortization of goodwill	–	26	0	–	27	–	27
Investments in equity method affiliates	–	–	–	–	–	123,972	123,972
Increase in tangible fixed assets and intangible fixed assets	79,431	84,163	25,248	14,413	203,256	2,033	205,290

Notes

1. Adjustments are as follows.

- (1) An adjustment of ¥825 million in segment profit (loss) represents deduction of inter-segment transactions.
- (2) An adjustment of ¥134,705 million in segment assets consists of Company-wide assets of ¥228,646 million not allocated to reported segments and deduction of inter-segment transactions of negative ¥93,941 million.
- (3) An adjustment of negative ¥144 million in depreciation represents deduction of inter-segment transactions.
- (4) An adjustment of ¥123,972 million in investments in equity method affiliates represents Company-wide assets not allocated to reported segments.
- (5) An adjustment of ¥2,033 million in tangible fixed assets and intangible fixed assets consists of Company-wide assets of ¥3,145 million not allocated to reported segments and deduction of inter-segment transactions of negative ¥1,111 million.

2. The segment profit (loss) is adjusted with the operating profit stated in the consolidated financial statements.

April 1, 2020 to March 31, 2021

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	148,551	160,640	589,115	37,619	935,927	–	935,927
Inter-segment internal revenues or transfers	3,420	36,993	14,483	252	55,149	-55,149	–
Total	151,972	197,634	603,598	37,871	991,076	-55,149	935,927
Segment profit (loss)	-26,014	28,978	-3,867	-31,224	-32,128	469	-31,658
Segment assets	740,518	1,073,179	402,547	140,708	2,356,954	119,107	2,476,061
Other items							
Depreciation	40,739	24,261	17,525	4,577	87,103	-134	86,969
Amortization of goodwill	–	–	0	–	0	–	0
Investments in equity method affiliates	–	–	–	–	–	134,230	134,230
Increase in tangible fixed assets and intangible fixed assets	35,477	50,002	24,587	6,239	116,306	-9,921	106,385

Notes

1. Adjustments are as follows.

- (1) An adjustment of ¥469 million in segment profit (loss) represents deduction of inter-segment transactions.
- (2) An adjustment of ¥119,107 million in segment assets consists of Company-wide assets of ¥221,664 million not allocated to reported segments and deduction of inter-segment transactions of negative ¥102,556 million.
- (3) An adjustment of negative ¥134 million in depreciation represents deduction of inter-segment transactions.
- (4) An adjustment of ¥134,230 million in investments in equity method affiliates represents Company-wide assets not allocated to reported segments.
- (5) An adjustment of negative ¥9,921 million in tangible fixed assets and intangible fixed assets consists of Company-wide assets of ¥1,518 million not allocated to reported segments and deduction of inter-segment transactions of negative ¥11,440 million.

2. The segment profit (loss) is adjusted with the operating profit (loss) stated in the consolidated financial statements.

4. Information related to impairment loss on fixed assets, goodwill, etc. by reported segment

(Important impairment loss related to fixed assets)

The Company posted an impairment loss of ¥11,001 million in the Life Service Business segment, ¥8,822 million in the Hotel and Resort Business segment, ¥6,408 million in the Real Estate Business segment, ¥521 million in the Transportation Business segment, and ¥51 million in company-wide assets not allocated to reported segments.

Impairment loss that the Company posted in the consolidated fiscal year under review totaled ¥26,806 million.

(Per Share Information)

	April 1, 2019 to March 31, 2020	April 1, 2020 to March 31, 2021
Net assets per share	¥1,253.29	¥1,162.66
Net income (loss) per share	¥69.88	-¥93.08

Notes

1. Net income per share (diluted) is not stated as there are no shares with a dilutive effect.
2. The basis for the calculation of net income (loss) per share is as follows:
The “average number of outstanding common shares during the period” excludes shares in the Company held by a group of shareholding employees in trust and an account in trust for executive compensation.

	April 1, 2019 to March 31, 2020	April 1, 2020 to March 31, 2021
Net income (loss) per share:		
Profit (loss) attributable to owners of parent (million yen)	42,386	-56,229
Amount not attributable to common shareholders (million yen)	–	–
Net income (loss) attributable to common shareholders of the parent (million yen)	42,386	-56,229
Average number of outstanding common shares during the period (thousand shares)	606,591	604,087

(Subsequent Events)

(Introduction of Employee Stock Ownership Plan (ESOP) Trust)

At a meeting held on May 13, 2021, the Company’s Board of Directors resolved to introduce an Employee Stock Ownership Plan (ESOP) Trust (“ESOP Trust”) as an employee incentive plan aiming to raise the Company’s medium- to long-term corporate value and improve its welfare program.

(1) Purpose of introducing the ESOP Trust

The Company plans to introduce the ESOP Trust for the purpose of raising the Company’s medium- to long-term corporate value and enhance its employee welfare benefits by providing the employees of the Company and its consolidated subsidiaries with an incentive to help raise the Company’s stock price, while incentivizing them in their duty to strive to improve the Company’s financial results and share value.

(2) Overview of the ESOP Trust

The ESOP Trust is a trust-type employee incentive plan that adopts the scheme of employee ownership associations, using employee stock ownership plans in the United States as a reference, for the purpose of improving employees’ savings plan (welfare program) to promote their asset accumulation using the Company’s shares.

The Company has set up a trust with the employees participating in the Tokyu Group Employees’ Ownership Association (“Ownership Association”) who have satisfied certain requirements as beneficiaries. During a predetermined acquisition period, the trust acquires the number of the Company’s shares that are expected to be acquired by the Ownership Association for a certain period in the future. Subsequently, the trust will sell the Company’s shares on a certain date every month to the Ownership Association. If there is trust income from a rise in the share price at the time of trust termination, cash will be distributed to employees who are beneficiaries according to their contribution ratio and other conditions. If the assets in trust remain in debt as a result of a loss on sale due to a fall in the share price, the Company will make good the debt in a lump sum to the bank based on the guarantee clause in the loan agreement. Therefore, employees will not bear any additional burden.

(3) Details of the trust agreement

- i. Type of trust: Individually operated specified money trust (third-party-benefit trust)
- ii. Purpose of trust: Stable and continuous supply of the Company's shares to the Ownership Association and enhancement of the welfare program for employees who satisfy beneficiary requirements
- iii. Trustor: the Company
- iv. Trustee: Mizuho Trust & Banking Co., Ltd. (Co-trustee: Custody Bank of Japan, Ltd.)
- v. Beneficiaries: Participants in the Ownership Association who have satisfied the requirements for beneficiaries
- vi. Trust administrator: Masatsuna Obata, Director of Tokyu Group Employee Ownership Association
- vii. Date of trust agreement: May 26, 2021 (tentative)
- viii. Period of trust: May 28, 2021, through June 30, 2024 (tentative)
- ix. Exercise of voting rights: The trustee will exercise the voting rights of the Company's shares by following the instructions of the trust administrator that reflect the exercise of voting rights of the Ownership Association of the Company.
- x. Type of shares acquired: Common shares of the Company
- xi. Total amount of shares acquired: ¥4,520 million
- xii. Period for acquiring shares: May 31 through June 30, 2021 (tentative)
- xiii. Method of acquiring shares: Purchase from the exchange market

(Establishment of a Wholly Owned Subsidiary through Share Exchange)

1. Purpose of establishing a wholly-owned subsidiary through share exchange

The Company and its subsidiary, Nagano Tokyu Department Store, decided to implement a share exchange that would make the Company a wholly owning parent company in the share exchange and Nagano Tokyu Department Store the wholly owned subsidiary in the share exchange, which would be effective on June 1, 2021 (the "Share Exchange"), at meetings of the Board of Directors of both companies held on March 16, 2021. The companies signed a share exchange agreement on the same day. Nagano Tokyu Department Store received approval for the share exchange agreement at its Annual General Meeting of Shareholders held on April 21, 2021.

This establishment of a wholly owned subsidiary aims to raise the corporate value of Nagano Tokyu Department Store and the overall Tokyu Group through a variety of benefits, including the creation of further group synergies, the improvement of management flexibility enabled by becoming an unlisted company, allowing for flexible decision-making that is not bound by short-term stock market valuation, and an increase in management efficiency by reducing expenses through the delisting.

The Company and its wholly owned subsidiary, Tokyu Department Store Co., Ltd., decided at meetings of the Board of Directors of both companies held on March 16, 2021 that the Company would acquire all shares of Nagano Tokyu Department Store held by Tokyu Department Store in advance of the Share Exchange and signed a share transfer agreement on the same day.

2. Overview of the Share Exchange

(1) Scheduled date of the Share Exchange (effective date)

June 1, 2021 (scheduled)

Note: The Company will implement the Share Exchange without approval by resolution of the General Meeting of Shareholders through the procedure for a simplified share exchange pursuant to the provisions of the main paragraph (2) of Article 796 of the Companies Act.

The common shares of Nagano Tokyu are scheduled to be delisted from the JASDAQ Standard market of the Tokyo Stock Exchange on May 28, 2021 (the final trading day will be May 27, 2021) in advance of the effective date of the Share Exchange.

(2) Description of allotment in the Share Exchange

	TOKYU CORPORATION (Wholly owning parent company in share exchange)	Nagano Tokyu Department Store Co., Ltd. (Wholly owned subsidiary company in share exchange)
Ratio of allotment in the Share Exchange	1	1.14
Number of shares issued in the Share Exchange	Common shares of Tokyu Corporation (treasury shares): 467,500 (tentative)	

Note 1. Ratio of allotment in the share exchange

1.14 common shares of the Company will be allotted to every share of Nagano Tokyu. Shares of Nagano Tokyu held by the Company immediately before the acquisition of all shares outstanding of Nagano Tokyu (“Standard Time”) will not be allotted in the Share Exchange.

Note 2. Number of shares of the Company issued in the Share Exchange

The total number of shares of the Company issued and allotted in the Share Exchange may be revised at a later time for reasons such as the purchase or retirement of treasury shares by Nagano Tokyu. At a meeting held on April 21, 2021, the Board of Directors resolved to retire all treasury shares held by Nagano Tokyu immediately before the Standard Time.

3. Matters concerning the company that will be the wholly-owned subsidiary

(1) Trade name

Nagano Tokyu Department Store Co., Ltd.

(2) Location

1-1-1 Minami Chitose, Nagano, Nagano Prefecture

(3) Title/name of representative

Naoya Hiraishi, President & Representative Director

(4) Capital

2,368 million yen

(5) Business contents

Department store operations

4. Outline of accounting principles

The Share Exchange is expected to fall under the category of transactions under common control in the Accounting Standard for Business Combinations.