

Supplementary Materials on Financial Results for the Fiscal Year Ended March 31, 2021 (FY2020), and on the Management Plan

Keikyu Corporation (Securities code: 9006)

May 12, 2021

<https://www.keikyu.co.jp>

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✓ Financial Results for FY2020

- YoY: Revenue from operations down 77.7 billion yen, operating profit down 47.9 billion yen
- YoY: railway passengers down 30.5%, bus billings down 38.1%, business hotel occupancy rates down 62.2 points
- Relative to business forecasts (disclosed in February): revenue from operations overshoot by 0.6 billion yen, operating profit overshoot by 3.2 billion yen
- Extraordinary losses of 17.9 billion yen recorded (expenses for dismantling of SHINAGAWA GOOS, etc. : 8.8 billion yen; impairment loss for business hotels: 1.9 billion yen)
- Year-on-year progress in cost reductions: 17.2 billion yen

Revenue from operations

234.9 billion yen

Operating profit

(18.4) billion yen

4Q operating profit
(quarterly)

(4.5) billion yen

1Q (10.9) billion yen 2Q (2.0) billion yen 3Q (0.9) billion yen

Railway passengers

334 million

First half 160 million Second half 174 million

✓ Full-Year Business Forecasts for the Fiscal Year Ending March 31, 2022 (FY2021)

- YoY: revenue from operations up 40.0 billion yen, operating income up 21.8 billion yen
- Relative to FY2019: railway passengers down 15.7%, bus billings down 29.8%, business hotel occupancy rates down 26.3 points
- Enter real estate securitization business, record 14.9 billion yen in extraordinary income on sale of real estate

Revenue from operations

275.0 billion yen

First half 123.0 billion yen Second half 152.0 billion yen

Operating profit

3.4 billion yen

First half (1.5) billion yen Second half 4.9 billion yen

Outstanding interest-bearing debt
Flat year on year

515.0 billion yen level

Railway passengers

406 million

First half 197 million Second half 209 million

✓ Keikyu Group Integrated Management Plan

- We have designated the area connecting Shinagawa, Haneda and Yokohama as the “growth triangle zone,” and will support its development as the driving force for revitalizing areas along Keikyu Railway lines.
- We are working on initiatives to strengthen management base (low-cost operation reforms, etc.), and on reforming the business portfolio (promoting the strengthening of real estate business by reorganizing asset holdings) to respond to changes in the business environment.
- Thoroughly implement ESG management through the business across the Group as a whole, set and disclose KPIs.
- A new financial policy has been set as “In order to contribute to sustainable growth and improvement of corporate value over the medium to long term, we will strive to ensure financial soundness with consideration for ratings, and balance investment for growth and shareholder returns.”
 - The policy for the period of the medium-term management plan (FY2021 to FY2023) is to swiftly improve operating profit and maintain financial soundness, in accordance with which we set FY2023 KPI target levels of operating profit of about 23.0 billion yen, and a net interest-bearing debt/EBITDA ratio: 8 times or less.

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Consolidated Statement of Income

(Unit: Millions of yen)	FY2020 Actual	FY2019 Actual	YoY changes	
Revenue from operations	234,964	312,751	(77,787)	(24.9%)
Operating profit	(18,420)	29,489	(47,910)	– %
Ordinary profit	(20,156)	26,834	(46,990)	– %
Profit attributable to owners of parent	(27,211)	15,650	(42,861)	– %
Net income per Share(yen)	(98.83)	56.83	(155.66)	– %

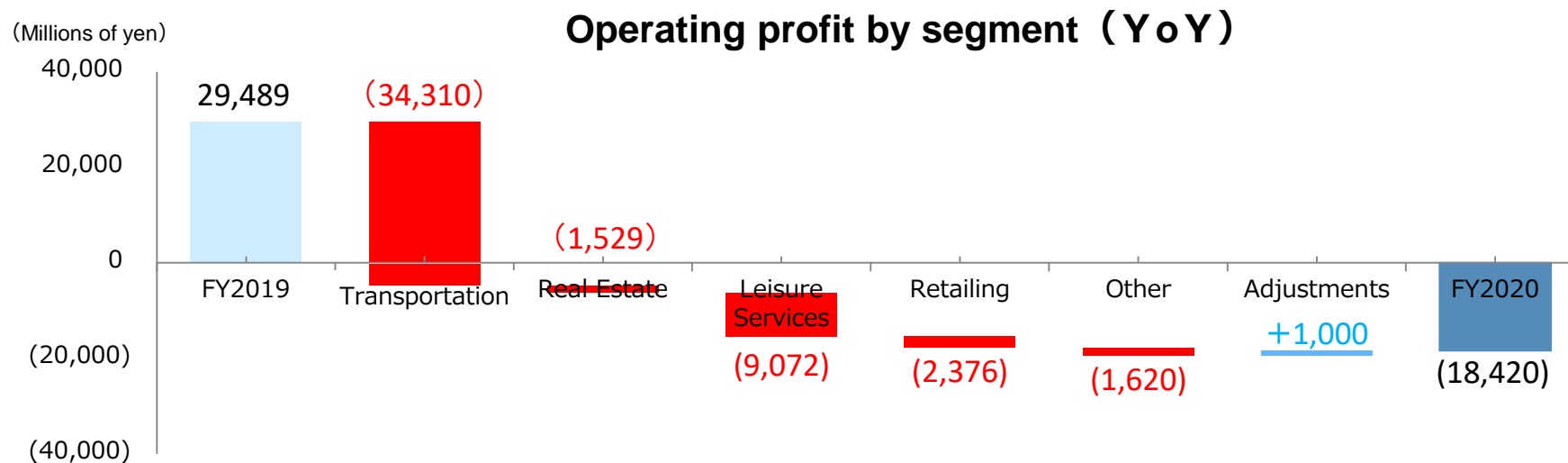
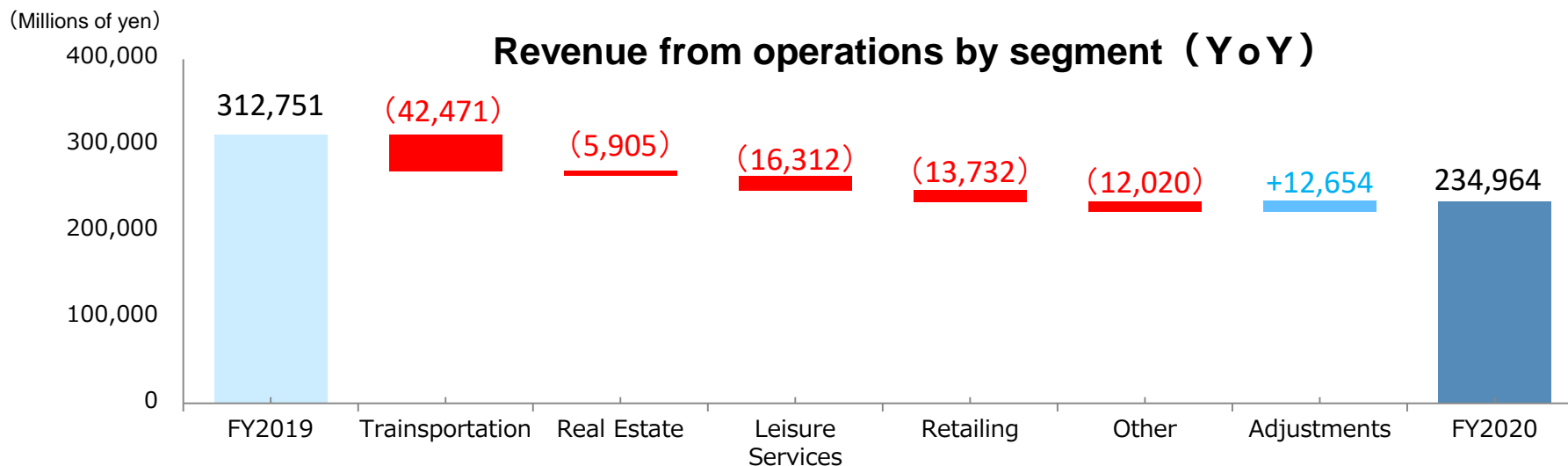
Consolidated Statement of Income Quarterly

(Unit: Millions of yen)	1 Q April-June	2 Q July-September	3 Q October-December	4 Q January-March
Revenue from operations	46,062	56,951	66,072	65,876
FY2019 Actual	87,770	77,471	73,917	73,592
YoY changes	(41,707) (47.5%)	(20,519) (26.5%)	(7,844) (10.6%)	(7,715) (10.5%)
Operating profit	(10,933)	(2,008)	(960)	(4,517)
FY2019 Actual	10,902	10,805	6,349	1,432
YoY changes	(21,835) –%	(12,813) –%	(7,310) –%	(5,950) –%
Ordinary profit	(11,549)	(2,177)	(1,590)	(4,839)
FY2019 Actual	10,407	9,987	5,943	496
YoY changes	(21,956) –%	(12,164) –%	(7,533) –%	(5,335) –%
Profit attributable to owners of parent	(9,115)	(9,184)	(1,542)	(7,369)
FY2019 Actual	7,032	6,718	3,341	(1,442)
YoY changes	(16,147) –%	(15,902) –%	(4,884) –%	(5,926) –%

Consolidated Statement of Income By segment

(Unit: Millions of yen)		FY2020 Actual	FY2019 Actual	YoY changes	
Transportation	Revenue from operations	78,553	121,024	(42,471)	(35.1%)
	Operating profit	(21,434)	12,875	(34,310)	– %
Real Estate	Revenue from operations	44,435	50,341	(5,905)	(11.7%)
	Operating profit	4,579	6,109	(1,529)	(25.0%)
Leisure Services	Revenue from operations	22,619	38,931	(16,312)	(41.9%)
	Operating profit	(3,258)	5,813	(9,072)	– %
Retailing	Revenue from operations	87,565	101,297	(13,732)	(13.6%)
	Operating profit	281	2,658	(2,376)	(89.4%)
Other	Revenue from operations	46,197	58,217	(12,020)	(20.6%)
	Operating profit	2,059	3,680	(1,620)	(44.0%)
Adjustments	Revenue from operations	(44,406)	(57,061)	12,654	– %
	Operating profit	(647)	(1,647)	1,000	– %

(Reference) Increases/Decreases in Revenue from Operations and Operating Profit by Segment



Consolidated Statement of Income Compared to the Forecast (Feb.)

: February 2021 forecast
 : First Quarter
 : Second Quarter
 : Third Quarter
 : Forth Quarter

(Unit: Billions of yen)	Revenue from operations				Operating profit	
	Progress rate	Forecast (Feb.) and results			Forecast (Feb.)	Results
Transportation	100.8%	<div> <div style="background-color: #f4a460; width: 77.9%; text-align: center;">77.9</div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> 16.1 21.1 22.0 19.2 </div> </div>			Cumulative 78.5	(22.8) (21.4)
Real Estate	100.8%	<div> <div style="background-color: #f4a460; width: 44.1%; text-align: center;">44.1</div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> 7.0 7.0 12.5 17.7 </div> </div>			Cumulative 44.4	4.0 4.5
Leisure Services	101.4%	<div> <div style="background-color: #f4a460; width: 22.3%; text-align: center;">22.3</div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> 3.6 5.8 7.2 5.8 </div> </div>			Cumulative 22.6	(3.6) (3.2)
Retailing	101.0%	<div> <div style="background-color: #f4a460; width: 86.7%; text-align: center;">86.7</div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> 19.3 22.3 24.3 21.5 </div> </div>			Cumulative 87.5	(0.0) 0.2

Consolidated Statement of Income Impact of COVID-19

(Unit: Billions of yen)	Impact amount		Main factors
	Revenue from operations	Operating profit	
Transportation	(44.6)	(37.0)	
Railway	(30.3)	(25.6)	Decrease in the number of plane passengers and decrease in the number of passengers carried due to persons voluntarily refraining from going outside
Bus	(12.4)	(10.8)	Decrease in the number of plane passengers and decrease in the number of passengers carried due to persons voluntarily refraining from going outside
Taxi	(1.8)	(0.6)	Decrease in the number of passengers due to persons voluntarily refraining from going outside
Real Estate	(8.5)	(1.3)	
Real estate sales	(7.4)	(0.8)	Reduction of condominium sales activities (closing of condominium showroom from April through May)
Real estate leasing	(1.1)	(0.5)	Decrease in revenue from tenant rent due to temporary closures, etc.
Leisure Services	(21.7)	(9.3)	
Business hotels	(15.2)	(7.1)	Decrease in the number of hotel guests due to persons voluntarily refraining from going outside
Leisure-related facilities	(3.2)	(1.3)	Temporary closure of a portion of facilities due to persons voluntarily refraining from going outside and shortened operating hours
Leisure, other	(3.3)	(0.8)	Decrease in advertisement orders due to voluntary reductions in sales promotion Closings and shortened operating hours in the restaurant business

Note: The above impact amounts are only estimates. The impact amounts for operating profit are only the expected decreases in expenses directly related to decreases in profit and therefore may decrease.

Consolidated Statement of Income Impact of COVID-19

(Unit: Billions of yen)	Impact amount		Main factors
	Revenue from operations	Operating profit	
Retailing	(11.7)	(1.8)	
Department store / SC	(7.0)	(1.5)	
Department store	(5.8)	(0.7)	Temporary closings and shortened operating hours
SC * Former Retailing, other	(1.2)	(0.7)	Temporary closings and shortened operating hours
Store business	(4.7)	(0.2)	
Supermarkets	0.3	0.7	Higher demand for eating at home
Convenience store / Merchandise sales, etc. * Former Merchandise sales	(4.3)	(1.0)	Decrease in railway passengers, temporary closings and shortened operating hours
Other	(2.3)	(0.4)	Extension, etc. of construction period
Total	(89.0)	(50.0)	

Note: The above impact amounts are only estimates. The impact amounts for operating profit are only the expected decreases in expenses directly related to decreases in profit and therefore may decrease.

Transportation was enormously impacted by people refraining from going outside due to the spread of COVID-19.

Railway operations : Both revenue and profit decreased mainly from a significant decrease in the number of passengers carried despite decreases in repair work expenses, power expenses, expenses, personnel expenses, etc.

Bus operations : Both revenue and profit decreased mainly from a significant decrease in the number of passengers carried despite decreases in fuel expenses, personnel expenses, etc.

Taxi operations : Both revenue and profit decreased mainly from a significant drop in the number of passengers.

(Unit: Millions of yen)	Revenue from operations				Operating profit			
	FY2020 Actual	FY2019 Actual	YoY changes		FY2020 Actual	FY2019 Actual	YoY changes	
Transportation	78,553	121,024	(42,471)	(35.1%)	(21,434)	12,875	(34,310)	－%
Railway	54,631	83,443	(28,811)	(34.5%)	(12,309)	12,371	(24,680)	－%
Bus	21,196	33,404	(12,208)	(36.5%)	(8,564)	640	(9,205)	－%
Taxi	2,725	4,176	(1,451)	(34.7%)	(560)	(136)	(424)	－%

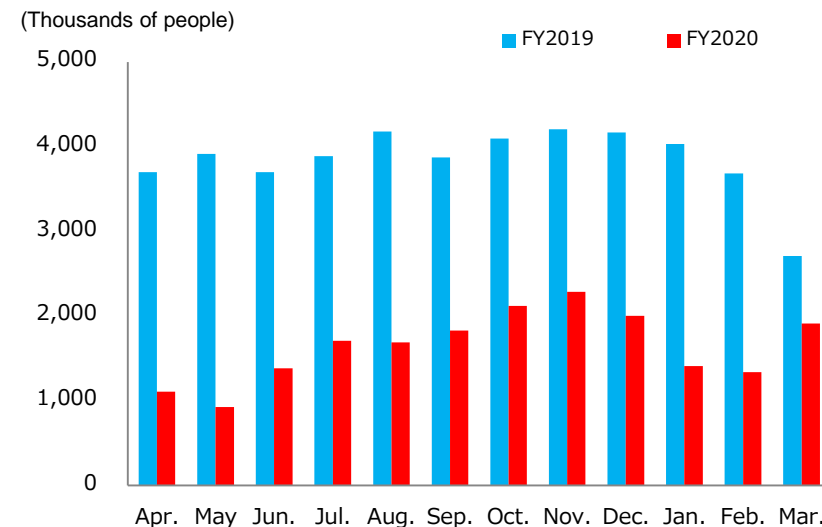
< Results in railway operations: number of passengers carried & revenue from railway operations >

	Number of passengers carried (Thousands of people)				Revenue from railway operations (Millions of yen)			
	FY2020 Actual	FY2019 Actual	YoY changes		FY2020 Actual	FY2019 Actual	YoY changes	
Commuter	198,633	269,333	(70,700)	(26.3%)	23,792	31,882	(8,090)	(25.4%)
Non commuter	136,271	212,854	(76,583)	(36.0%)	28,157	48,189	(20,031)	(41.6%)
Total	334,904	482,187	(147,283)	(30.5%)	51,950	80,072	(28,122)	(35.1%)

<Number of passengers carried: Total of the two Haneda Airport stations>

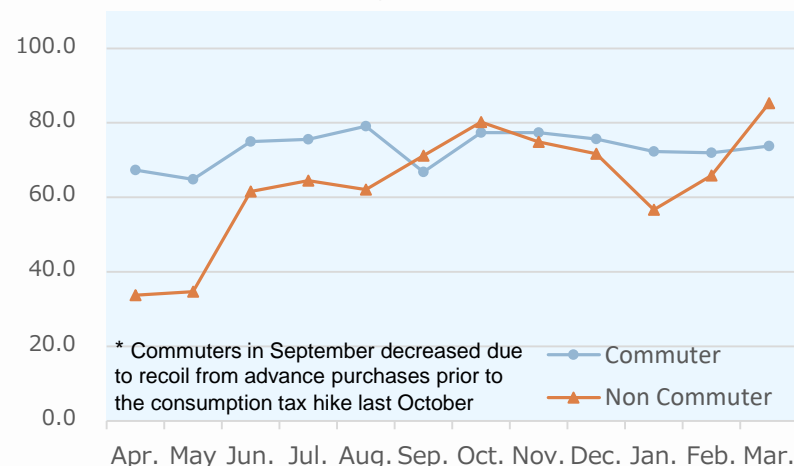
	Number of passengers carried (Thousands of people)			
	FY2020 Actual	FY2019 Actual	YoY changes	
Commuter	5,124	8,680	(3,556)	(41.0%)
Non commuter	14,579	37,476	(22,897)	(61.1%)
Total	19,703	46,156	(26,453)	(57.3%)

Number of passengers carried per month: Total of the two Haneda Airport stations

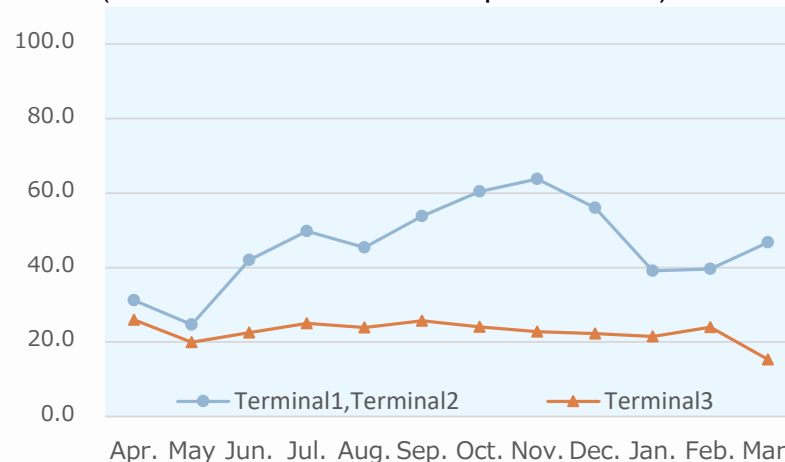


< Railway >

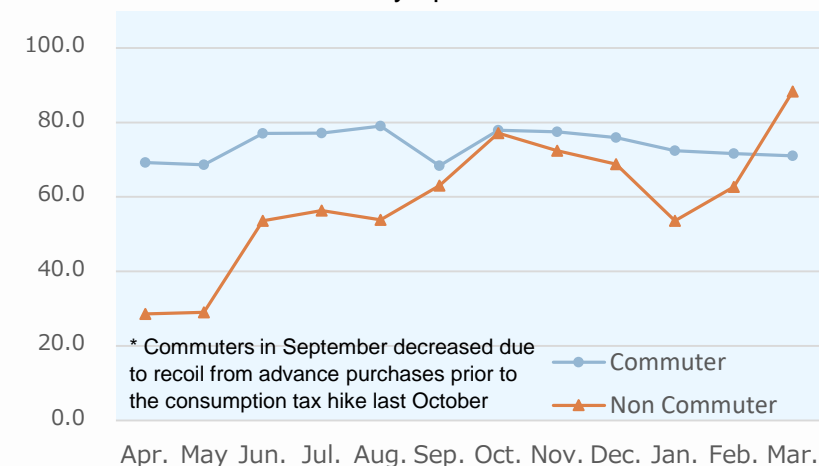
(%) Number of passengers carried (total of all lines)



Number of passengers carried (total of the two Haneda Airport stations)

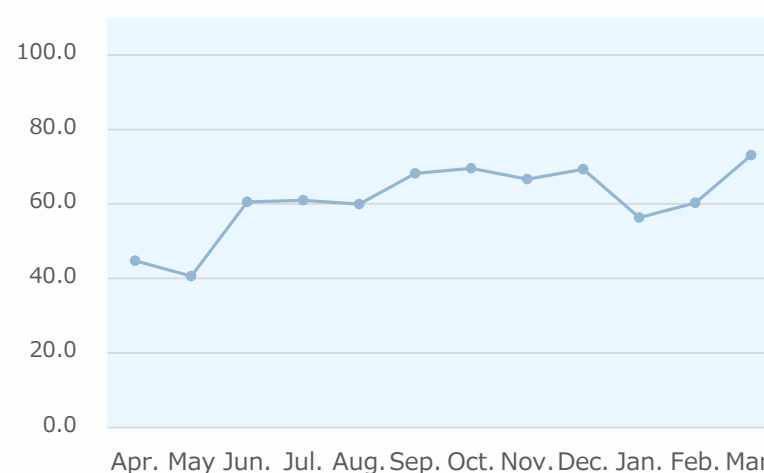


(%) Revenue from railway operations



< Bus >

(%) Sales



*In March of the previous year, due to the impact of Corona, we prepared a comparison with the figures originally planned before Corona.

Real estate sales business : Both revenue and profit decreased due to factors such as the absence of sales of large condominiums recorded in the previous fiscal year.

Real estate leasing operations : Both revenue and profit decreased due to the closure of some rental buildings for development projects in the area around Shinagawa Station, in addition to the impact of the suspension of operations at some stores as a result of the spread of COVID-19, leading to lower revenue from tenant rent (primarily percentage rent)

(Unit: Millions of yen)	Revenue from operations				Operating profit			
	FY2020 Actual	FY2019 Actual	YoY changes		FY2020 Actual	FY2019 Actual	YoY changes	
Real Estate	44,435	50,341	(5,905)	(11.7%)	4,579	6,109	(1,529)	(25.0%)
Real estate sales	25,057	29,454	(4,397)	(14.9%)	(130)	908	(1,039)	—%
Real estate leasing	19,377	20,886	(1,508)	(7.2%)	4,709	5,200	(490)	(9.4%)

<Number of units or plots sold: condominium and residential land/homes>

(Number of units/plots)	FY2020 Actual	FY2019 Actual	YoY changes
Condominiums	397	355	11.8%
Residential land/homes	104	151	(31.1%)

<Balance of land for sale in lots and buildings>

(Unit: Billions of yen)

Condominiums	Salable land
35.3	2.7

<Properties to be delivered in FY2020>

(Number of units)	Total number	Delivery date
PRIME PARKS Kamiooka THE RESIDENCE	200	March 2021
PRIME Style Kawasaki	126	March 2021
PRIME Hayama	183	February 2020
PRIME Nishi Hachioji	81	June 2020
PRIME Konandai	55	February 2020

Leisure services were enormously impacted by a decrease in the number of customers, temporary closures, etc. due to COVID-19.

Business hotel operations : Despite the new building opening both revenue and profit decreased as a result of a decline in the number of hotel guests following the spread of COVID-19.

Leisure-related facilities : Decrease in sales and profits due to temporary closings and shortened operating hours, etc.

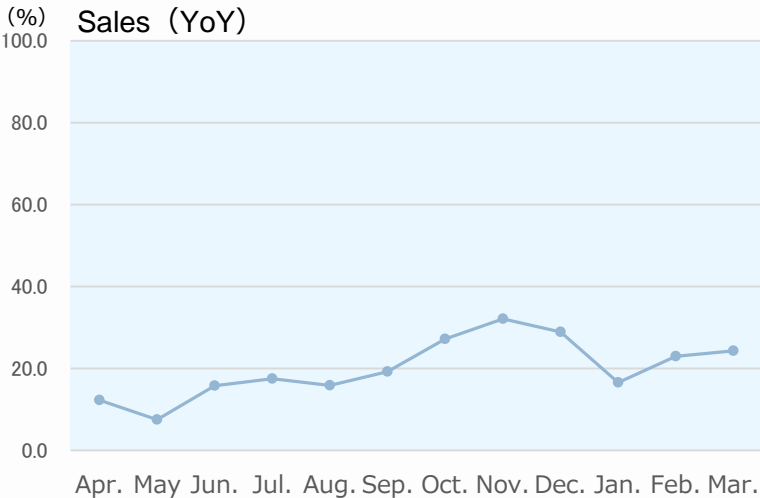
Leisure, other : Both revenue and profit decreased mainly due to a decrease in advertisement orders.

(Unit: Millions of yen)	Revenue from operations				Operating profit			
	FY2020 Actual	FY2019 Actual	YoY changes		FY2020 Actual	FY2019 Actual	YoY changes	
Leisure Services	22,619	38,931	(16,312)	(41.9%)	(3,258)	5,813	(9,072)	– %
Business hotels	2,330	10,620	(8,290)	(78.1%)	(4,047)	2,049	(6,096)	– %
Leisure-related facilities	10,236	13,075	(2,838)	(21.7%)	626	2,088	(1,462)	(70.0%)
Leisure, other	10,052	15,235	(5,183)	(34.0%)	161	1,675	(1,514)	(90.4%)

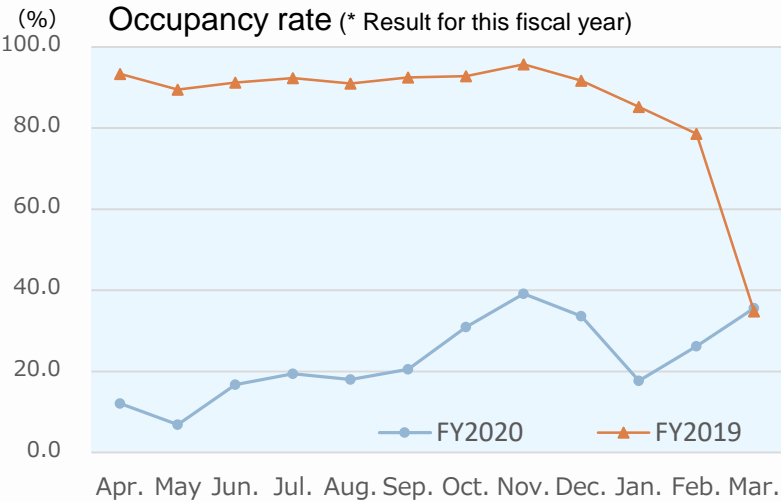
Keikyu EX Hotel • Keikyu EX Inn: Occupancy rate of guest rooms

	FY2020 Actual	FY2019 Actual	YoY changes
Occupancy rate of guest rooms	23.4%	85.6%	(62.2pt)

< Keikyu EX Hotel • Keikyu EX Inn >



*In March of the previous year, due to the impact of Corona, we prepared a comparison with the figures originally planned before Corona.



Retailing was enormously impacted by a decrease in the number of customers, temporary closures, etc. due to COVID-19 .

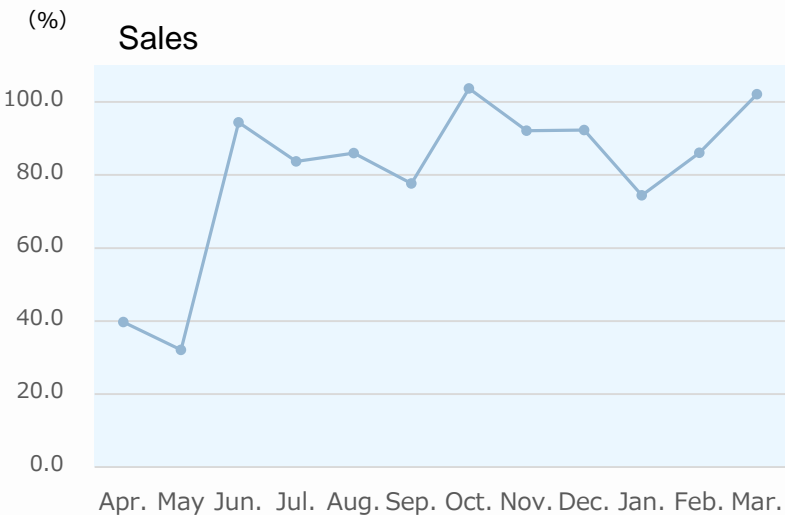
Department store/SC operations : Both revenue and profit decreased as a result of factors that included temporary closings and shortened opening hours.

Supermarket business : Revenue declined due to the closure of stores and the suspension of operations at stores for the purpose of performing seismic retrofitting work, despite the impact of increased demand for eating at home and new openings. Profit increased due to a decline in expenses caused by voluntary reductions in sales promotion activities.

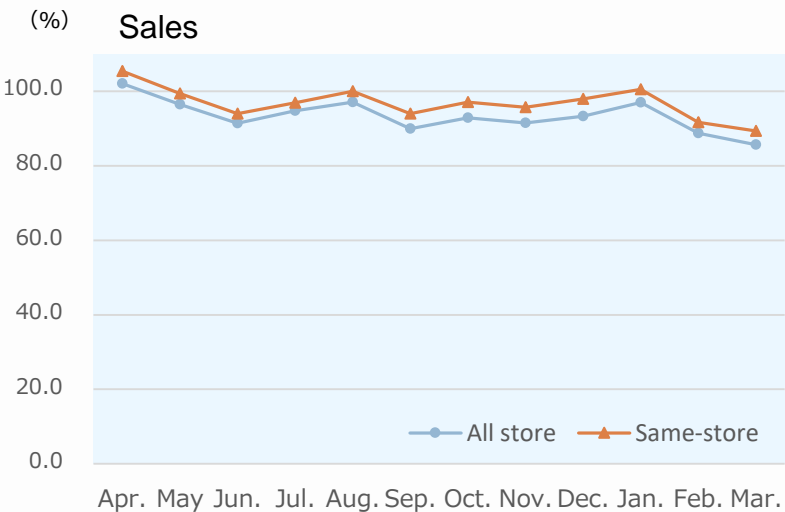
Convenience store /merchandise sales business : Both revenue and profit decreased due to a reduction in the number of passengers carried on railways and the impact of temporary closings and shortened operating hours.

(Unit: Millions of yen)	Revenue from operations				Operating profit			
	FY2020 Actual	FY2019 Actual	YoY changes		FY2020 Actual	FY2019 Actual	YoY changes	
Retailing	87,565	101,297	(13,732)	(13.6%)	281	2,658	(2,376)	(89.4%)
Department store / SC	28,834	35,342	(6,507)	(18.4%)	(620)	687	(1,308)	— %
Department store	26,244	31,811	(5,567)	(17.5%)	(422)	203	(626)	— %
SC * Former Retailing, other	2,590	3,530	(940)	(26.6%)	(197)	483	(681)	— %
Store business	58,730	65,955	(7,224)	(11.0%)	902	1,971	(1,068)	(54.2%)
Supermarkets	47,930	51,572	(3,642)	(7.1%)	653	789	(136)	(17.2%)
Convenience store / Merchandise sales, etc. * Former Merchandise sales	10,800	14,382	(3,582)	(24.9%)	249	1,181	(932)	(78.9%)

< Keikyu Department Store >



< Keikyu Store (Supermarkets) >



Both revenue and profit decreased mainly due to a reaction to the implementation of large-scale construction at Keikyu Electric Co., Ltd. in the previous fiscal year.

(Unit: Millions of yen)	Revenue from operations				Operating profit			
	FY2020 Actual	FY2019 Actual	YoY changes		FY2020 Actual	FY2019 Actual	YoY changes	
Other	46,197	58,217	(12,020)	(20.6%)	2,059	3,680	(1,620)	(44.0%)

Non-operating/Extraordinary Income and Losses

(Unit: Millions of yen)	FY2020 Actual	FY2019 Actual	YoY changes
Non-operating profit	2,961	2,349	611
Non-operating expenses	4,697	5,004	(307)
Extraordinary income	5,065	1,438	3,626
Contribution for construction	2,577	1,126	1,451
Compensation income	2,001	-	2,001
Other	486	312	173
Extraordinary losses	17,946	4,423	13,523
Impairment loss	9,510	1,714	7,796
Provision for expenses for dismantling	4,494	-	4,494
Loss on reduction of non-current assets	2,577	1,126	1,451
Other	1,363	1,582	(219)

Compensation from land readjustment project in the vicinity of Shinagawa Station (former head office building, etc.)

Impairment of Business hotel (1,965)

Close and dismantle SHINAGAWA GOOS (8,818)

*Gain on sale of non-current assets (14.9 billion yen) resulting from the transfer of trust beneficiary rights in Keikyu 7th building and Keikyu 2nd building are scheduled to be recorded in the first quarter of FY2021

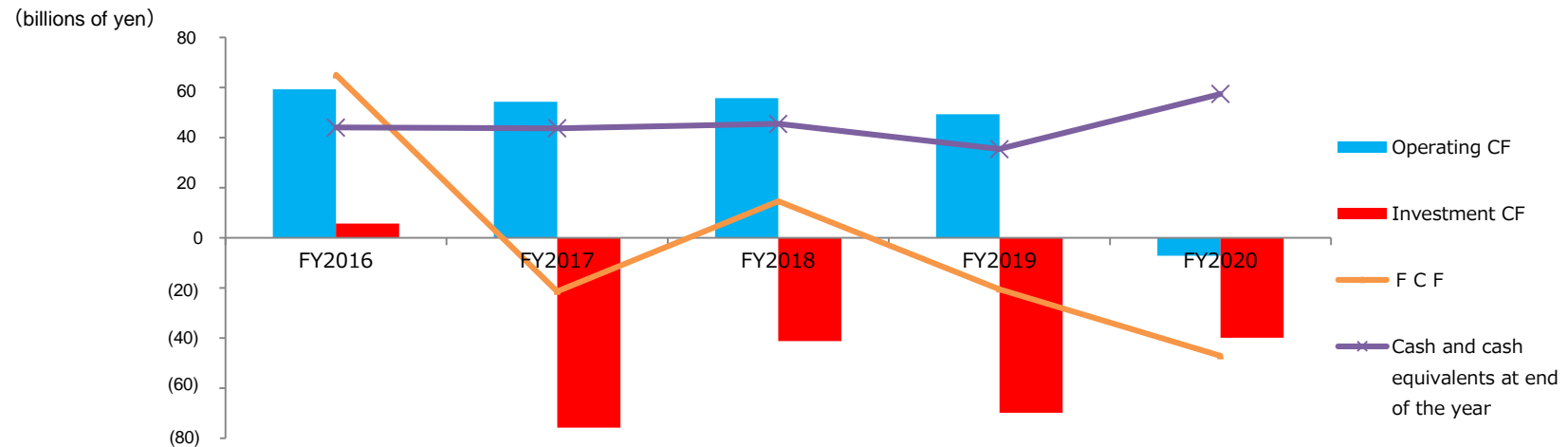
Consolidated Balance Sheet (Condensed)

(Unit: Millions of yen)	As of March 31, 2021	As of March 31, 2020	Changes
Current assets	127,783	101,179	26,603
Cash and deposits	57,600	35,555	22,044
Notes and accounts receivable - trade	9,752	12,591	(2,839)
Land and buildings for sale in lots	47,072	41,016	6,055
Non-current assets	801,270	787,232	14,038
Property, plant and equipment	658,448	662,085	(3,637)
Investments and other assets	135,625	117,756	17,869
Investment securities	75,428	68,051	7,376
Retirement benefit asset	30,099	19,192	10,907
Total assets	929,053	888,412	40,641
Total liabilities	680,002	620,756	59,245
Outstanding interest-bearing debt*	515,348	444,735	70,612
Total net assets	249,051	267,655	(18,603)
Total liabilities and net assets	929,053	888,412	40,641
Total figure for corporate bonds, and debt	equity-to-asset ratio 26.6%		
Net interest-bearing debt outstanding	457,747	409,179	48,568

- Significant decrease in cash flow from operating activities due to the impact of COVID-19.

(Unit: Millions of yen)	As of March 31, 2021	As of March 31, 2020	Changes
Cash flows from operating activities	(7,219)	49,343	(56,563)
Cash flows from investing activities	(39,920)	(69,871)	29,951
Cash flows from financing activities	69,190	10,338	58,851
Net increase (decrease) in cash and cash equivalents	22,044	(10,186)	32,231
Cash and cash equivalents at end of the year	57,450	35,405	22,044

[Reference] Free cash flow (operating cash flow + investment cash flow)



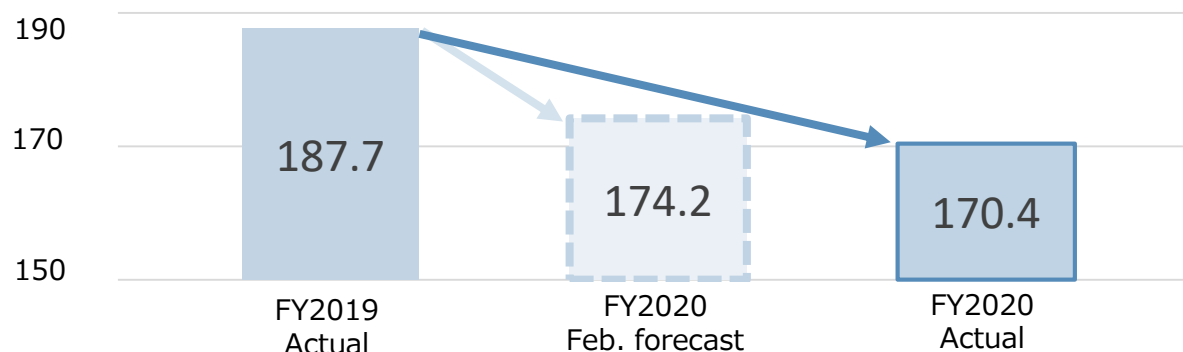
- A significant reduction in cash flow is expected to continue during the COVID-19 pandemic. Therefore, the Company will prioritize securing on-hand liquidity by implementing (i) cost reduction, (ii) further distinction of investments, and (iii) fund procurement

(i) Cost reduction (Excluding decreases in cost of sales for the retailing business and the real estate sales business)

◆ In FY2020, **expenses will decrease approximately 17.2 billion yen year on year**

((Including reclassification of 0.3 billion yen to extraordinary losses following the temporary suspension of operations))

(billions of yen)



Forecast :

Decrease / reduction of 13.5 billion yen

Actual :

Decrease / reduction of 17.2 billion yen

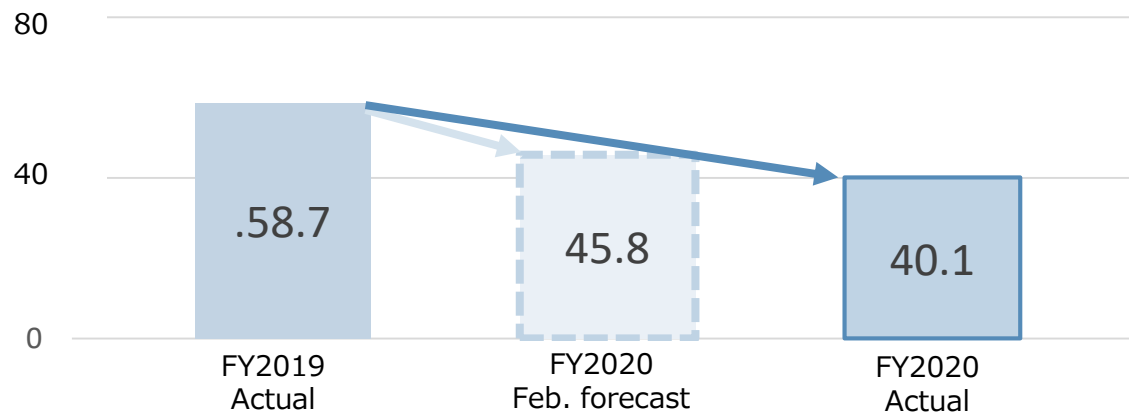
Contents :

advertising expenses personnel expenses, power expenses, repair expenses, etc.

(ii) Further distinction of investments

In FY2020, **investments will decrease approximately 18.6 billion yen year on year**

(billions of yen)



Forecast :

Decrease / reduction of 12.9 billion yen

Actual :

Decrease / reduction of 18.6 billion yen

Contents :

postponement of the timing of acquisition of rental properties along railway lines from the next fiscal year onward and the revision of bus vehicle purchases, etc.

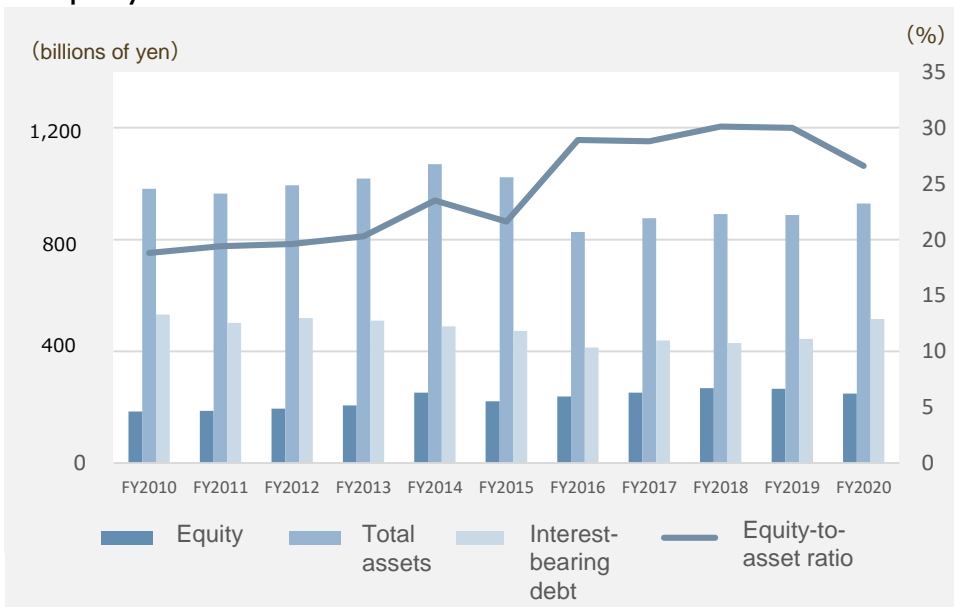
(iii) Fund procurement

- ◆ **There will not be issues with on-hand liquidity** due to the establishment of commitment credit lines with financial institutions in addition to the securing of current working capital through borrowing, commercial paper, etc.,
- ◆ Despite the increase in interest-bearing debt, **the impact on financial soundness will be limited**.
(The equity-to-asset ratio and other metrics have improved compared to at the start of the current management plan)
- ◆ Depending on how long the COVID-19 pandemic persists, the Company may consider selling assets, etc., to secure cash flow.

【Completed fund procurement】

(Unit: Billions of yen)	1 Q	2 Q	3 Q	4 Q
Borrowings	40.0	10.0	—	16.0
Corporate bonds	15.0	—	30.0	—
Commercial paper	10.0	10.0	—	—

【Equity-to-asset ratio trend】



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With no prospect of when COVID-19 will be contained, we assume a continuation of the current state of uncertainty. We have calculated business forecasts for the full year ending March 31, 2022 based on the hypothesis that the impact of the pandemic will continue until March 2023.

[Business forecast assumptions]

Common assumptions for all segments with regard to COVID-19 are as follows.

- Economic activity in Japan gradually recovers from a bottom in April-May 2020, and returns to normal levels from April 2023*
- Haneda passenger volume recovers by April 2023 on domestic lines and April 2024 on international routes
- Our forecasts are based on the most recent information available so do not factor in the impact of the latest state of emergency (April 25, 2021-), etc.

*(Calculations based on economic conditions in Japan and overseas as well as the results of an analysis by think tanks, etc.)

Assumptions and forecasts for Transportation

◆ Railway operations

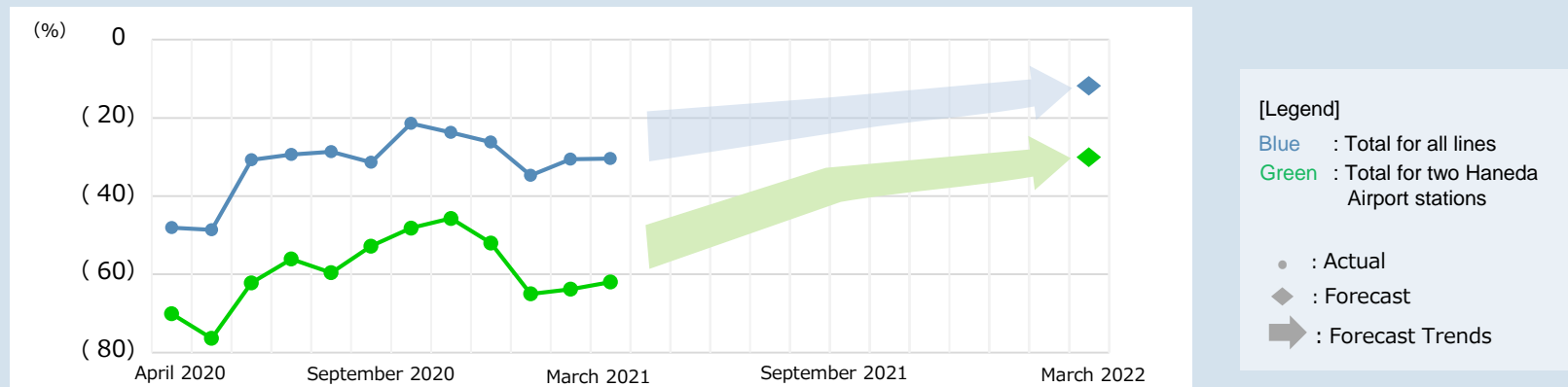
→Due to the spread of new lifestyles such as teleworking, the situation will not return to normal levels even after COVID-19 has been contained

→The number of passengers carried in Railway operations for FY2021, **relative to FY2019** are forecast to be as follows:

(As March 2020 was affected by Corona, the figures before Corona were used instead of actual results)

End of the first half : approx.(20%), End of the second half approx. (15%)

<Number of passengers carried (**relative to FY2019**)>



Assumptions and forecasts for Transportation

◆ Bus operations

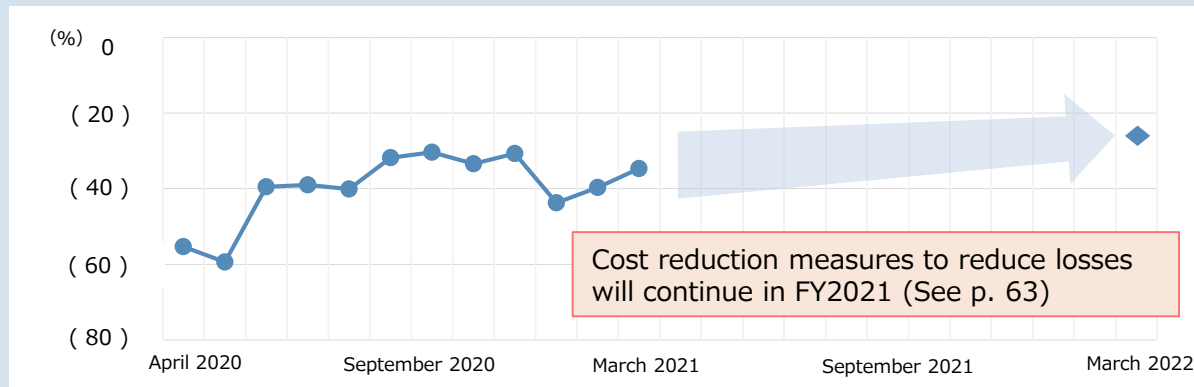
→Due to the spread of new lifestyles such as teleworking, the situation will not return to normal levels even after COVID-19 has been contained

→Bus billings for FY2021, relative to FY2019 are forecast to be as follows:

(As March 2020 was affected by Corona, the figures before Corona were used instead of actual results)

End of the first half : approx.(30%), End of the second half : approx. (25%)

<Bus billings (relative to FY2019*)>



[Legend]
● : Actual
◆ : Forecast
➡ : Forecast Trends

Assumptions for Real Estate

◆ Sales

→The impact of COVID-19 is limited, and supply of properties is proceeding according to plan

◆ Leasing

→The impact of COVID-19 is limited, and we assume similar to normal conditions

Assumptions for Leisure Services

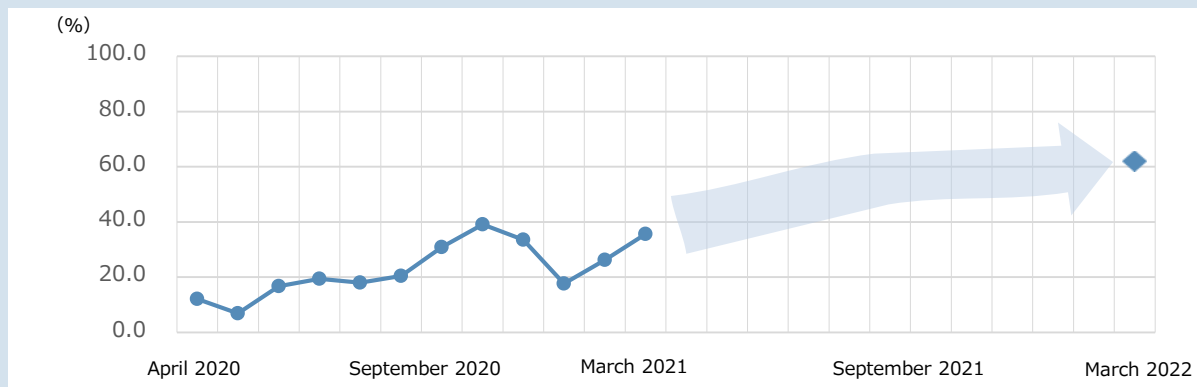
◆ Business hotels

→Accommodation demand that declined as a result of COVID-19 will gradually recover, but we expect this to be delayed at facilities that are significantly affected by Haneda passenger volume.

→ Forecasts for occupancy rates are First half: 56% (down 35pt); second half: 61% (down 18pt); full year: 59% (down 26pt)

* Figures in parentheses () are changes relative to FY2019

<Occupancy rate in business hotels>



【凡例】

- : Actual
- ◆ : Forecast
- ➡ : Forecast Trends

Assumptions for Retailing

◆ Department store/SC

→To recover gradually following the containment of COVID-19.

◆ Supermarkets

→Coronavirus-driven special demand related to eating at home, and demand for products consumed at home, will pause temporarily.

◆ Convenience store/merchandise sales

→Stores, primarily those within stations, will recover gradually following the pickup in the number of passengers carried on railways

Impact of compliance with Accounting Standard for Revenue Recognition (new revenue standard)

- ◆ The major changes in standards for each segment following the application in principle of the new revenue standard, which begins in FY2021, are as follows.

	Item	Change		Impact on revenue
Transportation	Commuter passes/ books of tickets revenue	Previous standard	Recorded proportionally by month beginning in the month of sale	Negligible
		New standard	Recorded proportionally by month beginning in the month in which usage begins (first valid month)	
	Advertising income	Previous standard	Recorded as a lump sum in the month of sale	Negligible
		New standard	Recorded proportionally over the period in which it is in effect	
Real Estate	Sales brokerage/ outsourcing service income	Previous standard	Recorded as a lump sum when handover is complete	Negligible
		New standard	Contract/handover is recognized as performance of obligation, and allocated at each point in time	
Leisure Services	Revenue from advertising agency operations	Previous standard	Total advertising revenue recorded	Approx. 2.0 billion decrease*
		New standard	Only business commission received is recorded	
Retailing	Revenue from consignment buying system etc.	Previous standard	Total amount recorded	Approx. 16.0 billion decrease
		New standard	Deemed an agency transaction, net amount is recorded	

*In the Leisure Services, The impact on the total revenue from operations is negligible by inter-segment adjustment.

(Unit: Billions of yen)	FY2021 forecast	FY2020 Actual	Changes
Revenue from operations	275.0*	234.9	40.0
Operating profit	3.4	(18.4)	21.8
Ordinary profit	0.4	(20.1)	20.5
Profit attributable to owners of parent	9.2	(27.2)	36.4

*Includes decrease in revenue [approx. (19.0) billion yen] due to the change in standards for revenue recognition

(Unit: Billions of yen)	FY2021 forecast	FY2020 Actual	Changes
Amount of capital Investment*	79.7	43.9	35.7
Depreciation	28.5	31.7	(3.1)
Net income per Share(yen)	33.42	(98.83)	132.25

* Includes contribution for construction, etc.

FY2021 [forecast] :13.2 billion yen, FY2020 [actual] :3.8 billion yen

(Unit: Billions of yen)		FY2021 forecast	FY2020 Actual	Changes
Transportation	Revenue from operations	94.1	78.5	15.5
	Operating profit	(4.7)	(21.4)	16.7
Real Estate	Revenue from operations	76.2	44.4	31.7
	Operating profit	7.3	4.5	2.7
Leisure Services	Revenue from operations	25.8	22.6	3.1
	Operating profit	(0.4)	(3.2)	2.8
Retailing	Revenue from operations	70.1	87.5	(17.4)
	Operating profit	0.3	0.2	0.0
Other	Revenue from operations	44.1	46.1	(2.0)
	Operating profit	1.4	2.0	(0.6)
Adjustments	Revenue from operations	(35.4)	(44.4)	9.0
	Operating profit	(0.5)	(0.6)	0.1

*Includes decrease in revenue 〔 approx. (2.0) billion yen in Leisure Services and approx. (16.0) billion yen, etc. in Retailing 〕 due to the change in standards for revenue recognition

- Reflects recovery after the COVID-19 pandemic
- Railway operations : higher revenue and higher profit as a result of an increase in the number of passengers carried and the implementation of cost reduction measures
 - Bus operations : higher revenue and decreased loss due to an increase in the number of passengers carried, primarily on general routes, and the implementation of cost reduction measures
 - Taxi operations : higher revenue and higher profit due to an increase in the number of passengers

(Unit: Billions of yen)	Revenue from operations			Operating profit		
	Forecast	Actual	Changes	Forecast	Actual	Changes
Transportation	94.1	78.5	15.5	(4.7)	(21.4)	16.7
Railway	66.9	54.6	12.2	0.4	(12.3)	12.7
Bus	23.8	21.1	2.6	(5.0)	(8.5)	3.5
Taxi	3.3	2.7	0.5	0.0	(0.5)	0.5

< Results in railway operations: number of passengers carried & revenue from railway operations >

	Number of passengers carried (Millions of people)			Revenue from railway operations (Billions of yen)		
	Forecast	Actual	Changes	Forecast	Actual	Changes
Commuter	222	198	24	25.8	23.7	2.0
Non commuter	183	136	47	38.4	28.1	10.3
Total	406	334	71	64.2	51.9	12.3

<Number of passengers carried: Total of the two Haneda Airport stations>

	Number of passengers carried (Millions of people)		
	Forecast	Actual	changes
Commuter	6	5	1
Non commuter	26	14	12
Total	33	19	13

Real estate sales business : higher revenue and higher profit as a result of stable supply of condominiums for sale, and sales of large office buildings, etc.

Real estate leasing operations : lower revenue and lower profit as a result of the decline in rents caused by the closure of SHINAGAWA GOOS and the sales of Keikyu 7th building and Keikyu 2nd building.

(Unit: Billions of yen)	Revenue from operations			Operating profit		
	Forecast	Actual	Changes	Forecast	Actual	Changes
Real Estate	76.2	44.4	31.7	7.3	4.5	2.7
Real estate sales	58.9	25.0	33.8	4.3	(0.1)	4.4
Real estate leasing	17.3	19.3	(2.0)	3.0	4.7	(1.7)

<Major properties to be delivered in FY2021>

(Number of units)	Total number	Delivery date
BRANZ TOWER Shibaura	482	January 2022(Scheduled)
PRIME Ota Yaguchi	107	March 2022(Scheduled)
PREMIST YOKOHAMA-TANMACHI	94	March 2022(Scheduled)
PRIME PARKS Kamiooka THE RESIDENCE	200	March 2021
PRIME Style Kawasaki	126	March 2021

Leisure Services (Business Forecasts)

Reflects recovery after the COVID-19 pandemic

Business hotel operations : higher revenue and decreased loss due to forecasting moderate recovery despite the impact of the closure of SHINAGAWA GOOS

Leisure-related facilities : higher revenue and higher profit in reaction to the loss of revenue caused by facilities closures in the previous fiscal year

Leisure, other : higher revenue and higher profit due to increases in advertisement orders, etc.

*Excluding the impact caused by the change in the Accounting Standard for Revenue Recognition

(Unit: Billions of yen)	Revenue from operations			Operating profit		
	Forecast	Actual	Changes	Forecast	Actual	Changes
Leisure Services	25.8	22.6	3.1	(0.4)	(3.2)	2.8
Business hotels	4.9	2.3	2.5	(1.9)	(4.0)	2.1
Leisure-related facilities	11.8	10.2	1.5	1.1	0.6	0.4
Leisure, other	8.9	10.0	(1.1)	0.4	0.1	0.2

Retailing (Business Forecasts)

Reflects recovery after the COVID-19 pandemic

Department store/SC operations : For department stores, despite the effects of the suspension of plot operations due to renewal work, the assumption is higher sales and decreased loss, driven by the rebound that took place in reaction to the suspension of operations last year

*Excluding the impact caused by the change in the Accounting Standard for Revenue Recognition

Supermarkets business : lower revenue and lower profit due to the impact of factors such as a decrease in floor space at major stores in addition to special demand related to eating at home and special demand for products consumed at home pausing temporarily

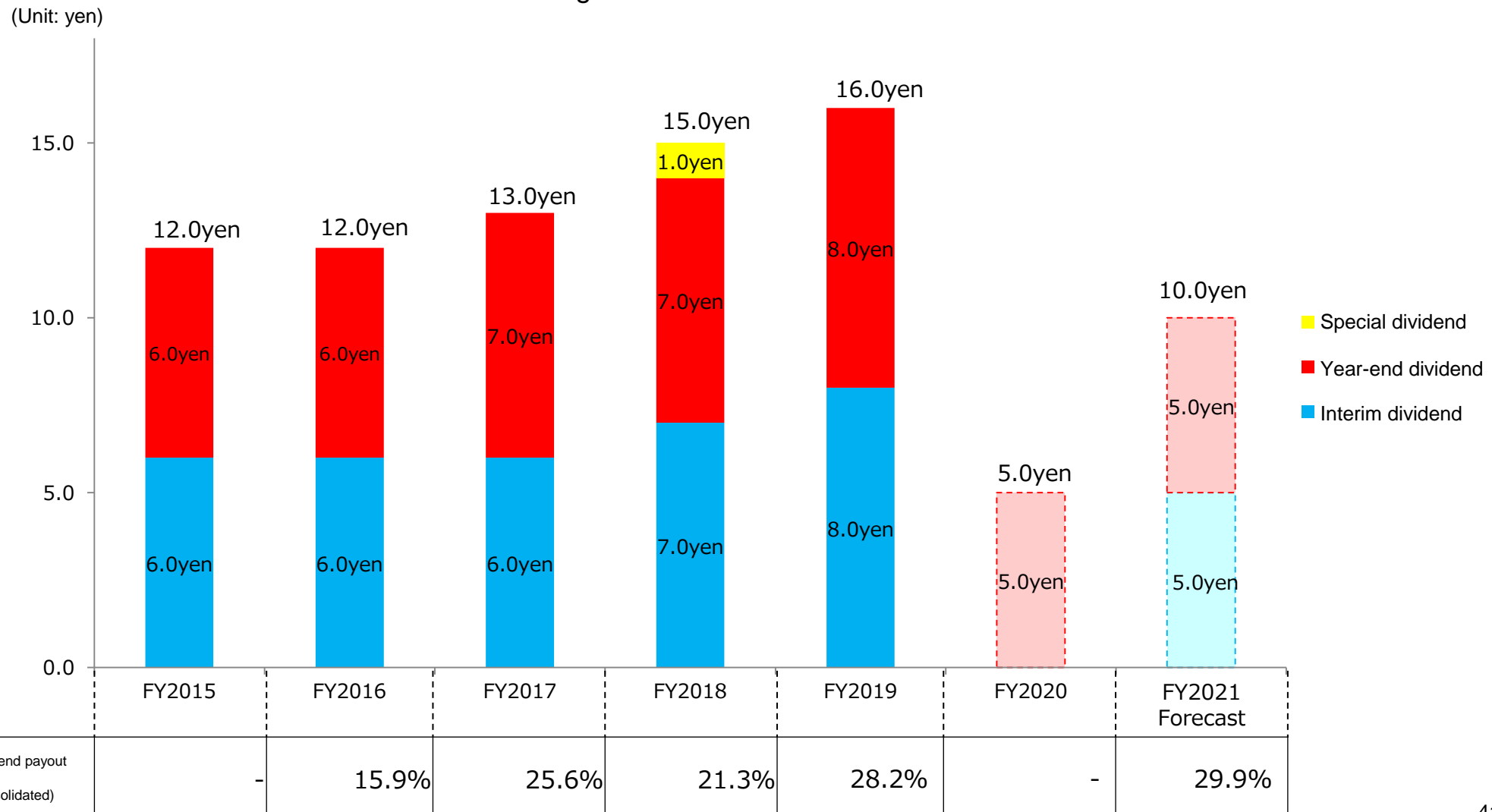
Convenience store/merchandise sales business : higher revenue and higher profit, reflecting the expectation of higher usage rates for stores within stations

(Unit: Billions of yen)	Revenue from operations					Operating profit		
	Forecast	Actual	Changes	Forecast (Previous standard)	Changes under previous standard	Forecast	Actual	Changes
Retailing	70.1	87.5	(17.4)	86.5	(0.9)	0.3	0.2	0.0
Department store / SC	14.2	28.8	(14.6)	29.9	1.0	(0.1)	(0.6)	0.5
Department store	11.3	26.2	(14.9)	27.1	0.9	(0.1)	(0.4)	0.3
SC	2.9	2.5	0.3	2.7	0.1	0.0	(0.1)	0.1
Store business	55.6	58.7	(3.1)	56.3	(2.3)	0.4	0.9	(0.5)
Supermarkets	43.2	47.9	(4.7)	43.9	(3.9)	0.1	0.6	(0.5)
Convenience store / Merchandise sales, etc.	12.4	10.8	1.5	12.4	1.6	0.3	0.2	0.0

Lower revenue and lower profit, due to lower orders resulting from the impact of COVID-19

(Unit: Billions of yen)	Revenue from operations			Operating profit		
	Forecast	Actual	Changes	Forecast	Actual	Changes
Other	44.1	46.1	(2.0)	1.4	2.0	(0.6)

- Dividend policy : In order to contribute to sustainable growth and improvement of corporate value over the medium to long term, we will strive to ensure financial soundness and balance investment for growth and shareholder returns



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Keikyu Group Integrated Management Plan

Keikyu Corporation (Securities code: 9006)

May 12, 2021

<https://www.keikyu.co.jp>

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Review of Previous Integrated Management Plan (from FY2016)



■ Long-Term Vision (target envisioned for FY2035)

With Shinagawa and Haneda as gateways, we will realize in the districts along Keikyu Railway lines a rich and varied area where many people from Japan and overseas gather

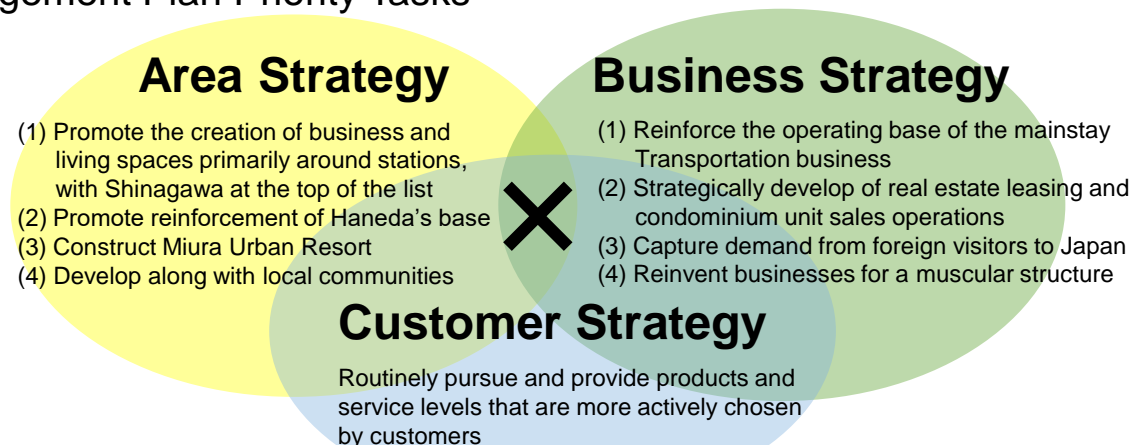
■ Long-Term Management Strategy Basic Policies (Three Pillars)



■ Long-Term Management Strategy Period Steps



■ Medium-Term Management Plan Priority Tasks



- Earnings expansion and policy of concentration and focus supported solid progress toward achieving targeted management indicators through to FY2019.
- Missed plan in FY2020 as profit and liabilities deteriorated due to the impact of the COVID-19 outbreak.

■ Progress and Evaluation of Qualitative Targets

Qualitative Targets	Evaluation
Implement the profit expansion strategy prepared for the Shinagawa Station area development period	Improve real estate leasing profits through acquisition of large-scale rental office buildings, expansion of rental condominium operations, etc. It will be necessary to continue to compensate for the closing of rental buildings for development around Shinagawa Station.
Continue and strengthen the policy of concentration and focus	Steadily implemented restructuring of retailing business, liquidation of group companies (Keikyu Kanko), etc.
Improve the balance sheet	Proceeding smoothly on sale of assets (a hotel in Daiba), etc. However, interest-bearing debt increased due to the impact of the COVID-19 outbreak.

■ Progress and Evaluation of Management Indicators

FY	2015	2016	2017	2018	2019	2020	2020 Targets	Evaluation
Operating profit (Billions of yen)	14.8	37.7	29.4	40.1	29.4	(18.4)	33.0	<ul style="list-style-type: none"> • Even excluding the impact of the COVID-19 pandemic, likely slightly below target in FY2020 due to the closing of rental buildings aimed at the development of areas around Shinagawa Station, etc. • In FY2020, profit declined sharply for rail and bus operations in particular due to the impact of the pandemic.
EBITDA (Billions of yen)	45.4	70.0	66.9	72.0	62.2	14.0	68.0	
Net interest-bearing debt (Billions of yen)	429.8	369.2	394.7	384.1	409.1	457.7	420.0	<ul style="list-style-type: none"> • Interest-bearing debt declined smoothly through FY2019 in part due to increased passenger revenues for railway and other businesses and sales of hotels, etc. • Net interest-bearing debt has increased significantly due to the impact of the pandemic.
Net interest-bearing debt / EBITDA ratio (Times)	9.5	5.3	5.9	5.3	6.6	32.5	6.2	

	Item	Progress	Evaluation
Area Strategy	(1) Promote the creation of business and living spaces primarily around stations, with Shinagawa at the top of the list	<ul style="list-style-type: none"> ● Made steady progress on development projects in the area around Shinagawa Station <ul style="list-style-type: none"> • Decision on city planning in the West Exit area (Takanawa 3-chome) and conclusion of an agreement to promote the development of complex facilities jointly with Toyota Motor Corporation • Closed SHINAGAWA GOOS • City planning decision on commercial areas adjoining station and business approval of land readjustment project • Participated as a business partner to provide support for formulating a business plan for the National Route 15/Shinagawa Station West Exit Plaza (constructed above the national route) project led by the Ministry of Land, Infrastructure, Transport and Tourism • City planning decision and business approval of continuous elevated railway project. ● Participation and promotion of large-scale business development along railway lines, including the Minato Mirai 21 Central District Block 53 development project and previous government office block in Yokohama city utilization project, etc. 	Favorable <ul style="list-style-type: none"> • Regarding development projects in the area around Shinagawa Station, we have reliably promoted coordination with related parties and are on schedule. • We have steadily acquired opportunities to participate in various development projects that contribute to urban development in order to further improve value along railway lines.
	(2) Promote reinforcement of Haneda's base	<ul style="list-style-type: none"> ● In order to improve the access convenience of Haneda Airport, we promoted the Haneda Airport Terminal 1 and 2 station pocket track maintenance project in collaboration with the Ministry of Land, Infrastructure, Transport and Tourism. The Ministry of Land, Infrastructure, Transport and Tourism budgeted the project. ● Participated in the development of Haneda Innovation City for the development of the Haneda area. In addition, we have developed rental condominiums, facilities under elevated tracks, Keikyu EX Inn, etc. in neighboring areas such as around Keikyu-Kamata Station. 	Favorable <ul style="list-style-type: none"> • Steadily seized business opportunities accompanying the uptrend in people using the airport and have engaged in the development of various facilities.
	(3) Construct Miura Urban Resort	<ul style="list-style-type: none"> ● Specially planned passenger tickets increased customer demand for visiting the Miura Peninsula (Renewal of Misaki Maguro Day Trip Ticket, Hayama Excursion Ticket Renewal, launched sales Miura Peninsula Enjoyable Ticket) ● Improved added value at existing hotels, such as building a glamping facility at Kannonzaki and a new hot spring bath at Aburatsubo. 	Further improvement needed <ul style="list-style-type: none"> • Steady progress on measures to capture non-resident tourism. (Record use of specially planned passenger tickets) • In the future, drastic construction will be needed through collaboration with regional and external players.
	(4) Develop along with local communities	<ul style="list-style-type: none"> ● Revitalize and improve value of areas along railway lines in collaboration with the government, universities, local communities, and companies. ● Industry, government, academia, and private collaboration on projects such as the revitalization of the southern part of Yokohama and the Yokosuka Smart Mobility Challenge, to develop services tailored to the region. 	Favorable <ul style="list-style-type: none"> • Making progress with various initiatives to solve local issues and improve convenience.

	Item	Progress	Evaluation
Business Strategy	(1) Reinforce the operating base of the mainstay Transportation business	<ul style="list-style-type: none"> ● Strategic additional fare reductions aimed at improving access to Haneda, and expansion of multilingual services. ● Increased the number of Morning Wing trains and made new Wing Seats to facilitate travel comfort. ● Improved business efficiency and strengthened ability to secure talented human resources through the reorganization of the railway operations. 	Favorable <ul style="list-style-type: none"> • Improved convenience, added value, made business operations more efficient.
	(2) Strategically develop real estate leasing and condominium unit sales operations	<ul style="list-style-type: none"> ● Participated in the promotion of large-scale development projects and the development of space under elevated tracks (production sites, medical mall, food hall, and other development leveraging the characteristics of the local area). ● Acquired rental office buildings (three buildings, including Shiba Park Building), stable supply of condominiums, increased the number of rental condominiums. 	Favorable <ul style="list-style-type: none"> • Steady business development contributed to the stable profit growth for the Group.
	(3) Capture demand from foreign visitors to Japan	<ul style="list-style-type: none"> ● Expanded KEIKYU TIC (Keikyu Tourist Information Center) services. (opening of a new facility at Shinagawa Station, etc.) ● Strengthened the transmission of information. (Taiwan Railways Administration, Tourism Bureau of Republic of China (Taiwan), SNS, Travel Expo, VJ business, travel agencies, etc.) 	Favorable <ul style="list-style-type: none"> • Continued to respond to inbound tourism and capture inbound demand.
	(4) Reinvent businesses for a muscular structure	<ul style="list-style-type: none"> ● Restructuring of retailing business, liquidation of group companies (Keikyu Kanko), sale of assets (a hotel in Daiba), etc. 	Further improvement needed <ul style="list-style-type: none"> • Implemented the policy of concentration and focus. • Impact of the COVID-19 outbreak resulted in an increase in interest-bearing debt.
Customer Strategy	Routinely pursue and provide products and service levels that are more actively chosen by customers	<ul style="list-style-type: none"> ● Aggregated customer feedback and strengthened analytical capabilities by expanding customer management systems, etc. ● Introduction of Group integrated data system for data-driven marketing*. <p>*Marketing method based on data analysis</p>	Favorable <ul style="list-style-type: none"> • Strengthened information aggregation and analysis systems to improve customer service.

Issues with the Previous Integrated Management Plan	Changes in the business environment
<ul style="list-style-type: none">Based on the progress of the previous medium-term management plan, it is necessary to build a system for each business to further improve profits and to manage operations with an awareness of financial soundness.Need to deal with the increase in debt due to the COVID-19 outbreak and the deterioration of financial soundness due to the large-scale investment in development projects in the area around Shinagawa Station	<ul style="list-style-type: none">The COVID-19 outbreak has created dramatic and irreversible medium- to long-term changes in social structure and lifestyles.Increasing need for sustainable development of regions and companies.



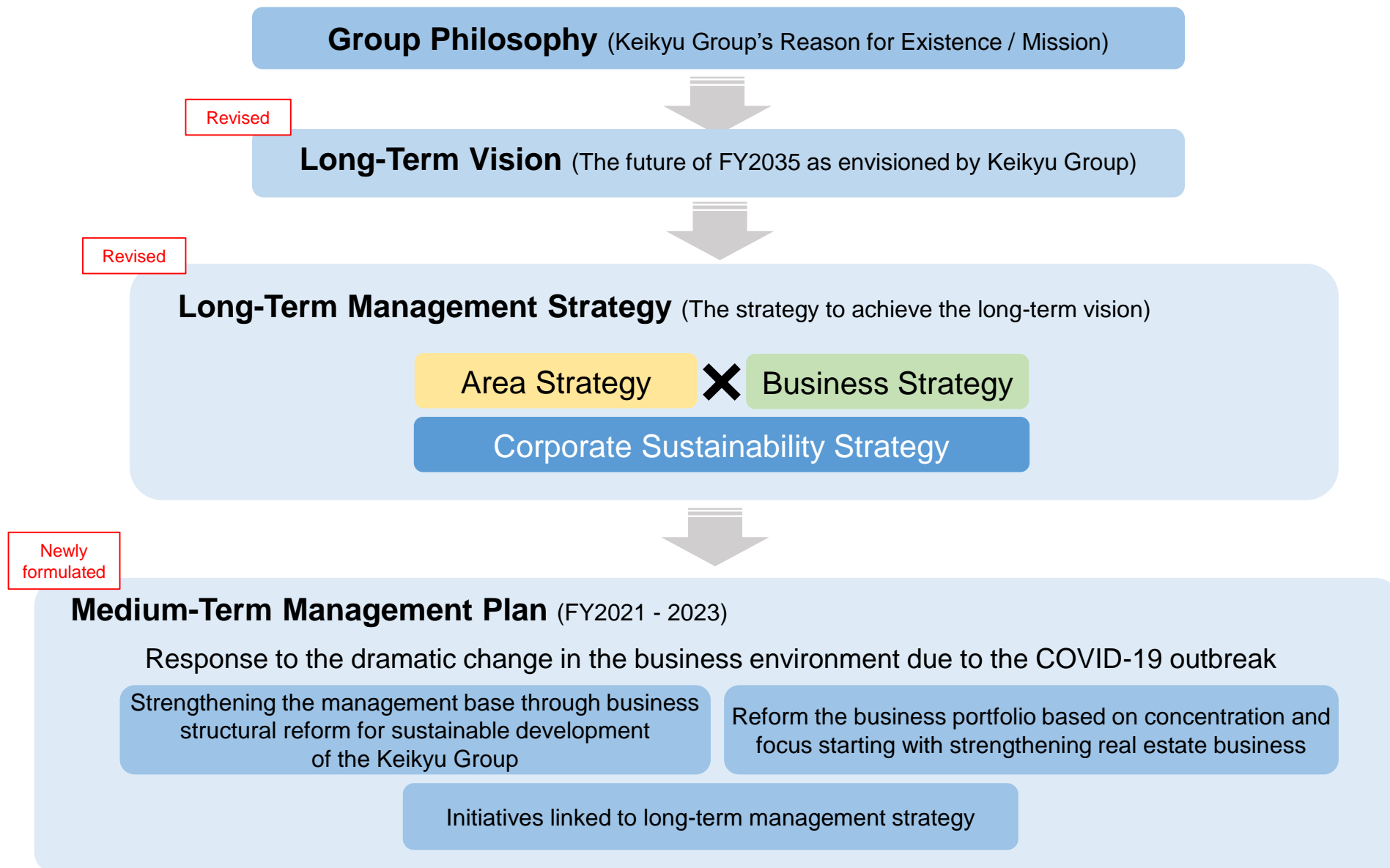
Drastic Change Needed

- **Revise long-term vision and long-term management strategy based on issues with the previous integrated management plan and changes in the business environment.**
- **Formulate new medium-term management plan aimed at successfully completing development projects in the area around Shinagawa Station, with an emphasis on responding to dramatic changes in the external environment.**
- **Update the new integrated management plan as visibility increases on changes in the business environment due to the COVID-19 outbreak and on plans for development projects in the area around Shinagawa Station.**

New Integrated Management Plan (FY2021 - 2035)



	Strengths / Opportunities	Issues / Risks
Internal factors	<ul style="list-style-type: none"> • Development in the area around Shinagawa Station • Development in the vicinity of Haneda Airport • Development of areas around stations • Railroad safety 	<ul style="list-style-type: none"> • Deterioration in financial balance due to large-scale investments • Secure and develop highly specialized staff • Progress with collection of additional fares
External factors	<ul style="list-style-type: none"> • Development in the area around Shinagawa Station (apart from Keikyu), opening of Chuo Shinkansen • Expansion of Haneda Airport, increase in foreign visitors to Japan, development in the vicinity of the airport • Growth in urban population 	<ul style="list-style-type: none"> • Decline in revenues expected from transportation and redevelopment due to the impact of the COVID-19 outbreak • Shrinking population, declining birthrate and aging population, shortage of labor • Competition for access to Haneda Airport • Risk of changes in economic conditions and fluctuations in interest rates • Contraction of the domestic travel market • Natural disasters and pandemics • Reduced mobility along with the promotion of work style reforms
Issues due to social trends, etc.	(Issues that could become an opportunity or risk depending on conditions)	
	MaaS Diversity in consumption habits Support for foreign workers ESG management	
	Life support services Workstyle reforms Strengthening of safety initiatives DX promotion (use of AI)	
	(Accelerated and newly recognized issues due to the COVID-19 outbreak)	
	Long-term economic recession Increased need for safety and security Increased ESG awareness Decline in foreign visitors to Japan (through 2023) Lifestyle changes (avoiding the three Cs, reviewing sense of value in the city and suburbs) Workstyle reforms (Telework, online work, decentralized offices)	



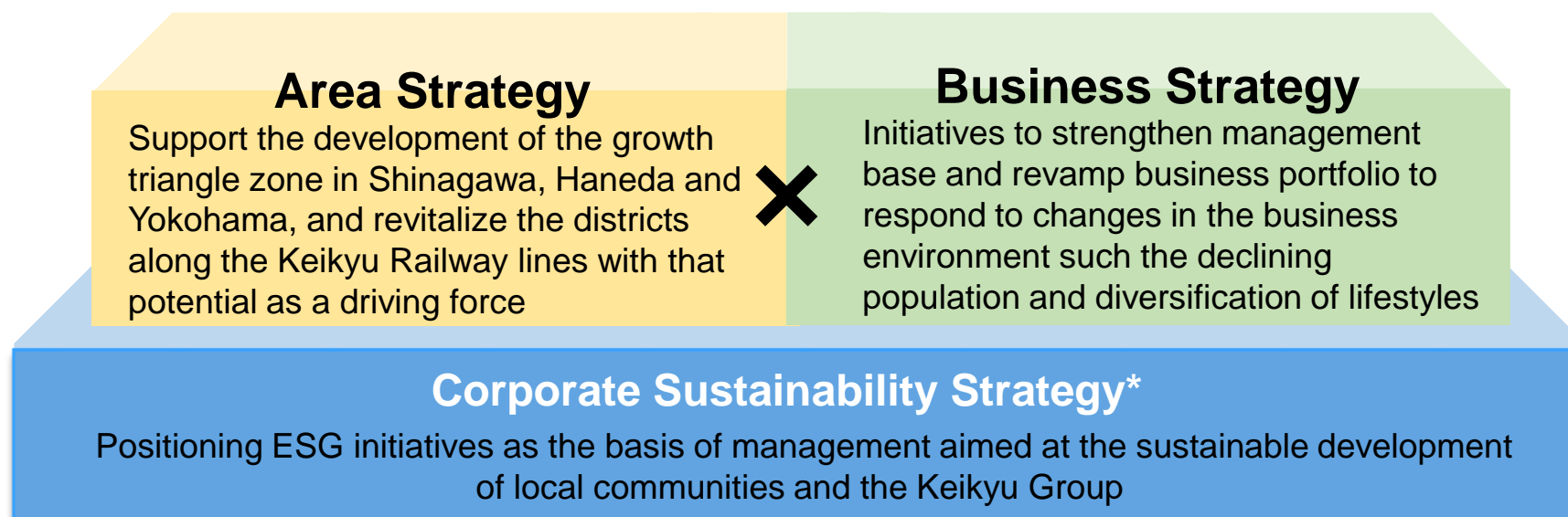
■ Group Philosophy (Keikyu Group's Reason for Existence / Mission (excerpt))

Keikyu Group contributes to the development of society by creating new value through businesses that support urban lifestyles

■ Long-Term Vision (The future of FY2035 as envisioned by Keikyu Group)

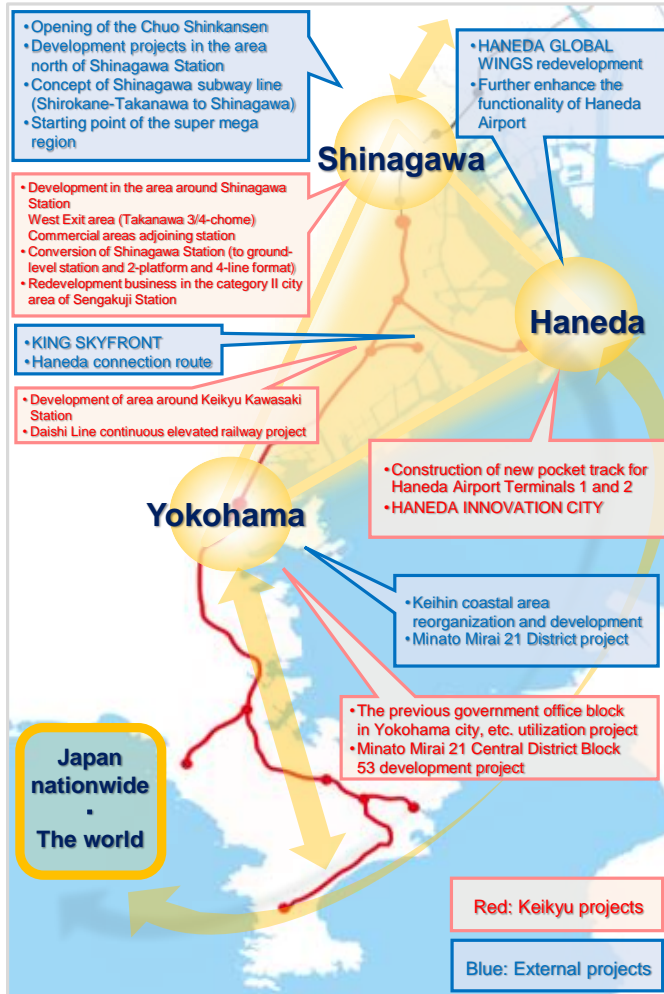
Position Shinagawa, Haneda, and Yokohama, which connect all of Japan and the world and are the driving force of Japan's development, as a growth triangle zone, and realize in the districts along Keikyu Railway lines a rich and varied area which supports the livelihood and exchange of many people in Japan and overseas while developing sustainably.

■ Long-Term Management Strategy



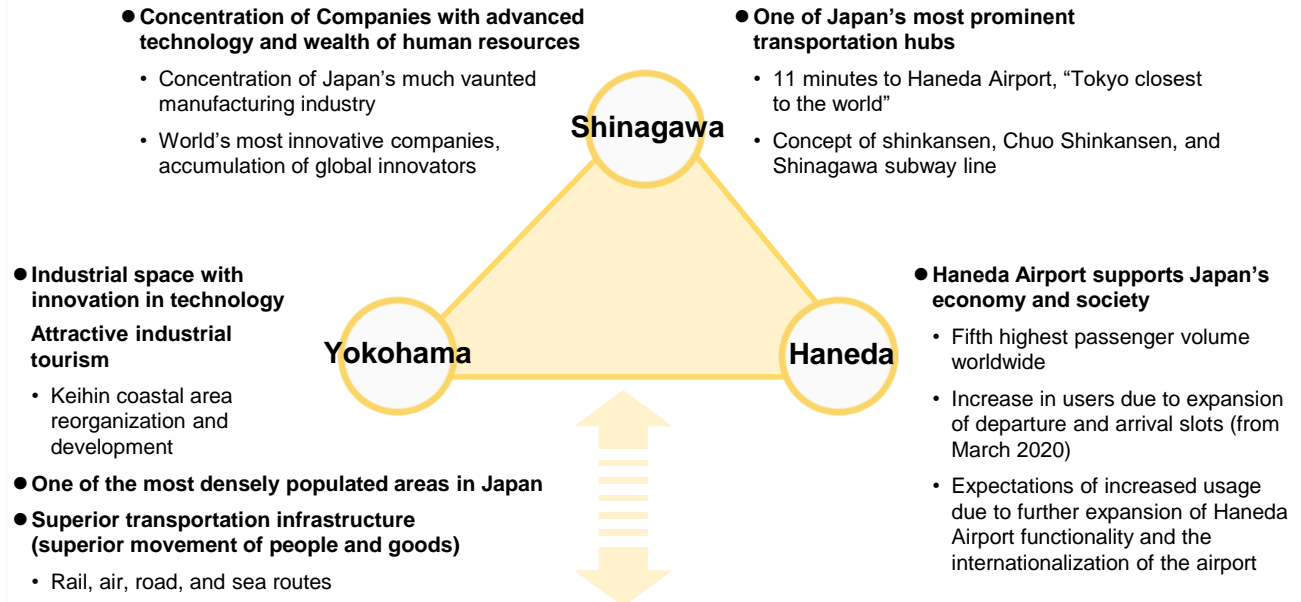
* The customer strategy in the previous management plan was included and revised in order to thoroughly implement ESG management.

Support the development of the growth triangle zone in Shinagawa, Haneda and Yokohama, and revitalize the districts along the Keikyu Railway lines with that potential as a driving force



Thoughts on the growth triangle zone

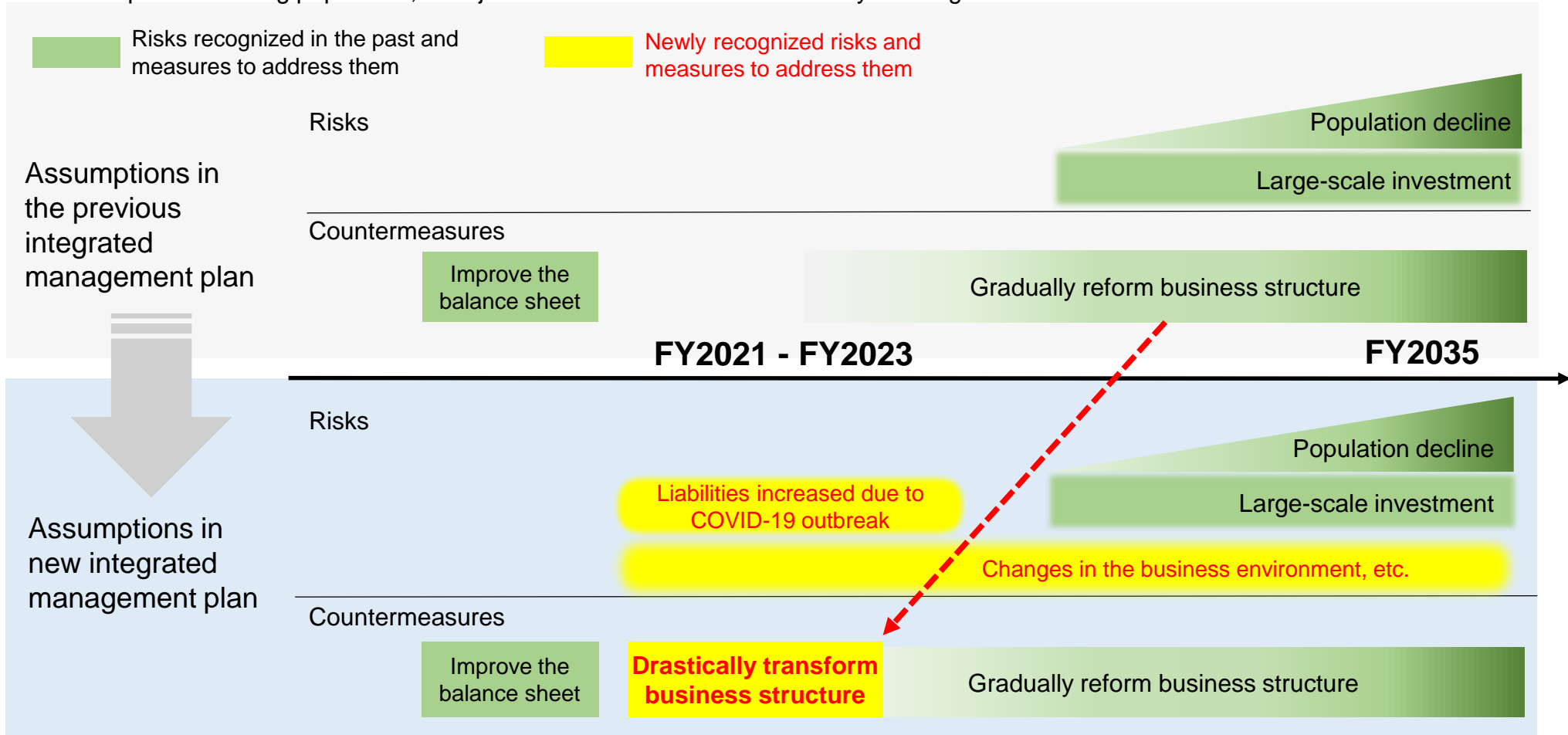
The Keihin coastal and industrial area along the Keikyu Railway lines has been a driving force of economic growth in Japan since the opening of the country to the world, and through progress in future reorganization, including the internationalization of Haneda Airport, we expect further growth and development. As a corporate group that supports the development of this area, the Keikyu Group has positioned this area between Shinagawa, Haneda and Yokohama as the “growth triangle zone.”



Development and revitalization of the districts along the Keikyu Railway lines through mutual cooperation with areas of Yokohama and to the south and along the Asakusa line, etc. centering on the growth triangle zone

Initiatives to strengthen management base and revamp business portfolio to respond to changes in the business environment such the declining population and diversification of lifestyles

- Drastic revision of business structure of the entire Group to address the constantly changing business environment, including Japan's declining population, a major risk and an acceleration in lifestyle changes due to the COVID-19 outbreak.



Positioning ESG initiatives as the basis of management aimed at the sustainable development of local communities and the Keikyu Group

- The Keikyu Group’s transportation and other businesses which support infrastructure for social life are closely connected to local communities and are engaged in activities that enrich people’s lives, consistent with ESG thinking.
- To promote business aimed at achieving our long-term vision across the entire Group, we will set KPIs for ESG management initiatives, visualize the improvement in corporate value, and target highly transparent management.

The future of
FY2035 as
envisioned by
Keikyu Group

(Long-Term Vision)
Position Shinagawa, Haneda, and Yokohama, which connect all of Japan and the world and are the driving force of Japan’s development, as a growth triangle zone, and realize in the districts along Keikyu Railway lines a rich and varied area which supports the livelihood and exchange of many people in Japan and overseas while developing sustainably.

Establish CSR materiality initiatives to solve major social issues through the Keikyu Group’s businesses

Materiality

Value-Creating CSR:	Pursuing safety, security, convenience, and added value in the transportation business. Creation of new business oppotunities in key areas. Cooperation and revitalization of areas along the railway lines.
Social contribution / philanthropy:	Activities to support the growth of the next generation in areas along the railway lines. Coexistence with areas along the railway lines. Human resource development and employee training.
Broad compliance:	Strengthening CSR reporting and penetration of CSR internally. Improving the entire Group’s responses toward society. Consideration of the environment and conservation of the ecosystem.
Narrow compliance:	Sound and highly transparent management. Creation of a comfortable working environment. Risk management

Contributing to solving social issues such as SDGs through our main business

Formulation of KPIs

KPIs shared by the Keikyu Group

Goals for solving social issues throughout the Group

KPIs in each company of the Keikyu Group

Target issues to be solved by business

■ KPIs shared by the Keikyu Group: Goals for solving social issues throughout the Group

Blue: Economic value for Keikyu
Red: Social value provided

Environment

Reduce greenhouse gas

Reduce the Keikyu Group's emissions by 1% YoY



More efficient use of energy
Measures to combat climate change

Environmental protection

Reduce plastic rubbish
Reduce paper usage



Sustainable tourism resources
Reduce the burden on the global environment

[Examples]

- Reduce railway power consumption
- Increase number of fuel cell buses
- Introduce renewable energy

Promote MaaS

Modal shift
Revitalize regions



Expand demand for secondary traffic
Revitalize areas along railway lines and eliminate traffic congestion

Collaboration with local communities

Creating attractive tourist destinations
Volunteer activities



Strengthen regional relations and improve the attractiveness of tourist destinations
Environmental conservation / resolution of regional issues

[Examples]

- Promotion of Universal MaaS to support persons who have mobility difficulties (achievement period: FY2023)
- Introduction of service equivalent to MaaS Level 2 by preparing contents with regional collaboration (achievement period: FY2023)

Social

Promote diversity

Female managerial positions
Childcare leave for men



Secure diverse human resources and labor force
Realization of a society that respects human rights

Improve Employee Satisfaction

Ensuring employees' health and safety



Improve employee productivity
Economic growth and creation of added value

[Examples]

- Ratio of female managerial positions 10% or more*
- Childcare leave for men 100%*
- Maintenance of employment rate of legally disabled people
- Improvement of employment ratio of female staff

[Examples]

- Improvement of work-life balance
- Achievement of certification as a health & productivity management outstanding organization (white 500) (achievement period: FY2022)
- Improvement of engagement
- Zero accidents and disasters

Governance

Strengthen management oversight

More than one-third of the board composed of outside directors*

Enhance internal regulation system

Establish a risk management committee (provisional)*

Bolster compliance

Zero violation of laws by penetration of compliance helpline

* Only targeted by the Keikyu Corporation. Target values for other items are set for each company.

■ KPIs in each company of the Keikyu Group: Target issues to be solved by business

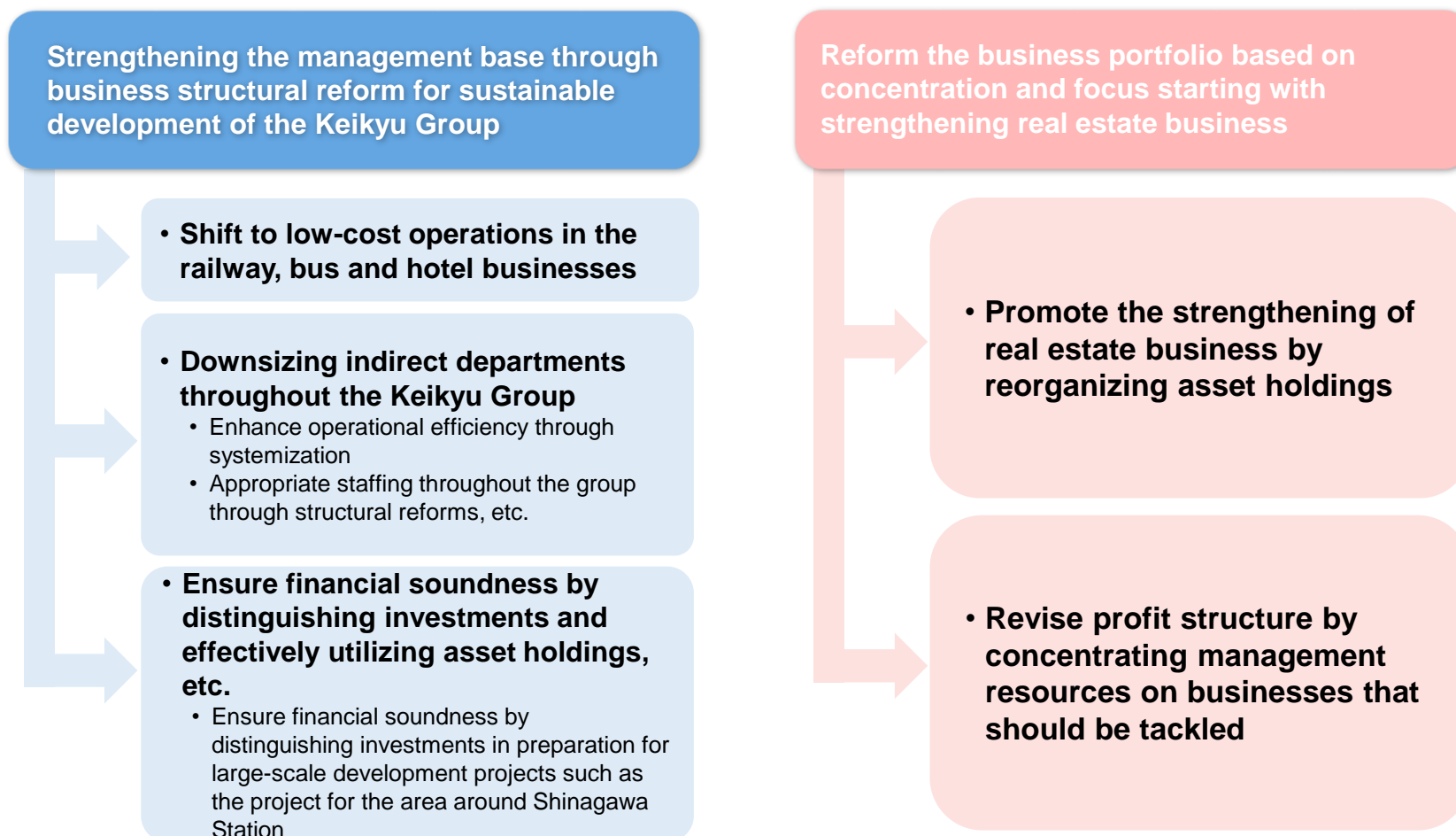
	Transportation	Real Estate	Retailing	Leisure	Life Support	Other
Environment	<ul style="list-style-type: none"> ● Reduction in waste by extending the service lives of railway-related facilities (Keikyu Corporation) ● Introduction of renewable energy facilities when constructing new bus offices (Kawasaki Tsurumi Rinko Bus) 	<ul style="list-style-type: none"> ● Compliance with environmental standards to promote development in harmony with the environment (Keikyu Corporation) 	<ul style="list-style-type: none"> ● Introduction of plastic shopping bags composed of 90% biomass by 2023 (Keikyu Department Store) ● Change to environmentally sound materials for all food trays by 2035 (Keikyu Store) 	<ul style="list-style-type: none"> ● Acquisition of environmental certification for hotel business in terms of large-scale business development in Minato Mirai area (Keikyu Corporation) 	<ul style="list-style-type: none"> ● Proposals for FSC-certified paper and environmentally friendly printing (Keikyu Ad Enterprise) 	<ul style="list-style-type: none"> ● Adoption of measures throughout the company to respond to climate change and water risks (Keikyu Corporation)
Social	<ul style="list-style-type: none"> ● Addition of six universal design taxis per year (Keikyu Taxi Group) ● Promotion of installation of platform gates (Keikyu Corporation) 	<ul style="list-style-type: none"> ● Effective use of vacant houses by providing diverse housing-related functions, and provision of three projects per year for shared housing, “hagu-kumu” multi-generational housing, etc. (R-BANK) 	<ul style="list-style-type: none"> ● Promotion of development of space under elevated tracks (Keikyu Corporation) ● Achievement of perfect score in food safety inspections for all kitchen facilities and maintaining that score (Keikyu Store) 	<ul style="list-style-type: none"> ● For Diversification of work style, Hiring of five or more regional contract employees (Keikyu EX Inn) 	<ul style="list-style-type: none"> ● Provision of childcare support in cooperation with local communities to each nursery school at least once per year (Keikyu Service) 	<ul style="list-style-type: none"> ● Building partnerships with local governments to solve social issues along railway lines (Keikyu Corporation) ● Reconstruction of the BCP system for the entire group (Keikyu Corporation)

*The above is an excerpt of some KPIs that Keikyu Group companies are working on.

New Integrated Management Plan Medium-Term Management Plan (FY2021 - 2023)



Changes in the business environment, such as changes in lifestyle after the COVID-19 outbreak has been contained, are expected to continue to significantly impact the Group's business. The medium-term management plan therefore focuses on **a prompt response to the dramatic change in the business environment due to the outbreak.**



Shift to low-cost operations in the railway, bus and hotel businesses

It is necessary to engage in low-cost operations in all businesses, but in particular, due to the business structure, we will focus on thoroughly implementing low-cost operations in the railway, bus, and hotel businesses, where profits have been hurt more by the impact of the COVID-19 outbreak.

■ Initiatives for low-cost operations in the railway business

Railway business

Policy: Steadily reduce fixed costs by drastically reviewing business operations with the aim of securing stable profits in order to provide sustainable, safe and secure transportation services.

<Steadily cut costs by 3.0 billion yen* compared to FY2019>

Main initiatives:

Expenses

- Reduce personnel expenses
 - Reduce personnel by introducing a station remote system
 - Reduce staff required and overtime by reviewing work shifts
 - Promote business efficiency through shift to digital
- Reduce other expenses
 - Reduce outsourcing fees by shifting cleaning, security, and other outsourced operations in-house
 - Reduce repair work costs by reviewing maintenance and inspection work

Capital investment

- Control investment by reviewing equipment capacity and useful life while maintaining the level for ensuring safe and stable transportation

*Excludes retirement benefit expenses

■ Initiatives for low-cost operations in the bus and hotel businesses

Bus business

Policy: Improve the earnings structure through measures such as increasing scheduling efficiency and reducing the number of vehicles while maintaining safe and stable transportation and customer convenience.

<Become profitable at an early stage>

Main initiatives:

Expenses

- Reduce personnel expenses
 - Reduce overtime work by improving work efficiency
 - Reduce required staff and working hours by reviewing schedules and routes due to lower demand
- Reduce other expenses
 - Reduce depreciation expenses by reducing the number of new vehicles purchased
 - Reduce operating expenses such as fuel costs by reviewing schedules and routes due to lower demand
 - Reduce outsourcing costs by reviewing operations and bringing some work in-house (cleaning inside the vehicle, porters, etc.)

Capital investment

- Temporary freeze on new purchases and reduction in the number of vehicles purchased by extending the number of years of vehicle use and reviewing the total number of vehicles owned

Hotel business

Policy: Transition to a profit structure that can withstand changes in the business environment

Sales ratio, which is the break-even point for sales compared to FY2019

<-13 pt (83%→70%), 760 million yen lower* >

Main initiatives:

Reduce break-even point

- Reduce operating personnel required by reducing constants, mechanization, multitasking, etc.
- Pursue dominant (Haneda area, etc.) merits and improve operational efficiency through shift to digital
- Reduce personnel expenses while maintaining employment by bringing outsourced jobs in-house and temporarily transferring staff inside and outside the Group
- Utilize our own reservation site and membership organization to lock-in customers and improve the direct sales ratio as a counter to the decline in demand for business trips

* Levels to achieve in FY2022, compared to FY2019 existing facility basis (6.0 billion yen)

Promote the strengthening of real estate business by reorganizing asset holdings

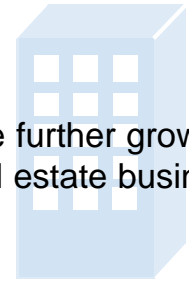
Issues in the railway business-dependent portfolio have become apparent
Urgent need to reform the business portfolio that makes real estate the second pillar of profit



Realign assets, including the securitization of real estate to improve profitability



Promote further growth in the real estate business

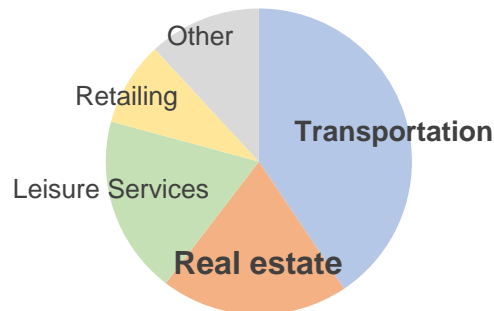


Revise profit structure by concentrating management resources on businesses that should be tackled

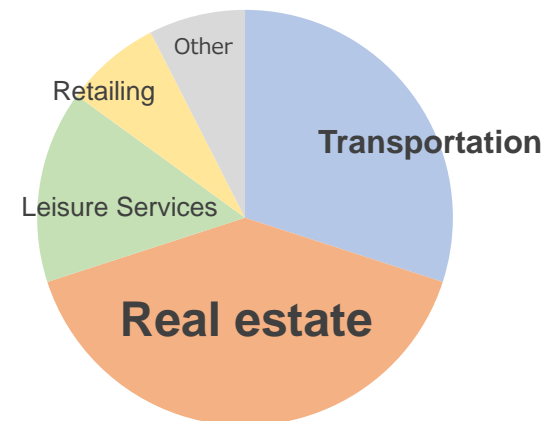
In order to respond to drastic changes in the business environment, we will thoroughly reallocate “people,” “things,” and “money” and reduce costs, concentrate management resources on growth businesses, and aim for an early recovery of “revenue” and “profit.”

■ Reform portfolio (image)

FY2019



FY2035

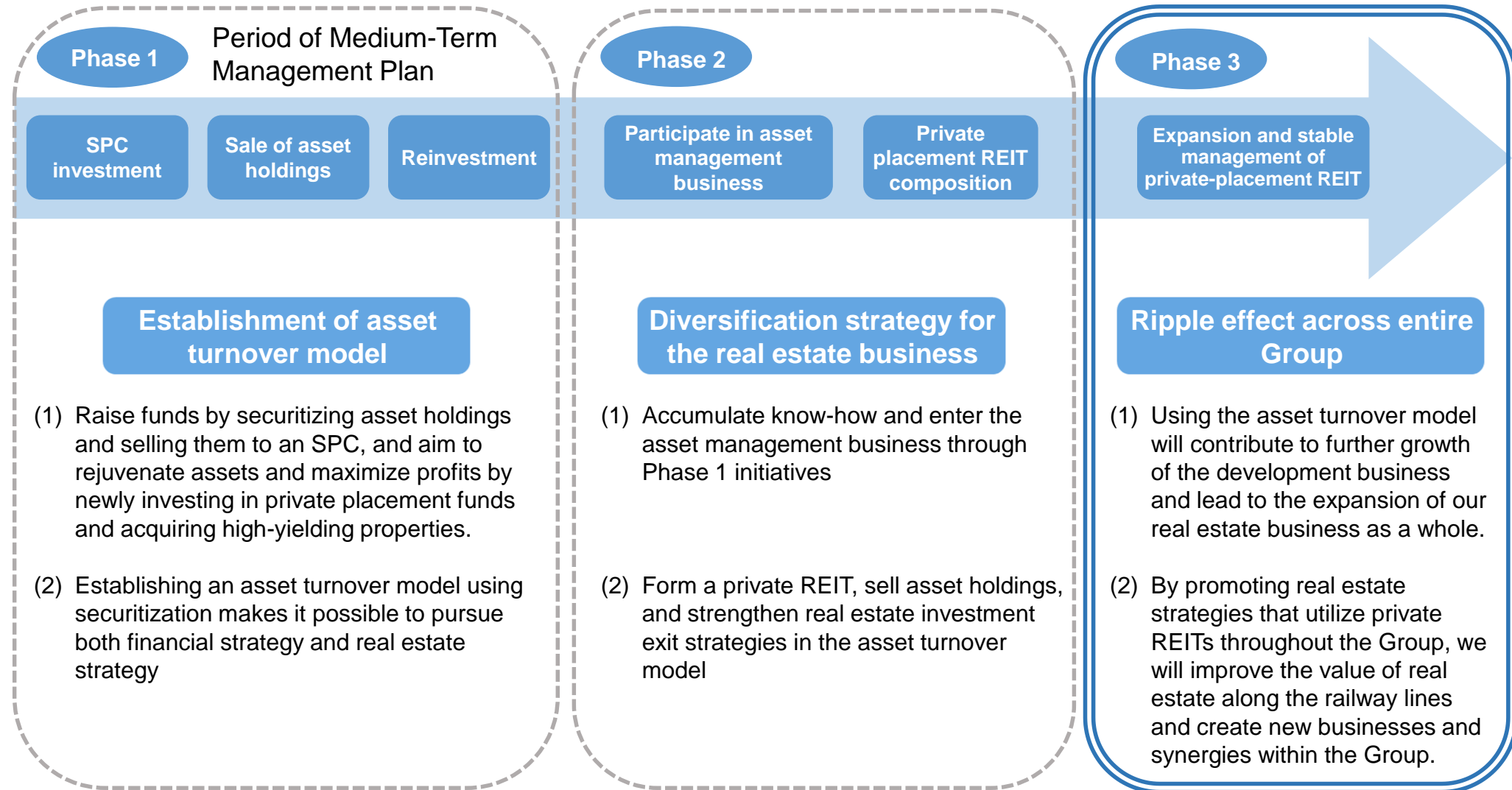




Medium- to long-term real estate business promotion policy

- Promote development of areas around stations
 - Steady progress of development projects in the area around Shinagawa Station, which will provide a future earnings base
 - Promote sustainable strengthening of the real estate business through redevelopment around stations in collaboration with urban development
- Expand real estate business utilizing securitization
 - (See p. 66 for details)
- Continued from period of previous medium-term plan
 - Increase value through the replacement of tenants in rental properties and other methods
 - Continue stable supply of condominiums and secure profits and collect cash by means including asset turnover of rental condominiums

Expand real estate business utilizing securitization



Real estate business development during period of the medium-term management plan (FY2021-FY2023)

■ Development in the area around Shinagawa and other stations

- Steady promotion of city planning, local consultations, etc. and early start of construction to contribute to future profits
- Differentiation and increasing the charm of the areas along railway lines through unique urban development at each station (development of space under elevated tracks, etc.)

■ Rental (offices, etc.)

- Leveraging capitalization through the securitization of property holdings to improve yields by investing in private placement funds and acquiring high-yielding properties, and expanding profits by increasing property acquisitions

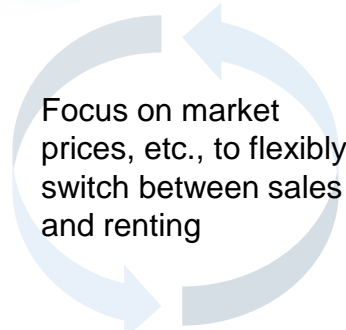
Expanding profits while ensuring financial soundness toward the promotion of development in the area around Shinagawa Station

■ Real estate sales

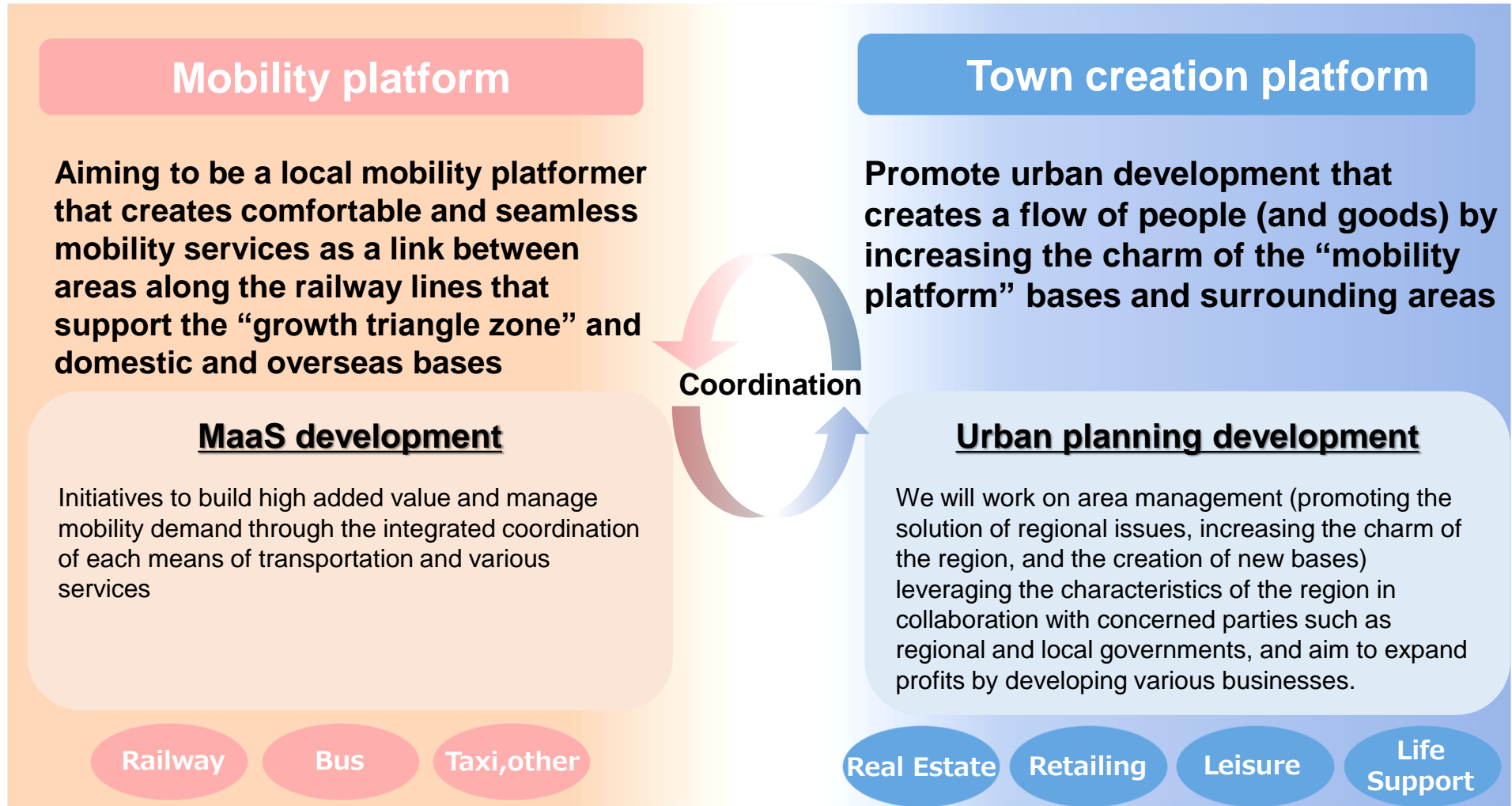
- Improve value along railway lines by promoting residency, etc.
- Secure profits through stable supply of condominiums

■ Rental condominiums

- All properties, including those accumulated during the period of the previous medium-term management plan, are regarded as “real estate for sale,” with profits secured and cash recovered by rotating assets.



Classify each business as a mobility platform or town creation platform, concentrate management resources and determine the direction of each business according to the direction of each platform, and link both platforms to support a profit recovery.



Initiatives for using the growth triangle zone in Shinagawa, Haneda and Yokohama as the driving force to revitalize areas along railway lines

- The medium- to long-term growth potential of Shinagawa, Haneda, and Yokohama remains unchanged, and we will focus on them as our key bases, but will be ready to respond flexibly to changing conditions.

■ Shinagawa area

In order to make this area a pillar of the Keikyu Group's profits in the future, we will respond to new lifestyles and values, and face changes in the post-pandemic environment through development that maximizes its potential as one of Japan's leading transportation hubs.

Highly attractive location with potential to be the gateway to Japan

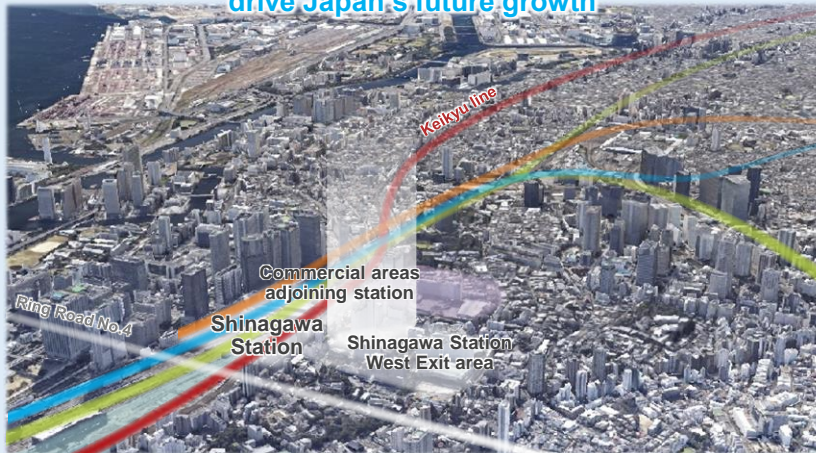


New modes of transportation such as the Chuo Shinkansen to expand the function on the entire area

Pressing forward without pause in the nation's largest reconstruction and development project

Playing a part in the super mega region, the gateway to Japan

Making Shinagawa an international exchange hub that will drive Japan's future growth



We will strongly promote sustainable urban development that will set the stage for the creation of next-generation industries, by inheriting and utilizing the precious green space, terrain, and history surrounding the station and gathering companies, people, and technologies from all over the world

Shinagawa Station West Exit area

Promote the plan to fully exhibit the charm and potential of Shinagawa as Keikyu's new flagship project that will unveil the area around Shinagawa Station as the ideal place to drive Japan's future growth

Commercial areas adjoining Shinagawa Station

Taking advantage of the outstanding convenience of being directly above and directly connected to a large-scale terminal station, we created a symbolic space connecting the station with the city that welcomes people from all over the world



Shinagawa Station West Exit area (Takanawa 3-chome)
Image of building development

■ Haneda area

- In line with the further expansion of Haneda Airport's functions and the progress of internationalization, provide support for airport functions, and serve as a link between the area around Haneda and the development of the airport.
- The number of plane passengers has continued to decrease since the COVID-19 outbreak, but the expansion of departure and arrival slots at the end of March 2020 and brisk development in the area around Haneda Airport suggests that demand is likely to recover once the virus is contained.
- We aim to establish a solid position in Haneda Airport access by developing services that make good use of price advantages, strengthening transportation capacity, and continuing inbound measures.

■ Business expansion in the area around Haneda Airport



■ Transportation business helps provide access to Haneda Airport



Continue to promote the revitalization of the area around Haneda Airport

We aim to aggressively develop each business that has expanded in the area around Haneda Airport, meet the needs of Haneda Airport users, and further revitalize the area.



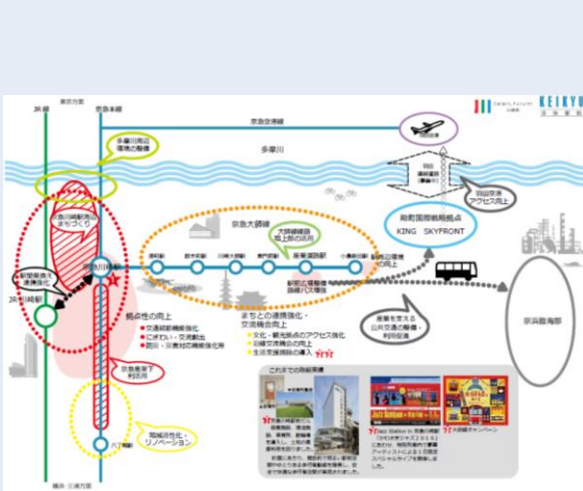
Haneda Airport Terminal 1 and 2 pocket track maintenance project

In addition to the 2-platform, 4-line format at Shinagawa Station, a new pocket track will be built at Haneda Airport Terminal 1 and Terminal 2 stations to increase transportation capacity.
(Increase the number of trains per hour by three in each direction, etc.)

■ Yokohama / Kawasaki area

Promote urban development aiming for coexistence between the Bay Area and the surrounding area, which will develop through the reorganization and development of the Keihin coastal area that straddles Yokohama and Kawasaki and the accumulation of entertainment functions.

Main topics (development project underway, etc.)

Minato Mirai 21 Central District Block 53 development project	The previous government office block in Yokohama city project	Comprehensive cooperation agreement with Kawasaki city
 <p>A large-scale complex building with 30 floors above ground and a total area of approximately 183,000m², consisting of offices, stores, hotels, parking lots, etc., was newly established in “Minato Mirai 21 Central District 53 Block” in Nishi-ku, Yokohama.</p> <p>* Joint business venture, construction scheduled to be completed in March 2024</p>	 <p>Selected as a business planner from the perspective of creating a core for the revitalization and liveliness of the district in line with the themes of “international academic-industrial collaboration” and “tourism / attracting customers.”</p> <p>* Joint business venture, scheduled to open in 2025</p>	 <p>In the future, Kawasaki city and our company will collaborate with the aim of urban development around stations, strengthening transportation hub functions, town building that contributes to the development of industries and tourism along railway lines, and developing comfortable living spaces for everyone.</p> <p>* Agreement concluded in April 2017</p>

Accelerate area management that comprehensively captures each area of the Miura Peninsula

Strengthen area management activities in Miura with the aim of developing a communication hub connecting the government, companies, universities, and the local community, helping to solve issues and increase value on the Miura Peninsula.

-
- The diagram illustrates the KEIKYU Group's business model and target areas. At the center is a large blue circle labeled "KEIKYU グループ". Surrounding this central circle are ten smaller white circles, each containing a stakeholder group: 沿線自治体 (Municipalities along the line), 観光振興団体 (Tourism promotion organizations), 大学研究機関 (University research institutions), 移住者 (Migrants), 地元住民 (Local residents), デベロッパー (Developer), 地元企業 (Local companies), 地域観光事業者 (Local tourism operators), スタートアップ企業 (Startup companies), and 金融機関 (Financial institutions). To the right of the central circle is a large blue arrow pointing right, containing two columns of business sectors: 観光 (Tourism), 防災減災 (Disaster prevention and reduction), 医療福祉 (Medical and welfare), 産業 (Industry), エネルギー (Energy), 環境 (Environment), 交通 (Transportation), 住宅 (Housing), and 教育 (Education). To the right of the arrow is a large blue circle labeled "都市近郊リゾーツ みのらの創生" (Urban and suburban resorts, Minoro's creation).

[illegible]

72

■ Provide a variety of dwellings to realize living in Miura

- We will promote the migration from city centers or dual residences in the country by catching the growing trend of telework and working vacations due to the furtherance of workstyle reforms and implementing initiatives in line with changes in demand for living environments.



Provide various housings



Utilize vacant houses



Shared working spaces

■ Improvement of accessibility and revitalization

- We will promote the accessibility and revitalization of the Miura Peninsula through the development of new tourist attractions in collaboration with local businesses, participation in public-private partnership projects, and the establishment of bases in collaboration with other brands.



Regional collaboration to develop tourist attractions and activities



Participate in private-public partnership projects





Collaborate with other brands

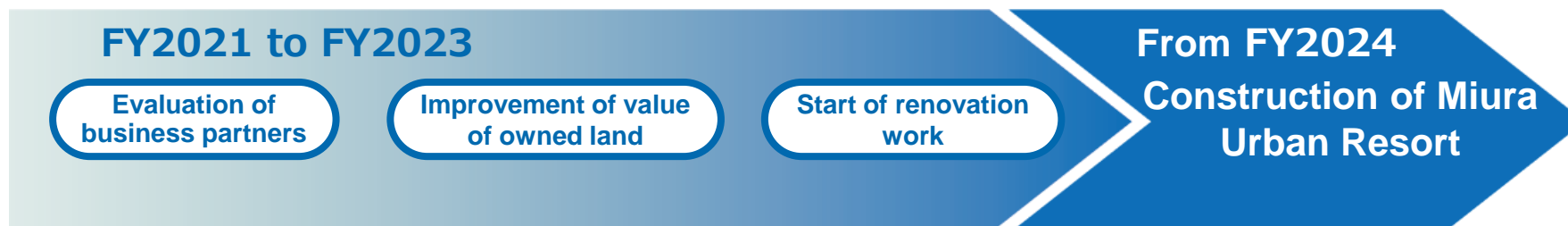
■ Development policy for each area

Utilize the appeal and features of each area, and work to create places to stay and living environments through collaboration with other business operators.

Main topics

Jogashima Luxury hot-spring inn integrated with the beautiful nature	Aburatsubo Sightseeing hub for enjoying the miracle of nature	Miura coast Urban development for multiple generations to solve regional issues along railway lines
 <div data-bbox="147 868 710 1033"> <div>Luxury</div> <div>Hot spring</div> <div>Restaurant with local foods</div> </div>	 <div data-bbox="768 868 1332 1033"> <div>Hot spring</div> <div>Marine activities</div> <div>Sightseeing area</div> </div>	 <div data-bbox="1390 868 1964 1033"> <div>Multi-generational housing</div> <div>Urban development</div> <div>Regional revitalization</div> </div>

With the three-year medium-term management plan as the preceding period, move to “Construction of Miura Urban Resort.”



Strive to improve customer satisfaction to cement the Keikyu Group as the choice for customers

- Promote initiatives that are close to customers through customer satisfaction surveys and other means.
- Strive to be a corporate group actively chosen by customers in all businesses and operations.
- In order to realize the Keikyu Group as the choice for customers, we will enhance the working environment so that all employees can play an active role and promote workstyle reforms.

CS



Stringent risk management to avoid and minimize risks that could significantly impact operations, and to minimize risks that have materialized

- Establish a risk management system that can perceive, analyze, and manage potential risks that could have a significant impact on operations, avoid or minimize risks in advance, or minimize the impact of risks that materialize.



Thorough ESG management through business to improve local communities and corporate value

- Based on the CSR policy, we will promote ESG management throughout the Group to achieve the ESG KPIs laid out in our “Corporate Sustainability Strategy,” which is a key theme of our long-term management strategy. By doing this we aim to improve regional value and maximize corporate value through our business.



New Integrated Management Plan

Financial Strategy



■ Basic Policy

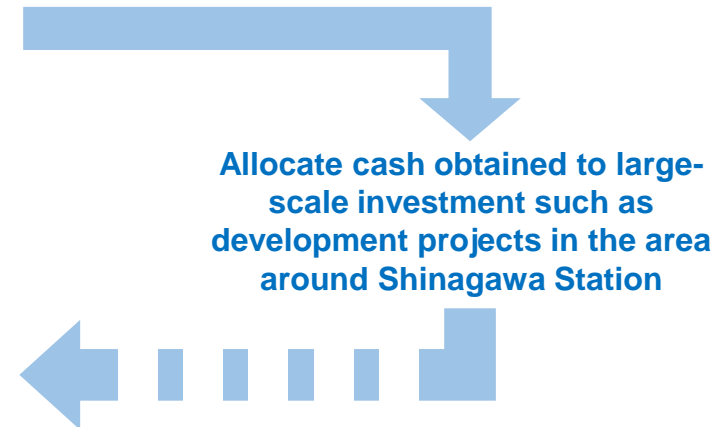
In order to contribute to sustainable growth and improvement of corporate value over the medium to long term, we will strive to ensure financial soundness with consideration for ratings, and balance investment for growth and shareholder returns.

Key indicators	<ul style="list-style-type: none">• Net interest-bearing debt / EBITDA ratio• Net interest-bearing debt / Equity ratio
Allocation of funds	<ul style="list-style-type: none">• Appropriate allocation to growth investment, shareholder returns, debt reduction, etc. according to the phase

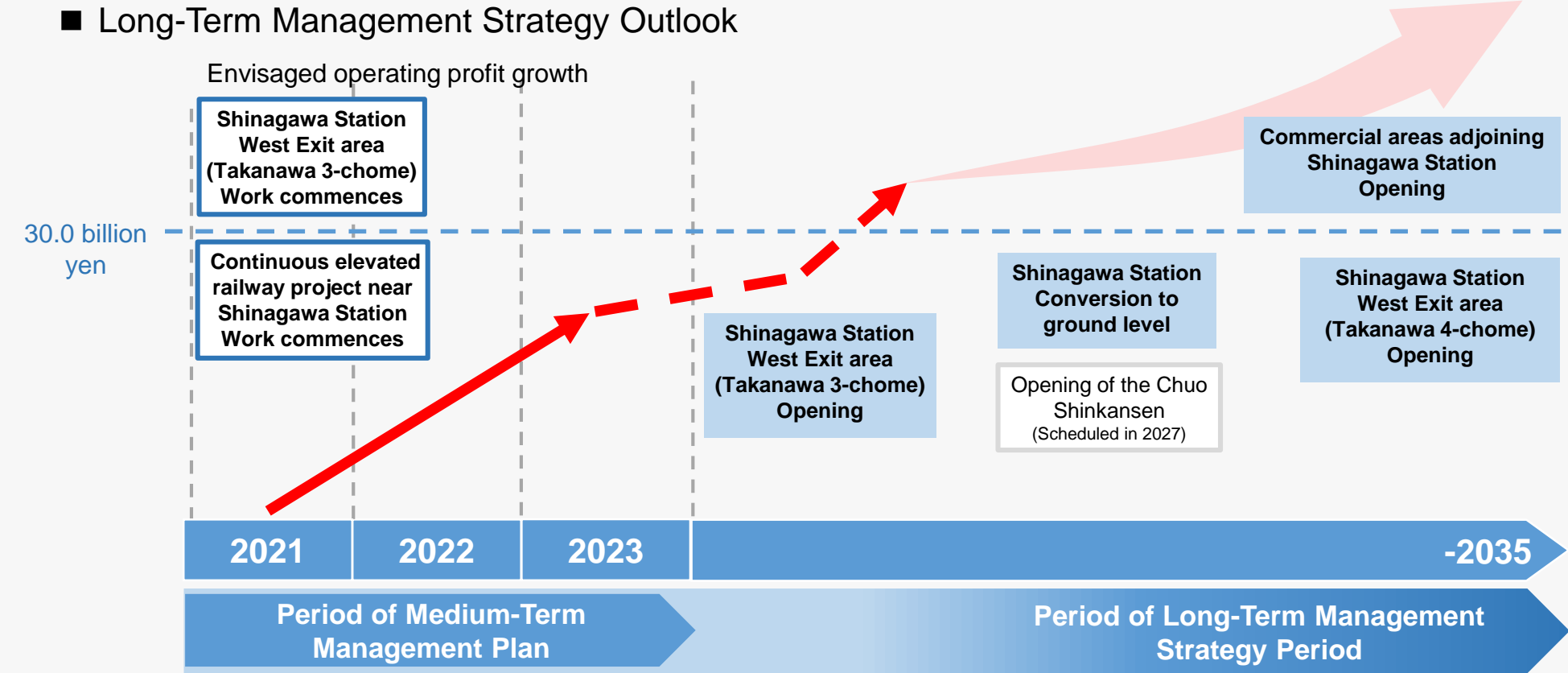
■ Large-scale investment phase policy (from 2021)

Amid an increase in debt due to the impact of the COVID-19 outbreak, we will strengthen and improve cash flow in order to steadily promote large-scale investment such as the development projects in the area around Shinagawa Station.

Strengthen and improve cash flow
<ul style="list-style-type: none">• Engage in low-cost operations / clearly distinguish investment (maintain ability to generate cash flow)• Improve profitability of existing businesses• Effective use of business assets, such as by replacing assets• Capitalize assets, such as by selling cross-shareholdings
Consider depending on the status of financial soundness
<ul style="list-style-type: none">• Utilize various financing methods• Revise the schedule and plans for large-scale investment



Long-Term Management Strategy Outlook



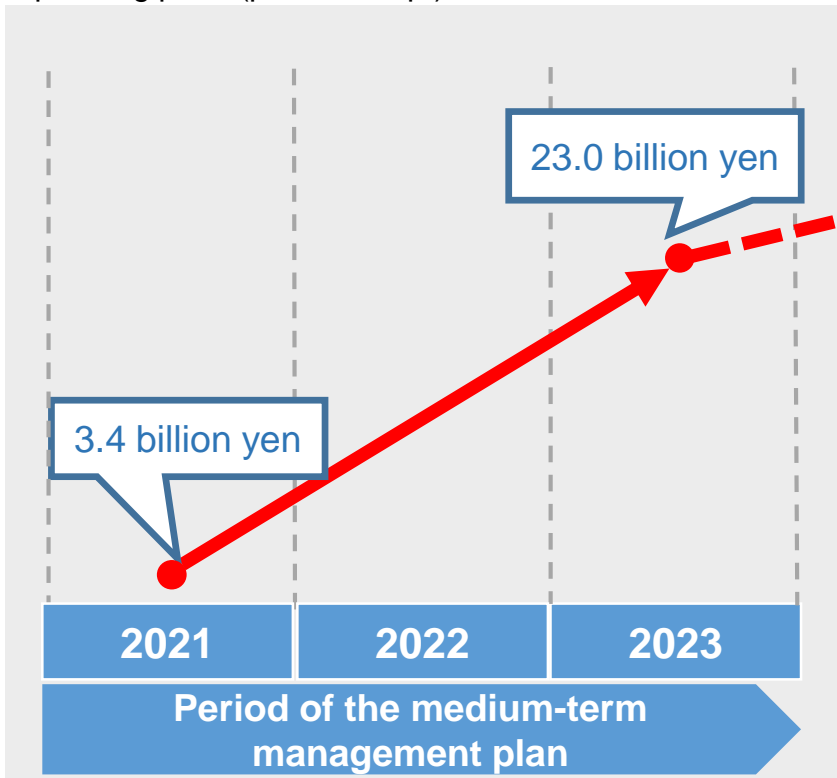
Phase	Large-scale investment phase		Fund recovery phase	
Shareholder returns	Aim to return the dividend amount to the usual levels while steadily increasing the dividend		Improve returns (dividend above the usual levels)	
Interest-bearing debt	Control to the extent that financial soundness is not impaired		Reduce by expanding operating cash flow	

■ Target Indicator levels for FY2023

[Policy during the medium-term management plan period]

During the period of the medium-term management plan, swiftly improve operating profit and maintain financial soundness as a matter of priority.

Operating profit (p. 78 excerpt)



Main measures aimed at increasing operating profit during the medium-term management plan period

- Low-cost operations for railway, bus, hotel, and other businesses
 - Reduce personnel expenses through systematization, review of work shifts, etc.
 - Reduce outsourcing costs by shifting operations in-house
- Promote the strengthening of real estate business by reorganizing asset holdings
- Revise the profit structure by concentrating management resources.

Impact of COVID-19 pandemic, etc.*

- Slump in inbound demand
- Reduced mobility due to promotion of workstyle reforms, etc.

*Preconditions

- Economic activity in Japan gradually recovers from a bottom in April-May 2020, and returns to normal levels from April 2023
 - Haneda passenger volume recovers by April 2023 on domestic lines and April 2024 on international routes
 - Our forecasts are based on the most recent information available so do not factor in the impact of the latest state of emergency (starting on April 25, 2021), etc.
- (Calculations based on economic conditions in Japan and overseas as well as the results of an analysis by think tanks, etc.)

FY2023 target indicator levels

- Operating profit: about 23.0 billion yen
- Net interest-bearing debt/EBITDA ratio: 8 times or less



<Note>

With the exception of historical facts, the information in these materials consists of forward-looking statements, created based on various assumptions at the time they were announced. The posting of such information is no guarantee of future results and is subject to risks and uncertainties. Actual results may differ from forward-looking statements due to various factors.