

Tokyu Corporation

Consolidated Financial Statements First Three Quarters of the Fiscal Year Ending March 31, 2022

(April 1, 2021 – December 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 First Three Quarters of the Fiscal Year Ending March 31, 2022**

Tokyu Corporation

February 10, 2022

Stock Code:	9005	Listed exchanges:	Tokyo Stock Exchange First Section
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Planned date for submission of quarterly financial reports:	February 10, 2022		
Scheduled date of commencement of dividend payment:	—		
Supplementary documents for quarterly results:		YES	
Quarterly results briefing (for institutional investors 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, 2022 (April 1, 2021 to December 31, 2021)

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

1) Consolidated Operating Results

	Nine months ended December 31, 2021		Nine months ended December 31, 2020	
		Change (%)		Change (%)
Operating revenue.....	654,491	-4.6	685,855	-21.0
Operating profit.....	34,884	—	-15,945	—
Recurring profit.....	39,058	—	-12,594	—
Profit attributable to owners of parent	30,177	—	-26,523	—
Net income per share (¥).....	50.11		-43.91	
Net income per share (diluted) (¥).....	—		—	

Notes: (1) Comprehensive Income: Nine months ended December 31, 2021: ¥34,920 million [—%]
Nine months ended December 31, 2020: ¥-23,852 million [—%]

(2) As the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the fiscal year ending March 31, 2022, the figures for the first three quarters of the fiscal year ending March 2022 are the figures after the relevant accounting standards have been adopted.

2) Consolidated Financial Position

Million yen

	As of December 31, 2021	As of March 31, 2021
Total assets.....	2,503,327	2,476,061
Net assets.....	771,502	752,538
Equity ratio (%).....	28.7	28.4

Reference: Shareholders' equity: First three quarters ended December 31, 2021: ¥719,158 million
FY ended March 31, 2021: ¥702,355 million

Note: As the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the fiscal year ending March 31, 2022, the figures for the first three quarters of the fiscal year ending March 2022 are the figures after the relevant accounting standards have been adopted.

2. Dividends

	FY ending March 31, 2022 (forecast)	FY ending March 31, 2022	FY ended March 31, 2021
Dividend per share – end of first quarter (¥)		—	—
Dividend per share – end of first half (¥)		7.50	10.00
Dividend per share – end of third quarter (¥)		—	—
Dividend per share – end of term (¥)	7.50		5.00
Dividend per share – annual (¥)	15.00		15.00

Note: Revisions to dividend forecasts published most recently: No

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

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

	Full year	
		Change (%)
Operating revenue.....	860,800	-8.0
Operating profit.....	28,000	—
Recurring profit.....	30,800	—
Profit attributable to owners of parent.....	10,000	—
Net income per share (¥).....	16.61	

Notes: (1) Revision to consolidated business performance forecasts published most recently: Yes
(2) As the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the fiscal year ending March 31, 2022, the above consolidated earnings forecasts are figures after adopting the relevant accounting standards.

*** 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): No
- (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.: Yes
 - 2) Changes in accounting policies other than 1): No
 - 3) Changes in accounting estimates: No
 - 4) Restatement of revisions: No

(Note) For details, please see the statement under the heading of "2. Matters Relating to Summary Information(Notes), (1) Changes in accounting policies, Changes in accounting estimates, and restatement of revisions" on page 3 of the accompanying materials.

(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, 2021: 624,869,876 As of March 31, 2021: 624,869,876
- 2) Number of treasury stock at the end of the term (shares)
As of December 31, 2021: 22,739,210 As of March 31, 2021: 20,776,928
- 3) Average numbers of shares issued during the terms (quarterly consolidated accumulation periods)
Nine months ended December 31, 2021: 602,234,689
Nine months ended December 31, 2020: 604,085,321

(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, 2021: 2,736,700 shares As of March 31, 2021: 310,500 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 on the date of this announcement and assumptions considered reasonable.

Actual results may differ materially from the 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 FY2021, (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 FY2021" will be disclosed on the Timely Disclosure network (TDnet) and our IR website today (February 10, 2022).

○ Accompanying Materials – Contents

1. Qualitative Information on Consolidated Financial Results, etc. for the First Three Quarters Ended December 31, 2021	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. Matters Relating to Summary Information (Notes)	Page 5
(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Revisions.....	Page 5
3. Quarterly Consolidated Financial Statements and Primary Notes	Page 7
(1) Quarterly Consolidated Balance Sheets	Page 7
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statements of Comprehensive Income	Page 9
Quarterly Consolidated Statements of Income	Page 9
Quarterly Consolidated Statements of Comprehensive Income.....	Page 10
(3) Notes to Quarterly Consolidated Financial Statements	Page 11
(Notes Regarding the Premise of a Going Concern)	Page 11
(Notes If There Is a Considerable Change to Shareholders' Equity).....	Page 11
(Matters Related to Consolidated Quarterly Statements of Income)	Page 11
(Additional Information)	Page 11
(Segment Information)	Page 12

1. Qualitative Information on Consolidated Financial Results, etc. for the First Three Quarters Ended December 31, 2021

(1) Explanation about Consolidated Financial Results

During the first nine months of the first three quarters under review, the situation surrounding the Japanese economy remained uncertain due to the persistent impact of the COVID-19 pandemic, although there were signs of recovery with respect to some economic activities following the cancellation of the declaration of a state of emergency on October 1.

Operating revenue for the first three quarters under review decreased 4.6% year on year, to ¥654,491 million, due mainly to the negative impact of the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter the "Revenue Recognition Accounting Standard"). Operating profit came to ¥34,884 million (compared to an operating loss of ¥15,945 million in the same period of the previous fiscal year), partly reflecting the sale of a large-scale property in the Real Estate Business, coupled with a recovery in the number of customers, particularly in the Transportation Business and the Hotel and Resort Business, from the levels affected by restraints on outings and temporary sales floor closures due to the state of emergency declared in April, 2020. Recurring profit stood at ¥39,058 million (compared to a recurring loss of ¥12,594 million in the same period of the previous fiscal year). Profit attributable to owners of parent was ¥30,177 million (compared to a loss attributable to owners of parent of ¥26,523 million in the same period of the previous fiscal year), reflecting the posting of gain on sale of fixed assets.

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.

The Revenue Recognition Accounting Standard and related measures have been applied from the beginning of the first quarter. For details, please see "2. Matters Relating to Summary Information (Notes), (1) Changes in accounting policies, Changes in accounting estimates, and restatement of revisions."

(i) Transportation

In the Transportation Business segment, the number of passengers carried in the railway operations business of Tokyu Railways climbed 12.6% year on year, reflecting a 6.6% increase in the number of commuters carried and a 21.6% rise in the number of non-commuters carried thanks to a recovery from a decline in the number of users of both services attributable to the state of emergency declared last fiscal year, among other factors.

As a result, operating revenue for the segment increased 12.0% year on year, to ¥124,973 million, with an operating profit of ¥2,856 million for the segment (compared with operating loss of ¥12,320 million in the same period of the previous fiscal year).

(Operation results of Tokyu Railway's railway operations)

Categories		Units	First three quarters of the previous fiscal year	First three quarters of the fiscal year under review
			April 1, 2020 to December 31, 2020	April 1, 2021 to December 31, 2021
Number of operating days		Days	275	275
Operating distance		Kilometers	104.9	104.9
Operating distance of passenger trains		Thousand kilometers	115,421	111,643
Number of passengers carried	Non-commuter	Thousand passengers	241,648	293,744
	Commuter	Thousand passengers	363,801	387,935
	Total	Thousand passengers	605,449	681,679
Passenger revenue	Non-commuter	Million yen	39,000	47,744
	Commuter	Million yen	33,863	33,726
	Total	Million yen	72,863	81,470
Miscellaneous income from railway operations		Million yen	10,830	10,804
Total revenues		Million yen	83,693	92,274
Average passenger revenue per day		Million yen	265	296
Operating efficiency		%	33.0	38.4

(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 and operating profit increased 16.2% and 78.9% year on year, respectively, to ¥170,276 million and ¥40,245 million, respectively, chiefly reflecting an increase in the Company's real estate leasing business in reaction to the suspension of certain facility operations due to the state of emergency declared in April last fiscal year, coupled with the sale of a large-scale property.

(iii) Life Service

In the Live Service Business segment, operating revenue decreased 16.2% year on year, to ¥368,845 million, given the negative impact of the application of the Revenue Recognition Accounting Standard and related measures, although there was a recovery in the number of customers compared to the previous year, chiefly reflecting a reactionary rise in demand following the lifting of the state of emergency declared in the previous year. Operating profit came to ¥3,637million (as opposed to the operating loss of ¥3,544 million in the same period of the previous fiscal year).

(iv) Hotel and Resort

In the Hotel and Resort Business segment, the occupancy rate rose to 43.6% (up 11.1 points from the same period of the previous fiscal year), mainly reflecting the continuing impact of the COVID-19 pandemic on Tokyu Hotels Co., Ltd.'s hotel operations, despite a reactionary increase following their temporary closure during the state of emergency declared in April last fiscal year. As a result, operating revenue for the segment increased 12.2% year on year, to ¥33,014 million, with an operating loss of ¥12,058 million for the segment (compared with operating loss of ¥23,023 million in the same period of the previous fiscal year).

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

Total assets increased ¥27,266 million from the end of the previous fiscal year, to ¥2,503,327 million at the end of the first three quarters under review, primarily due to an increase in notes and accounts receivable - trade.

Liabilities

Liabilities increased ¥8,302 million year on year, to ¥1,731,824 million, largely because of growth in interest-bearing debt (*) of ¥17,899 million year on year, to ¥1,200,094 million.

Net assets

Net assets rose ¥18,963 million from the end of the previous fiscal year, to ¥771,502 million. This was primarily attributable to the posting of 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 the full-year earnings forecasts announced on November 9, 2021, taking into account factors such as results for the first three quarters under review. Forecasts for operating revenue, operating profit and recurring profit have been changed to ¥860.8 billion (down 0.9% from the previous forecast), ¥28.0 billion (up 12.0% from the previous forecast) and ¥30.8 billion (up 22.2% from the previous forecast), respectively. The previously announced forecast for profit attributable to owners of parent remains unchanged.

For details, please see the Summary of Results for the First Three Quarters of FY2021 disclosed separately.

* 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. Matters Relating to Summary Information (Notes)

(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Revisions

(Changes in accounting policies)

(Adoption of the Accounting Standard for Revenue Recognition, etc.)

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, hereinafter the “Revenue Recognition Accounting Standard”) and related measures have been applied from the beginning of the first quarter. Accordingly, revenue is recognized at points where control over goods or services that the Group promises to provide is transferred to customers and in amounts that it expects to receive in exchange for such goods or services.

Major changes attributable to the application of the Revenue Recognition Accounting Standard and related measures are as follows.

(1) Revenue recognition for agent transactions

Previously, the total consideration received from customers in transactions in which the goods were considered delivered at the time they are sold, advertising media transactions and transactions involving drop-shipping had been recognized as revenue. Currently, transactions in which the Company and its consolidated subsidiaries provide merchandise or services to customers as an agent, the Group recognizes the net amount calculated by subtracting the amount paid to the suppliers of the merchandise or providers of the services from amount received from customers as revenue.

(2) Revenue recognition for point programs

The Company offers a customer loyalty program in which customers are provided with points that can be used to receive discounts on purchases. It had been recognizing the face value of points as revenue when points are redeemed. Currently, the Group is separating the transaction value into the products portion and the points portion according to percentages of the item’s standalone selling price, and recognizes the points portion of the transaction value at the time of point redemption as revenue.

(3) Revenue recognition for commuter passes

The Group had previously prorated the amount of revenue that it recognized from commuter passes according to the type of commuter pass on a monthly basis, starting from the date of the pass’s sale. Now, with a commuter pass being usable unlimitedly within a specific section during the period of its validity, the Group recognizes revenue upon the termination of the validity period.

In its application of the Revenue Recognition Accounting Standard and related measures, the Group follows the provisional measures stated in paragraph 84 of the Revenue Recognition Accounting Standard. Accordingly, retained earnings as of the beginning of the first quarter are adjusted to reflect the cumulative effect of the retrospective application of the new accounting policy to the time prior to the beginning of the first quarter. The new accounting policy has been applied, starting with the balance thereof as of the beginning of the quarter. However, due to the application of the method prescribed in paragraph 86, subparagraph (1) of the Revenue Recognition Accounting Standard, accounting procedures are undertaken based on the terms of contracts that reflect all relevant revisions with respect to contract revisions made before the beginning of the first quarter. Then, retained earnings as of the beginning of the first quarter are adjusted to reflect the cumulative effect of such revisions.

Reflecting these adjustments, operating revenue and operating expenses for the first three quarters under review decreased ¥110,283 million and ¥111,267 million, respectively, resulting in an increase of ¥984 million in operating profit as well as rises in both recurring profit and profit attributable to owners of parent of ¥969 million, respectively. In addition, the balance of retained earnings at beginning of period

decreased ¥5,409 million.

Due to the application of the Revenue Recognition Standard and related measures, trade notes and accounts receivable, which were presented as current assets in the consolidated balance sheet for the previous fiscal year, are included in trade notes and accounts receivable and contract assets, starting from the first quarter. For the same reason, advances received, which were presented in current liabilities, are included in advances received and contract liabilities, starting from the first quarter. According to the transitional measures prescribed in paragraph 89-2 of the Revenue Recognition Accounting Standard, the Group did not implement a reclassification that reflects the new method for presenting the results of the previous consolidated fiscal year. In addition, according to the transitional measures prescribed in the paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information on the breakdown of revenue arising in relation to contracts with customers in the previous first three quarters is not presented.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter the "Fair Value Measurement Accounting Standard"), etc. has been applied from the beginning of the first quarter. Accordingly, the new accounting policies specified in the Fair Value Accounting Standard, etc. are applied into the future according to the transitional measures prescribed in the paragraph 19 of the Fair Value Measurement Accounting Standard and the paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). As a result, bonds payable, other securities and derivative transactions, which were reflected in quarterly consolidated balance sheets at their acquisition prices because they were traditionally considered financial products whose market values are extremely difficult to grasp, are and will be reflected in quarterly consolidated balances at their market prices calculated using unobservable input based on the best information available, even when it is not possible to obtain observable input.

3. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

Million yen

Item	As of March 31, 2021	As of December 31, 2021
Assets		
Current Assets		
Cash and deposits	45,964	58,321
Trade notes & accounts receivable	121,756	149,866
Contract assets	–	13,201
Merchandise and products	11,864	11,951
Land and buildings for sale	70,108	64,965
Work in progress	7,092	5,585
Raw materials and supplies	8,460	8,578
Others	62,224	47,219
Allowance for doubtful accounts	(1,247)	(1,165)
Total current assets	326,225	358,525
Fixed Assets		
Tangible fixed assets		
Buildings & structures (net)	843,871	837,703
Rolling stock & machinery (net)	74,735	81,036
Land	727,884	718,795
Construction in progress	135,638	147,965
Others (net)	27,360	24,994
Total tangible fixed assets	1,809,491	1,810,494
Intangible fixed assets	36,941	34,777
Investments & others		
Investment securities	203,685	203,794
Net defined benefit asset	6,806	7,236
Deferred tax assets	24,454	20,462
Others	68,991	68,702
Allowance for doubtful accounts	(533)	(665)
Total investments and others	303,403	299,530
Total fixed assets	2,149,836	2,144,802
Total Assets	2,476,061	2,503,327

Million yen

Item	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current Liabilities		
Trade notes & accounts payable	96,900	98,477
Short-term debt	405,932	402,332
Commercial papers	10,000	–
Current portion of corporate bonds	–	10,000
Accrued income taxes	6,949	10,376
Contract liabilities	–	42,091
Provision	11,797	7,656
Advances received	28,356	19,506
Others	128,529	92,384
Total current liabilities	688,466	682,824
Long-Term Liabilities		
Corporate bonds	270,000	300,000
Long-term debt	496,262	487,762
Provision	3,063	2,193
Net defined benefit liability	44,492	44,485
Long-term deposits from tenants and club members	136,226	133,264
Deferred tax liabilities	13,761	14,122
Deferred tax liabilities from revaluation	9,168	9,168
Others	52,040	49,845
Total long-term liabilities	1,025,016	1,040,842
Special Legal Reserves		
Urban railways improvement reserve	10,040	8,157
Total Liabilities	1,723,522	1,731,824
Net Assets		
Shareholders' Equity		
Common stock	121,724	121,724
Capital surplus	134,095	134,300
Retained income	455,201	472,524
Treasury stock	(37,153)	(39,920)
Total shareholders' equity	673,868	688,629
Accumulated Other Comprehensive Income		
Net unrealized gains (losses) on investment securities	20,509	16,149
Net unrealized gains (losses) on hedging instruments	(75)	0
Land revaluation reserve	8,700	8,584
Foreign currency translation adjustment account	895	5,364
Remeasurements of defined benefit plans	(1,542)	430
Total accumulated other comprehensive income	28,486	30,528
Non-Controlling Interests	50,183	52,344
Total Net Assets	752,538	771,502
Total Liabilities and Net Assets	2,476,061	2,503,327

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

Million yen

Item	April 1, 2020 to December 31, 2020	April 1, 2021 to December 31, 2021
Operating Revenue	685,855	654,491
Cost of operating revenue		
Operating expenses & cost of sales (Transportation, etc.)	548,990	465,795
SG&A expenses	152,810	153,812
Total cost of operating revenue	701,801	619,607
Operating Profit (Loss)	(15,945)	34,884
Non-operating profit		
Interest income	218	702
Dividend income	838	733
Investment gains from equity method	2,680	4,221
Subsidies for employment adjustment	*1 4,847	*1 2,987
Others	4,372	4,741
Total non-operating profit	12,956	13,385
Non-operating expenses		
Interest expenses	6,475	6,346
Others	3,130	2,865
Total non-operating expenses	9,605	9,211
Recurring Profit (Loss)	(12,594)	39,058
Extraordinary gains		
Gains on sale of fixed assets	51	14,391
Subsidies received for construction	447	691
Gain on reversal of Urban Railways Improvement Reserve	1,882	1,882
Subsidies for employment adjustment	*1 1,266	*1 3
Others	1,144	582
Total extraordinary gains	4,792	17,551
Extraordinary losses		
Reduction entry of land contribution for construction	372	620
Loss on retirement of fixed assets	400	2,129
Impairment loss	7,135	816
Losses related to the spread of COVID-19	*2 3,734	*2 403
Others	2,343	1,092
Total extraordinary losses	13,987	5,062
Income (Loss) before Income Taxes	(21,789)	51,547
Corporate income taxes	5,836	20,429
Net Income (Loss)	(27,625)	31,118
Profit (loss) attributable to non-controlling interests	(1,101)	940
Profit (loss) attributable to owners of parent	(26,523)	30,177

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

Item	April 1, 2020 to December 31, 2020	April 1, 2021 to December 31, 2021
Net Income (Loss)	(27,625)	31,118
Other comprehensive income		
Net unrealized gains (losses) on investment securities	4,090	(3,443)
Net unrealized gains (losses) on hedging instruments	(0)	0
Foreign currency translation adjustment account	(1,632)	4,221
Remeasurements of defined benefit plans, net of tax	1,114	1,896
Share of other comprehensive income of associates accounted for using equity method	201	1,127
Total other comprehensive income	3,772	3,802
Comprehensive Income	(23,852)	34,920
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(22,199)	32,335
Comprehensive income attributable to non-controlling interests	(1,653)	2,585

(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)

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related measures have been applied from the beginning of the first quarter. For details, please see "2. Matters Relating to Summary Information (Notes), (1) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Revisions".

Following a resolution of the Board of Directors at a meeting on May 13, 2021, the Company introduced an Employee Stock Ownership Plan (ESOP) Trust and acquired 3,050,000 treasury shares at the cost of ¥4,513 million in the first three quarters under review.

It also conducted a share exchange with an effective date of June 1, 2021, in which the Company became the wholly owning parent company and Nagano Tokyu Department Store Co., Ltd. was converted into a wholly owned subsidiary after the share exchange. As a result, treasury shares decreased ¥827 million in the first three quarters under review.

(Matters Related to Consolidated Quarterly Statements of Income)

*1 Employment Adjustment Subsidy

April 1, 2020 to December 31, 2020

The Company posted the Employment Adjustment Subsidy received in connection with 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.

April 1, 2021 to December 31, 2021

The Company posted the Employment Adjustment Subsidy received in connection with 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

April 1, 2020 to December 31, 2020

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.

April 1, 2021 to December 31, 2021

Certain 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 due to the COVID-19 pandemic. 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)

There are no significant changes in assumptions, such as when the COVID-19 pandemic will come to an end as discussed in the significant accounting estimates in the annual securities report for the previous consolidated fiscal year.

(Segment Information)

I. April 1, 2020 to December 31, 2020

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 statement of income (Note) 2
	Transportation	Real Estate	Life Service	Hotel and Resort			
Operating Revenue							
Outside customers	109,128	118,642	428,852	29,232	685,855	–	685,855
Inter-segment internal revenues or transfers	2,501	27,897	11,073	193	41,666	(41,666)	–
Total	111,629	146,539	439,925	29,426	727,521	(41,666)	685,855
Segment profit (loss)	(12,320)	22,496	(3,544)	(23,023)	(16,391)	445	(15,945)

Notes

1. An adjustment of ¥445 million in segment profit (loss) represents the deduction of intersegment transactions.
2. Segment profit (loss) has been adjusted with operating profit (loss) recorded in the consolidated quarterly statements of income.

2. 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 ¥5,917 million in the Hotel and Resort segment and ¥1,203 million in the Life Service segment.

Impairment loss the Company posted in the first three quarters under review was ¥7,135 million.

II. April 1, 2021 to December 31, 2021

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 statement of income (Note) 2
	Transportation	Real Estate	Life Service	Hotel and Resort			
Operating Revenue							
Outside customers	122,162	143,511	358,809	30,009	654,491	–	654,491
Inter-segment internal revenues or transfers	2,810	26,765	10,036	3,005	42,617	(42,617)	–
Total	124,973	170,276	368,845	33,014	697,109	(42,617)	654,491
Segment profit (loss)	2,856	40,245	3,637	(12,058)	34,680	204	34,884

Notes

1. An adjustment of ¥204 million in segment profit (loss) represents the deduction of intersegment transactions.
2. Segment profit (loss) has been adjusted with operating profit (loss) recorded in the consolidated quarterly statements of income.

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

As described in “2. Matters relating to Summary information (Notes), (1) Changes in accounting policies, Changes in accounting estimates, and restatement of revisions,” accounting procedures for revenue recognition were modified due to the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related measures at the beginning of the first quarter. To reflect the modification, it changed the method it uses to calculate profit and loss on a business segment basis.

As a result of the change, operation revenue increased ¥699 million and segment profit increased ¥139 million in the Transportation Business, operation revenue declined ¥8,278 million and segment profit increased ¥ 68 million in the Real Estate Business, operating revenue fell ¥102,402 million and segment profit rose ¥632 million in the Life Service Business, and operating revenue and segment loss decreased ¥302 million and ¥143 million, respectively, in the Hotel and Resort Business for the first three quarters under review, compared to the levels calculated using the traditional method.