

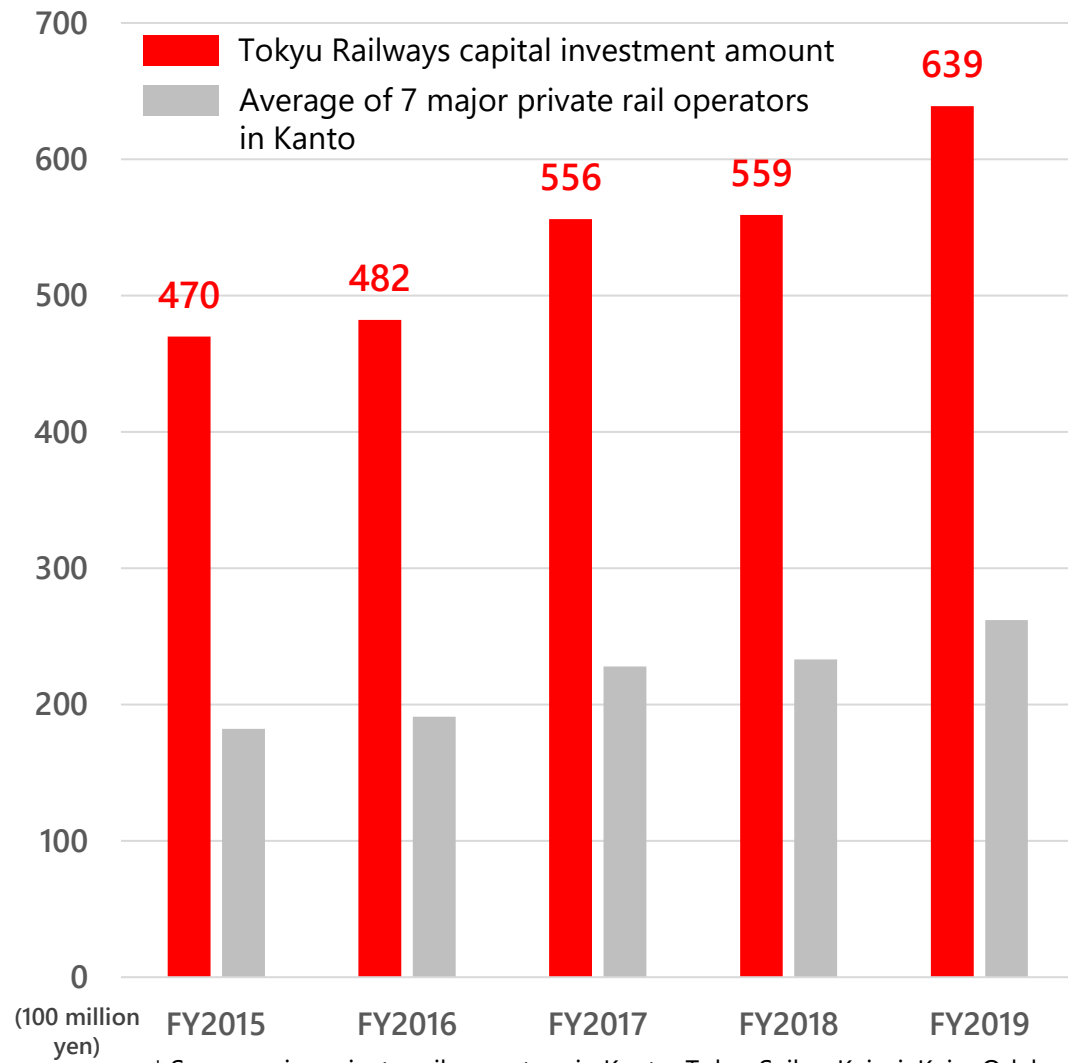
# Outline of Considerations for Fare Revisions (Supplementary Explanatory Materials)

January 7, 2022

TOKYU RAILWAYS

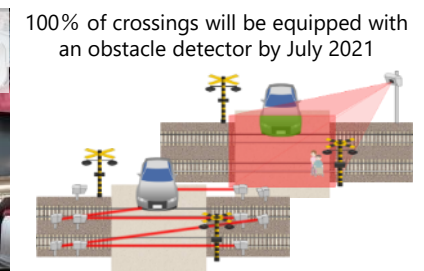
# Capital Investment and Main Initiatives

## Change in capital investment amount



\* Seven major private rail operators in Kanto: Tobu, Seibu, Keisei, Keio, Odakyu, Keikyu, Sotetsu

## Pursuit of safety and enhancement of convenience

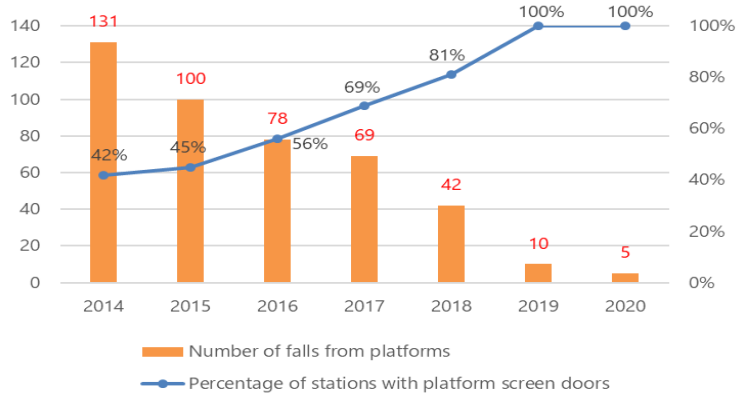


**Tokyu has continued to bear its responsibility as a public transportation operator, through capital investment that significantly exceeds industry standards.**

# Effects of Capital Investment and Increase in Cost Burden

## Results of equipment investments

### Falls off platforms



Decreased 96% (131→5)  
vs. FY2014

### Driving accidents and transport incidents

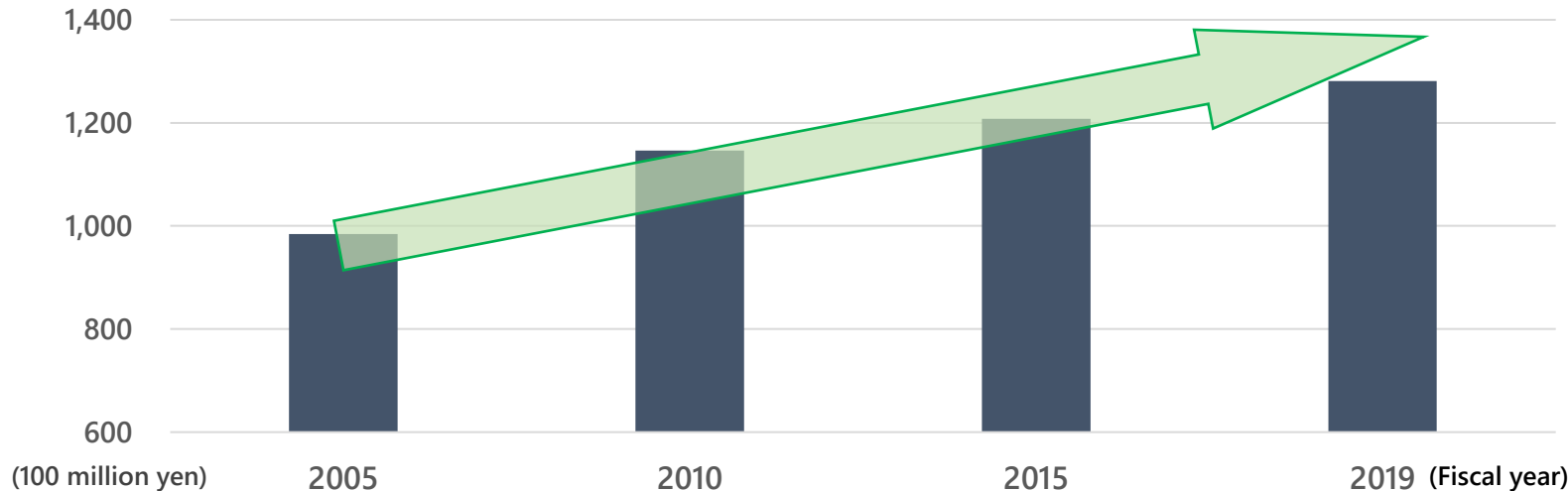
Tokyu remains among the safest of the 16 major private railway companies

- Fewest driving accidents
- 2nd fewest transport incidents

(Reference) Numbers of driving accidents and transport incidents (per million kilometers of driving)

Item	Tokyu Railways	Average of 16 major private railway companies
Driving accidents	0.15	0.54
Transport disorders	0.40	1.31

## Change in costs (personnel costs, repair costs, depreciation and amortization, expenses, etc.)



Costs required for railway operations have **increased by around 30.0 billion yen (approx. 30%)**  
\* Comparison with FY2005

Although safety and convenience have improved, the maintenance costs required for maintaining equipment and facilities are increasing year by year.

# Number of Passengers Carried and Passenger Revenue

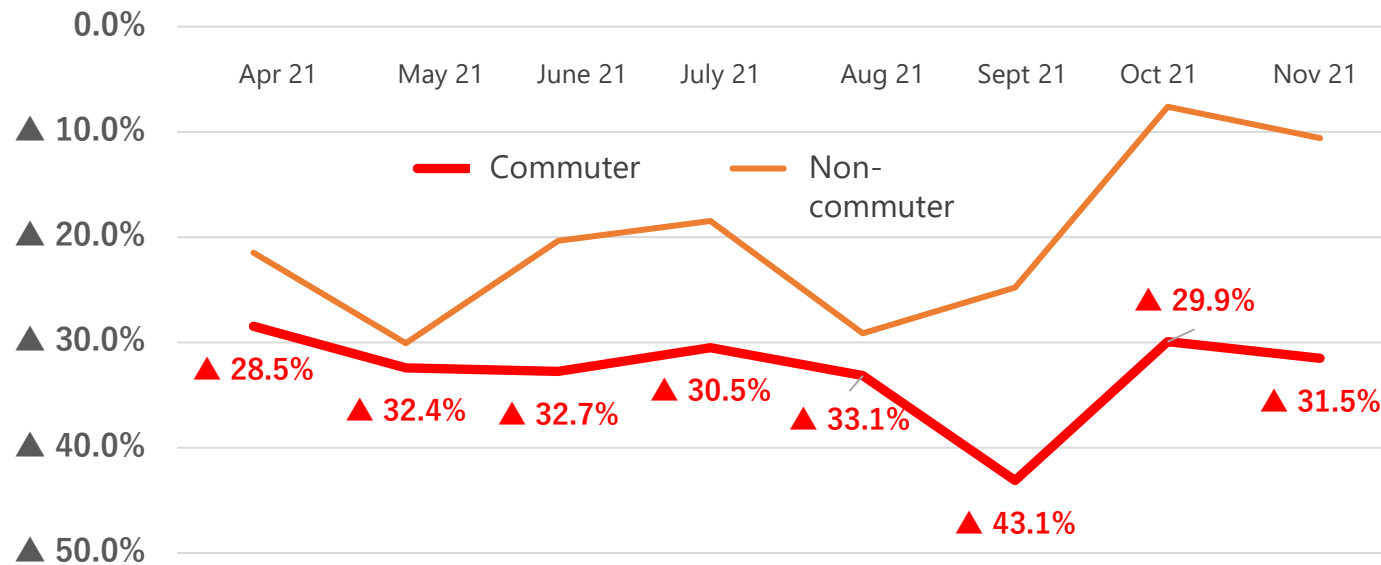
## Operating Profit for FY2020

(Unit : Billion yen)

	FY2020	FY2019	Change
Operating Revenue	112.4	156.7	▲44.3
Operating expenses	128.9	134.6	▲5.7
Operating Profit	▲16.5	22.0	▲38.6

We reported unprecedented operating losses of 16.5 billion yen

## Change in monthly passenger revenue by ticket type for FY2021 (monthly comparison with FY2019)



## Passengers carried in November 2021 (FY2019 comparison)

	Commuter	Non-commuter	Total
Passenger revenue	-31.5%	-10.6%	-20.1%
Number of passengers carried	-29.2%	-10.6%	-21.9%

Even after the state of emergency was lifted, commuter pass revenue remained at a decreased level of around 30% below previous levels, the highest percentage decrease in revenue among major private rail operators in Kanto\*

\* Major private rail operators in Kanto: Tokyu, Tobu, Seibu, Keisei, Keio, Odakyu, Keikyu, Sotetsu

Tokyu Railways has applied for a fare revision, in order to properly maintain and renew infrastructure at a high level under difficult business conditions and continue to provide the level of value demanded by society.

# Main Details of Application

Time of revision

- March 2023

Basic Approach

- Fare rate increase / Expected actual increase :

Fare rate increase...12.9% / Expected actual increase...11.7%

※In consideration of the increased burden on our customers, we will also consider measures for the child-rearing generation and senior citizens

- Regular passenger fares :

Minimum fares and fares for the Setagaya Line will be increased by around 10 yen.

Increases to fares for other sections will be roughly equivalent to the revision rate, and fares for the Kodomonokuni Line will remain unchanged.

- Commuter pass fares :

Fares for the student commuter pass will remain unchanged.

Increases in commuter pass fares will be equivalent to the revision rate.

※The distance based railway section system categories and the calculation method for commuter passes (3, 6 and 12 months) will remain unchanged.

Fare rate increase

	Regular passenger fares			Commuter pass fares			Total
	1 yen unit	10 yen unit	Total	Commuter pass	Student commuter pass	Total	
Fare rate increase	13.6%	11.5%	13.5%	13.8%	0.0%	12.1%	12.9%

## Comparison of current and applied fares

(Unit: yen)

Line name	km	1 yen unit			10 yen unit			Commuter pass(1 months)		
		Current	Application(Change)		Current	Application(Change)		Current	Application(Change)	
Toyoko Line Meguro Line Den-en-toshi Line Oimachi Line Ikegami Line Tokyu Tamagawa Line	1~3	126	140	(14)	130	140	(10)	4,380	4,990	(610)
	4~7	157	180	(23)	160	180	(20)	5,960	6,780	(820)
	8~11	199	227	(28)	200	230	(30)	7,530	8,570	(1,040)
	12~15	220	250	(30)	220	250	(30)	8,290	9,430	(1,140)
	16~20	251	288	(37)	260	290	(30)	9,440	10,740	(1,300)
	21~25	272	309	(37)	280	310	(30)	10,110	11,510	(1,400)
	26~30	304	347	(43)	310	350	(40)	11,270	12,830	(1,560)
	31~35	335	381	(46)	340	390	(50)	12,450	14,170	(1,720)
	36~40	377	430	(53)	380	430	(50)	14,010	15,940	(1,930)
	41~45	409	469	(60)	410	470	(60)	15,170	17,260	(2,090)
	46~50	440	500	(60)	440	500	(60)	16,330	18,580	(2,250)
51~56	471	531	(60)	480	540	(60)	17,490	19,900	(2,410)	
Kodomonokuni Line		157	157	(0)	160	160	(0)	5,790	5,790	(0)
Setagaya Line		147	160	(13)	150	160	(10)	5,390	6,140	(750)

※Commuter passes are omitted because fares remain unchanged.

## Comparison of current and applied fares for major segments

( Unit: yen )

Line name	Interval	1 yen unit		Commuter pass (1 months)	
		Current	Application	Current	Application
Toyoko Line	Shibuya - Yokohama	272	309	10,110	11,510
	Jiyugaoka - Yokohama	251	288	9,440	10,740
Meguro Line	Meguro - Hiyoshi	220	250	8,290	9,430
	Ookayama - Hiyoshi	199	227	7,530	8,570
Den-en-toshi Line	Shibuya - Chuo-rinkan	335	381	12,450	14,170
	Shibuya - Futakotamagawa	199	227	7,530	8,570
Oimachi Line	Oimachi - Mizonokuchi	220	250	8,290	9,430
	Oimachi - Hatanodai	157	180	5,960	6,780
Ikegami Line	Gotanda - Kamata	199	227	7,530	8,570
	Gotanda - Hatananodai	157	180	5,960	6,780
Tokyu Tamagawa Line	Tamagawa - Kamata	157	180	5,960	6,780

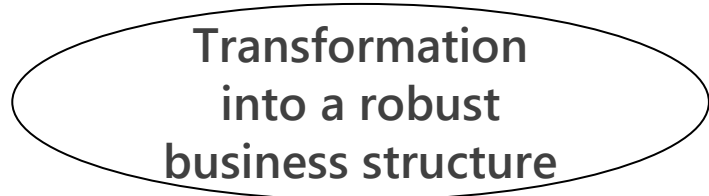
# Medium-Term Business Strategy "Three Transformations and Four Values"

## □ Basic policies

1. Complete transformations of business structure with a view to increasing robustness of business base, with the prerequisite of ensuring safety
2. Sustainable provision of social value in line with post-COVID needs

## □ Timeline

FY2021



### Three transformations

- (1) Transformation of railway operation and station services
- (2) Transformation of operations utilizing technology
- (3) Transformation of internal systems, unconstrained by past conventions and customs

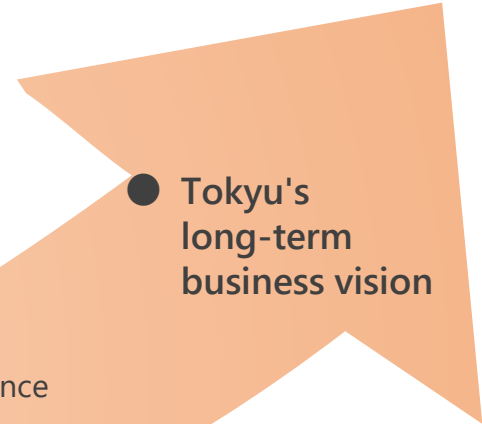
FY2023



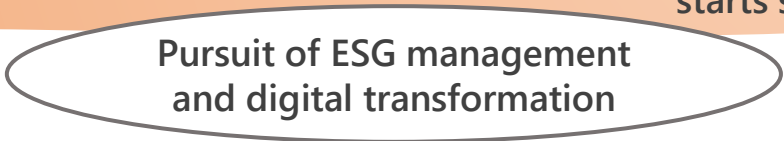
### Four values

- (1) Further pursuit of safety, security and environmental performance
- (2) Evolution of universal services
- (3) Improving comfort and solving problems in urban transportation
- (4) Creating platforms that connect people, towns and lifestyles

FY2026 -



**Lowering break-even point by reduction of fixed costs**



**● Tokyu Shin-Yokohama Line starts service**

**Top-level safety, customer satisfaction and productivity among major private rail operators**

**Capital investment and provision of customer services based on the Medium-Term Business Strategy (Three Transformations and Four Values)**



# Capital Investment Plan and Customer Services

## Five-year capital investment plan

(Unit: 100 million yen)

FY2021	FY2022	FY2023	FY2024	FY2025	5 years Average
435	444	431	461	474	449

Capital investments of around 45.0 billion yen each fiscal year

## Main capital investment and customer service strategies

Annual investment amount for the Three Transformations: approximately 3.5 billion yen

Increase robustness of business base by reducing fixed costs and improving productivity while firmly maintaining level of safety and service

- Achieve single-person operation of Toyoko Line services at an early stage

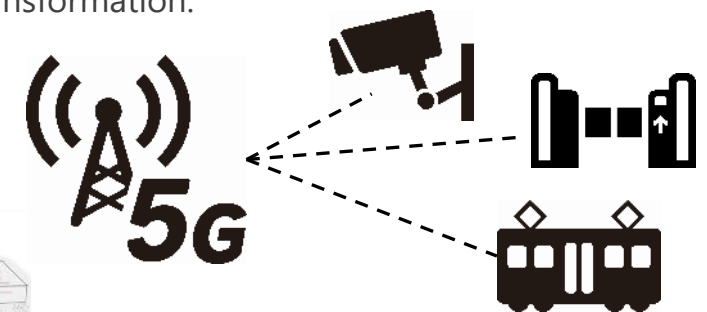
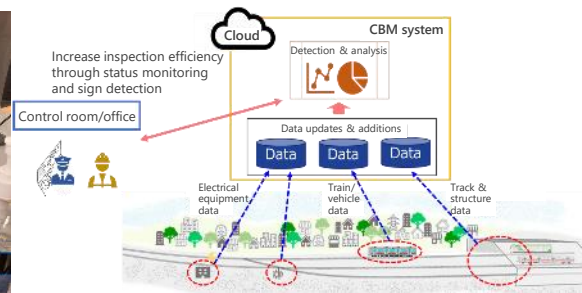
We will perform facility repairs and renovations swiftly, with a view to achieving it at an early stage.

- Digital transformation of station services and equipment / facilities maintenance

We will utilize digital technologies as we aim to improve services while increasing efficiency.

- Early-stage development of 5G communications infrastructure

We will develop 5G communication infrastructure as a foundation for driving further digital transformation.



## Investment categories and annual investment amounts (approximate)

(Unit: 100 million yen)

Investment category		Annual investment amount (approximate)
Three transformations		35
Four values	Further pursuit of safety, security and environmental performance	303
	Evolution of universal services	32
	Improving comfort and solving problems in urban transportation	46
	Creating platforms that connect people, towns and lifestyles	30

# Capital Investment Plan and Customer Services

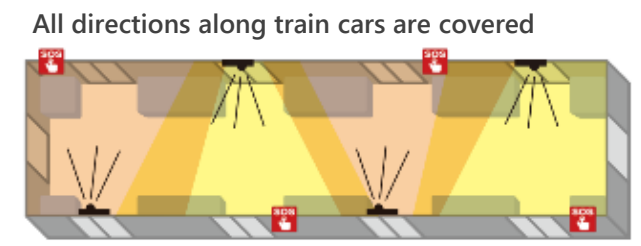
**Annual investment amount for further pursuit of safety, security and environmental performance: approximately 30.3 billion yen**

Through further improvements in safety, security and environmental performance, we will continue to offer urban transportation that is environmentally friendly for cities and trusted by customers.

- **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 belonging to Tokyu Railways and expanding facilities, etc., that allow customers to notify staff of abnormalities.



- **Replacement of existing train cars with new ones**  
 Following on from the Den-en-toshi Line, train cars on the Oimachi Line will also be replaced with new ones.



\* Den-en-toshi Line replacements are scheduled for completion during FY2022

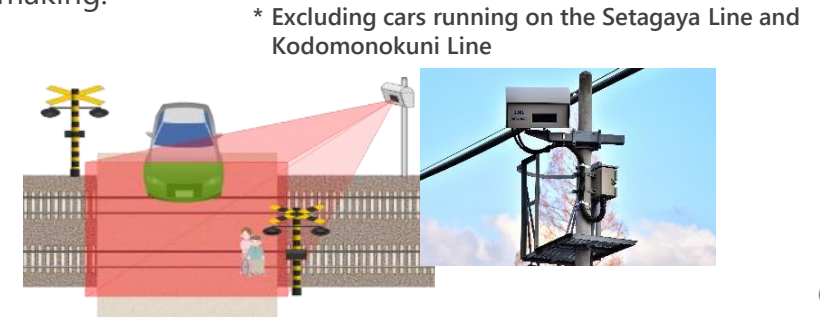
- **Measures against natural disasters**  
 We have completed basic seismic reinforcement work, and will be performing additional work to minimize damage and improve recovery capabilities in the future.



Seismic reinforcement of bridge supports

Measures to strengthen track-side embankments against heavy rain

- **Enhancing detection of obstructions at level crossings**  
 We are considering shifting to 3D-type obstacle detection devices in place of those already installed at all level crossings (\*), and introducing AI decision making.



# Capital Investment Plan and Customer Services

## Further pursuit of safety, security and environmental performance: environmental initiatives

Contributing to the creation of a sustainable society from the three perspectives of decarbonized society, recycling-oriented society and encouraging railway use



### Decarbonized society

- Participating in RE100 international initiative

RE100

CLIMATE GROUP



Tokyu Corporation joined RE100 in October 2019, as a Japanese corporation that encompasses rail operation business.

- Operation using renewable energy

Setagaya Line is operated using 100% renewable energy.

We are considering expanding this to other lines at an early stage in the future.



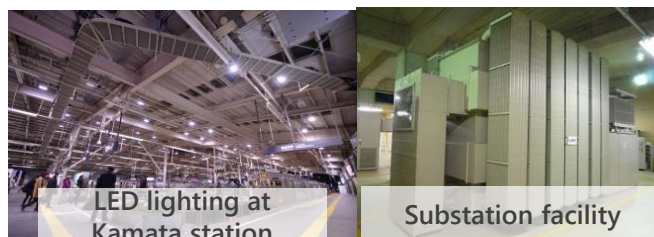
- Further effective use of electric power

We are considering the introduction of electrical storage cells and equipment for the effective utilization of regenerative power.

Regenerative power: power generated by utilizing a train's momentum to drive its motors when braking

- Further use of energy saving

We are introducing energy-saving technologies such as LED lighting at stations, new train cars, and high-efficiency power transformers at substations.



### Recycling-oriented society

- Encouraging use of wooden materials

We are utilizing wooden materials produced in the Tokyo area for station renovations.

- Reduction of waste and popularization of reuse and recycling culture

Effective utilization of unclaimed lost property (original owner unknown)

Collection of plastic containers at stations

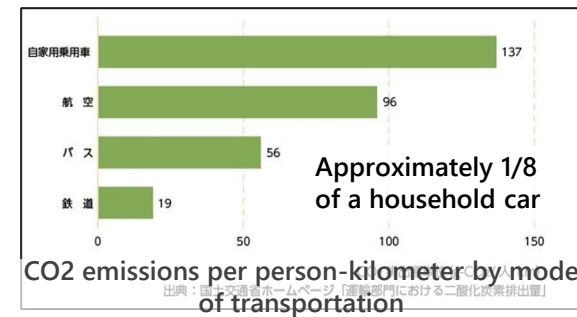
Recycling of personnel uniforms, etc.



### Encouraging railway use

- Encouraging switching to use of public transportation which produces low CO<sub>2</sub> emissions

We are contributing to reducing CO<sub>2</sub> emissions and environmental impact by encouraging the use of railways.




ココロでまちを、サステナブルに。  
 Activities for expanding environmental conservation

# Capital Investment Plan and Customer Services

Annual investment amount for evolution of universal services: approximately 3.2 billion yen

Contributing to the creation of a coexistent society where railways are easy to use for all customers

- Reduce gaps between platforms and train floors

We are also aiming to reduce the size of steps and gaps at stations so that customers who use wheelchairs or strollers, etc., can get on and off trains smoothly.



Signs indicating reduced steps / gaps

Filling gaps using comb-shaped rubber gap fillers

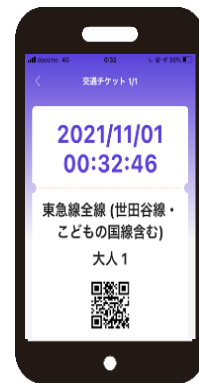
- Providing information and guidance using digital technologies

We are working to increase the level of sophistication with which information is distributed to customers, by providing guidance using the latest technologies such as VR and AR in the Tokyu Line app, and updating destination information display terminals.



- Introduction of new train ticket services

We are considering ticket services that make railway services easier and simpler to use.



Tokyu Line "Over60" Unlimited Ride Pass (exclusively for seniors aged 60 years and over) released in November

- Expansion of barrier-free routes

Multiple barrier-free routes, including a new elevator, have been developed on the west side of Komazawa-Daigaku Station.



Sakura-Shimmachi Station South Exit elevator (second route)

- Renovation of passenger restrooms

We are working to gradually develop passenger restrooms that are more closely aligned with customer needs, which can be used more comfortably.



# Capital Investment Plan and Customer Services

Annual investment amount for improving comfort and solving problems in urban transportation: approximately 4.6 billion yen

Efforts for improving convenience and comfort and solving problems such as congestion and over-concentration of population in urban centers

- Tokyu Shin-Yokohama Line opening, conversion of Meguro Line to 8-car configuration

As of the first half of FY2022, Tokyu Railways-owned Meguro Line trains will be gradually shifted to an 8-car configuration.

We will maximize the effect of commencing Tokyu Shin-Yokohama Line services from the second half of FY2022.



- Paid seating services

We are considering expansion of Oimachi Line "Q SEAT" paid seating services to other routes.



- Distributing rail service information

We will distribute information on congestion in real-time, utilizing 5G communications technologies and other digital technologies.

Annual investment amount for creating platforms that connect people, towns and lifestyles: approximately 3.0 billion yen

Creating connections with local areas along railway lines and contributing to the creation of rich, bustling, vibrant cities

- Den-en-toshi Line "Green UNDER GROUND" underground section station renewal project

Five underground stations (\*) on the Den-en-toshi Line were renewed (\*) with the aim of building a sustainable underground stations

The first station to be renewed was Komazawa-Daigaku station.

\* Ikejiri-Ohashi Station, Sangen-Jaya Station, Komazawa-Daigaku Station, Sakura-Shimmachi Station and Yoga Station

**Green UNDER GROUND**  
 心地良くてワクワクする地下駅体験を作りたい



- Ikegami Line "Ki ni Naru" renewal project

We are gradually renewing our stations to enable passengers to feel and appreciate the warmth of wooden materials.



- Building a service platform

We are developing a platform to connect local services and other means of transportation.

# Efforts Toward Further Rationalization of Management

## □ Initiatives to reduce costs during the COVID-19 pandemic

### • Examples of FY2020 initiatives

Item	Main Initiatives	Amount reduced
Capital Investment	<ul style="list-style-type: none"> <li>Reduced by over 60% YoY</li> </ul>	-38 billion yen (comparison with FY2019)
Personnel expenses	<ul style="list-style-type: none"> <li>Salary reductions for officers and managers</li> <li>Reductions of overtime work and bonuses for employees</li> </ul>	-9.0 billion yen (comparison with FY2019)
Expenses, etc.	<ul style="list-style-type: none"> <li>Reduction of outsourcing costs and advertising expenses through internalization</li> </ul>	

### • Medium and long-term initiatives (the Three Transformations).

Item	Main Initiatives
Personnel expenses	<ul style="list-style-type: none"> <li>Single-person operation of Toyoko Line services</li> <li>Review staff station assignments</li> <li>Increase efficiency using digital technologies</li> </ul>
Recruitment	<ul style="list-style-type: none"> <li>Partial suspension of graduate recruitment</li> </ul>
Repair costs and expenses	<ul style="list-style-type: none"> <li>Reduction of advertising expenses, etc.</li> <li>Internalization of cleaning, security and inspections, etc.</li> <li>Optimization of maintenance work by utilizing digital technologies</li> </ul>

## □ Essential services to support social activities

Continuation of rail service operation as normal, even during the COVID-19 pandemic

Training human resources according to contemporary needs and fulfilling our duty as a public transportation provider, through the provision of high standards of safety and services



Fundamental transformation of business structure while maintaining high levels of safety and service

## Customers

- Maintaining affordable prices for public transportation  
(Fare revisions that limit burden as much as possible)
- Continuation of public transportation services with high levels of safety and convenience

## Local communities

- Robust transportation infrastructure that is resistant to natural disasters
- Transportation services that lead to the creation of a coexistent society
- Contributing to carbon neutrality

## Sustainable growth for cities and communities along railway lines

## Tokyu Corporation

Sustainable operation as a part of social infrastructure  
(Maintaining sound equipment and facilities and securing operating personnel)

We contribute to sustainable growth by providing safe and secure railway services in the Tokyo area, where the transportation share of railway services is among the world's highest, without burdening future generations.