

Supplementary Materials on Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2023 (FY2022)

Keikyu Corporation (Securities code: 9006)

November 11, 2022

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

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Year-on-Year (vs FY2021 2Q)

- **Both revenue and profit increased** due to a recovery trend despite the continuing impact of COVID-19

Revenue from railway transportation	+16.3%	Revenue from bus operation	+14.9%	Business hotel occupancy rate	+30.9pt
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vs. Before COVID-19 (FY2018 2Q)

- **Both revenue and profit decreased significantly** despite the diminishing impact of COVID-19

Revenue from railway transportation	(22.8%)	Revenue from bus operation	(25.3%)	Business hotel occupancy rate	(23.4pt)
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vs. Initial (May) forecast (2Q FY2022)

- Revenue from operations: up 0.8 billion yen (Leisure Services: up 1.3 billion yen, Real Estate: up 0.6 billion yen, Retailing: down 0.3 billion yen)
- Operating profit : up 2.9 billion yen (Real Estate: up 0.9 billion yen, Leisure Services: up 0.9 billion yen, Transportation: up 0.8 billion yen)

Revenue from railway transportation	(0.2%)	Revenue from bus operation	(1.3%)	Business hotel occupancy rate	+10.4pt
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Business Forecasts for FY2022 Remain unchanged (revised only segment breakdown)

Details of revisions	Leisure Services: Revised upward (Revenue from operations: up 1.3 billion yen, Operating profit: up 0.8 billion yen) Retailing : Revised downward (Revenue from operations: down 0.3 billion yen, Operating profit: down 0.4 billion yen) Transportation : Revised downward (Revenue from operations: down 0.3 billion yen, Operating profit: down 0.8 billion yen)
Reason	Leisure Services: Strong performance for business hotels and Heiwajima leisure facilities Retailing : Revenue decreased in the supermarket business (impact of a decrease in the number of items purchased resulting from increasing prices, etc.) Transportation : Rising power expenses

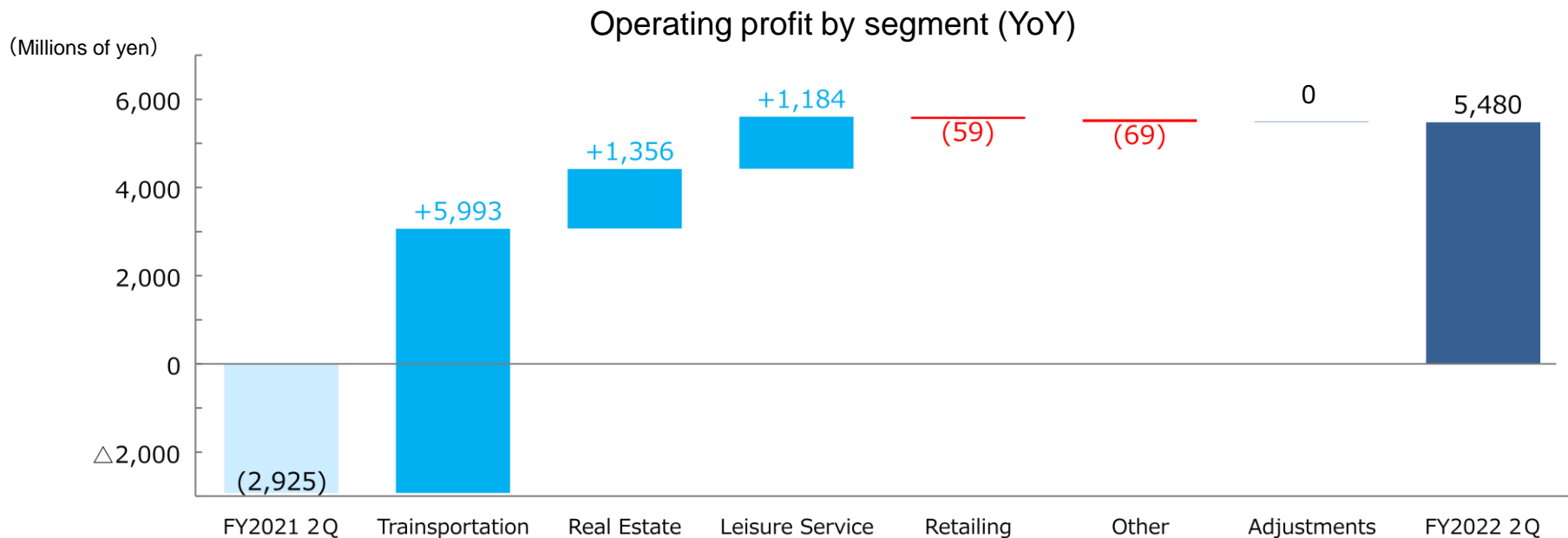
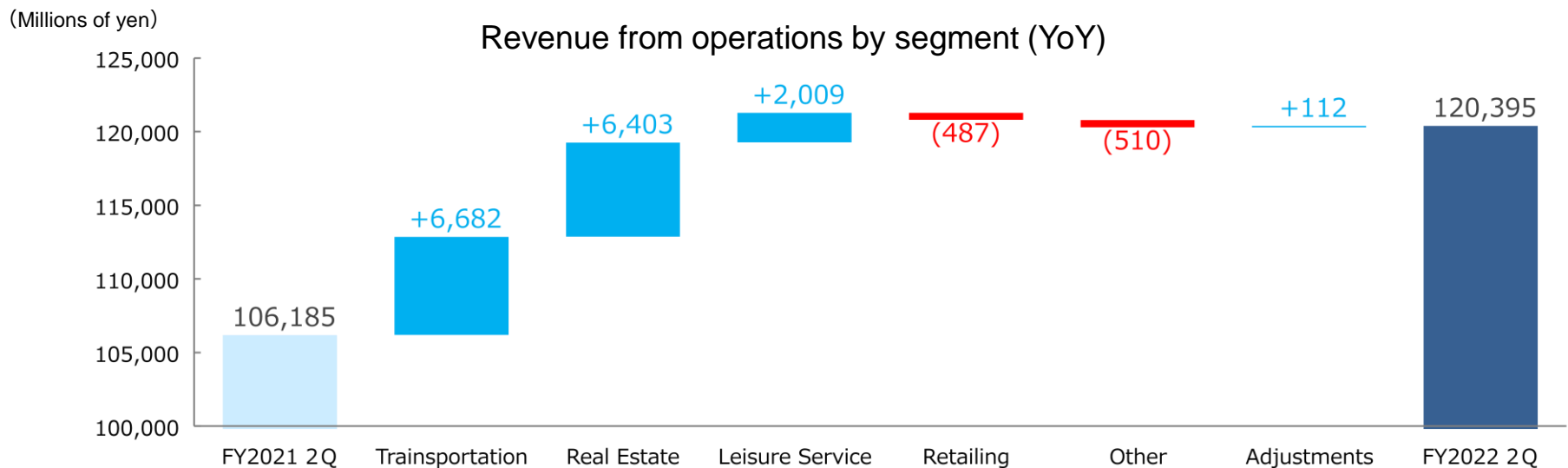
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Consolidated Statement of Income

(Unit: Millions of yen)	FY2022 2Q	FY2021 2Q	YoY changes	
Revenue from operations	120,395	106,185	+14,210	+13.4%
Operating profit	5,480	(2,925)	+8,405	— %
Ordinary profit	4,634	(2,380)	+7,014	— %
Profit attributable to owners of parent	12,529	7,597	+4,931	+64.9%
Net income per Share(yen)	45.51	27.60	+17.91	

(Unit: Millions of yen)		FY2022 2Q	FY2021 2Q	YoY changes	
Transportation	Revenue from operations	48,326	41,643	+6,682	+16.0%
	Operating profit	858	(5,134)	+5,993	– %
Real Estate	Revenue from operations	22,117	15,714	+6,403	+40.7%
	Operating profit	2,919	1,562	+1,356	+86.8%
Leisure Services	Revenue from operations	13,331	11,321	+2,009	+17.8%
	Operating profit	916	(267)	+1,184	– %
Retailing	Revenue from operations	34,605	35,092	(487)	(1.4%)
	Operating profit	445	505	(59)	(11.7%)
Other	Revenue from operations	16,199	16,710	(510)	(3.1%)
	Operating profit	124	194	(69)	(36.0%)

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



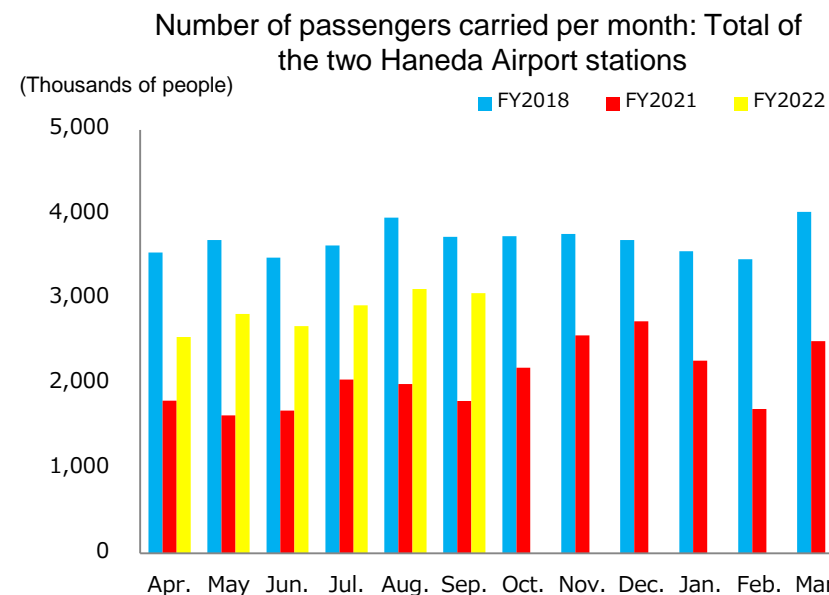
Unit: Millions of yen	FY2022 2Q	FY2021 2Q	YoY changes		Main reasons for increase / decrease
Revenue from operations	48,326	41,643	+6,682	+16.0%	Railway operations: Increase in non-commuter revenue Bus operations: Increase in revenue from medium-distance airport routes
Railway	33,401	28,808	+4,592	+15.9%	
Bus	13,122	11,418	+1,703	+14.9%	
Taxi	1,802	1,416	+386	+27.3%	
Operating profit	858	(5,134)	+5,993	— %	
Railway	1,467	(2,561)	+4,028	— %	
Bus	(594)	(2,410)	+1,816	— %	
Taxi	(13)	(162)	+148	— %	

< 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)			
	FY2022 2Q	FY2021 2Q	YoY changes		FY2022 2Q	FY2021 2Q	YoY changes	
Commuter	108,052	100,008	+8,044	+8.0%	12,268	11,887	+380	+3.2%
Non commuter	91,731	75,004	+16,727	+22.3%	19,840	15,713	+4,126	+26.3%
Total	199,783	175,012	+24,771	+14.2%	32,108	27,601	+4,507	+16.3%

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

	Number of passengers carried (Thousands of people)			
	FY2022 2Q	FY2021 2Q	YoY changes	
Haneda Airport Terminal 1・2 (domestic)	15,086	9,470	+5,616	+59.3%
Haneda Airport Terminal 3 (international)	2,090	1,492	+598	+40.1%
Total	17,176	10,962	+6,214	+56.7%



Unit: Millions of yen	FY2022 2Q	FY2021 2Q	YoY changes		Main reasons for increase / decrease
Revenue from operations	22,117	15,714	+6,403	+40.7%	Real estate sales operations: Condominiums: 351 units (up 222 units YoY) Real estate leasing operations: Increased due to higher dividend income from real estate funds
Real estate sales	13,186	7,309	+5,877	+80.4%	
Real estate leasing	8,930	8,404	+526	+6.3%	
Operating profit	2,919	1,562	+1,356	+86.8%	
Real estate sales	235	(566)	+801	— %	
Real estate leasing	2,683	2,129	+554	+26.0%	

<Major properties to be delivered in FY2022>

(Number of units)	Total number	Delivery date
PRIME Kanazawabunko	106	March 2023(Scheduled)
PREMIST Oji Kamiya	227	February 2023(Scheduled)
PRIME Kawasaki Kojimashinden	116	September 2022
BRANZ TOWER Shibaura	482	January 2022

Unit: Millions of yen	FY2022 2Q	FY2021 2Q	YoY changes		Main reasons for increase / decrease
Revenue from operations	13,331	11,321	+2,009	+17.8%	Business hotel operations: Increased due to a recovery in demand for accommodation Leisure-related facilities: Increase in sales from Heiwajima leisure facilities
Business hotels	2,299	1,407	+892	+63.4%	
Leisure-related facilities	6,274	5,612	+661	+11.8%	
Leisure, other	4,757	4,301	+455	+10.6%	
Operating profit	916	(267)	+1,184	— %	
Business hotels	(791)	(1,240)	+449	— %	
Leisure-related facilities	1,255	730	+524	+71.7%	
Leisure, other	452	241	+211	+87.2%	

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

	FY2022 2Q	FY2021 2Q	YoY changes
Occupancy rate of guest rooms	70.4%	39.5%	+30.9pt

	As of the end of FY2022 2Q	As of the end of FY2021
Number of guest rooms	2,236	2,516

Unit: Millions of yen	FY2022 2Q	FY2021 2Q	YoY changes		Main reasons for increase / decrease
Revenue from operations	34,605	35,092	(487)	(1.4%)	Department store/SC operations: Increased in accordance with the diminishing impact of COVID-19 Supermarket business: Decreased due to decline in special demand created by the eating at home, a decrease in the number of items purchased resulting from the increasing product prices, etc.
Department store / SC	8,163	7,306	+857	+11.7%	
Department store	6,094	5,917	+177	+3.0%	
SC	2,068	1,388	+679	+48.9%	
Store business	26,442	27,786	(1,344)	(4.8%)	
Supermarkets	20,157	21,533	(1,376)	(6.4%)	
Convenience store / Merchandise sales, etc.	6,285	6,253	+31	+0.5%	
Operating profit	445	505	(59)	(11.7%)	
Department store / SC	230	(142)	+373	– %	
Department store	50	(110)	+160	– %	
SC	180	(32)	+212	– %	
Store business	215	648	(432)	(66.7%)	
Supermarkets	(76)	344	(420)	– %	
Convenience store / Merchandise sales, etc.	292	304	(12)	(4.0%)	

Unit: Millions of yen	FY2022 2Q	FY2021 2Q	YoY changes		Main reasons for increase / decrease
Revenue from operations	16,199	16,710	(510)	(3.1%)	Decreased due to a decrease in completed construction
Operating profit	124	194	(69)	(36.0%)	

Non-operating/Extraordinary Income and Losses

(Unit: Millions of yen)	FY2022 2Q	FY2021 2Q	YoY changes	Major factor
Non-operating profit	1,211	2,738	(1,527)	Gain on sales of investment securities: 62 (down 1,285 YoY)
Non-operating expenses	2,056	2,193	(136)	
Extraordinary income	13,938	17,093	(3,154)	Gain on sales of non-current assets: 13,092 (down 3,128 YoY) *
Extraordinary losses	1,186	1,229	(42)	

- * Cumulative total of FY2021 2Q: Sale of three properties under non-current assets through real estate securitization
(Keikyu 2nd Building, Keikyu 7th Building and Kanazawa-hakkei 1st Keikyu Building)
Cumulative total of FY2022 2Q: Sale of Keihin Kyuko Bus office and three business hotels

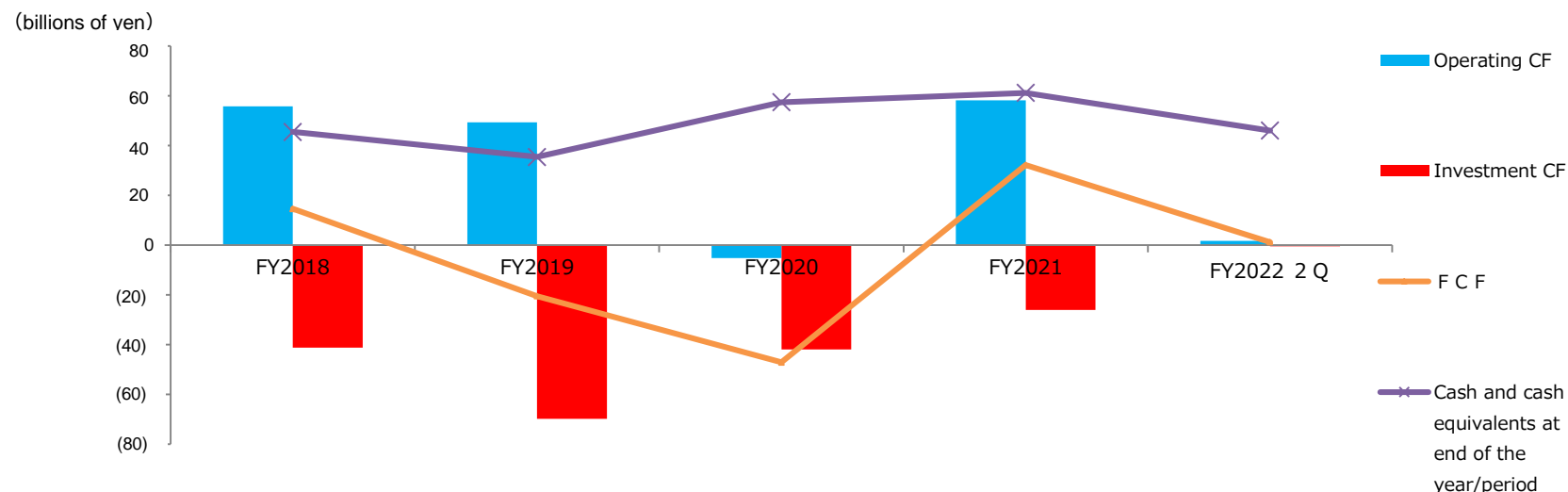
Consolidated Balance Sheet (Condensed)

(Unit: Millions of yen)	As of September 30, 2022	As of March 31, 2022	Changes
Current assets	124,348	128,019	(3,670)
Cash and deposits	46,163	61,384	(15,221)
Land and buildings for sale in lots	57,026	46,396	+10,629
Non-current assets	780,435	784,365	(3,930)
Property, plant and equipment	626,583	631,790	(5,207)
Investments and other assets	147,079	145,149	+1,929
Investment securities	88,667	85,846	+2,821
Total assets	904,784	912,385	(7,601)
Total liabilities	633,902	655,500	(21,598)
Outstanding interest-bearing debt*	474,558	489,668	(15,110)
Total net assets	270,881	256,884	+13,997
Total liabilities and net assets	904,784	912,385	(7,601)
* Total figure for corporate bonds, and debt			
Net interest-bearing debt outstanding	428,395	428,284	+110
equity-to-asset ratio	29.7%	27.9%	+1.8pt

Consolidated Statement of Cash Flows

(Unit: Millions of yen)	As of September 30, 2022	As of September 30, 2021	Changes
Cash flows from operating activities	1,758	2,035	(276)
Cash flows from investing activities	(542)	(7,880)	+7,337
Cash flows from financing activities	(16,482)	(5,908)	(10,574)
Net increase (decrease) in cash and cash equivalents	(15,221)	(11,748)	(3,472)
Cash and cash equivalents at end of period	46,013	45,701	+311

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



【Reference】 Consolidated Statement of Income for FY2021・2022(quarterly)

		FY2021				FY2022	
		1Q April-June	2Q July-September	3Q October-December	4Q January-March	1Q April-June	2Q July-September
(Unit: Millions of yen)							
Transportation	Revenue from operations	20,912	20,731	23,315	21,302	24,231	24,094
	Operating profit	(3,148)	(1,986)	(1,051)	(3,768)	(201)	1,060
Real Estate	Revenue from operations	8,394	7,319	16,394	47,305	10,482	11,635
	Operating profit	1,094	468	2,987	6,386	1,277	1,641
Leisure Services	Revenue from operations	5,027	6,294	6,315	6,359	6,697	6,634
	Operating profit	(707)	439	294	181	648	268
Retailing	Revenue from operations	17,162	17,930	17,980	16,749	17,182	17,423
	Operating profit	262	243	297	(40)	267	178
Other	Revenue from operations	7,660	9,049	9,060	15,818	7,311	8,888
	Operating profit	(73)	268	274	1,209	(168)	292
Revenue from operations		52,713	53,471	65,428	93,624	59,512	60,883
Operating profit		(2,483)	(441)	2,728	3,707	1,931	3,548
Ordinary profit		(2,011)	(368)	2,840	4,605	1,743	2,891
Prof it attributable to owners of parent		8,643	(1,046)	1,777	3,154	8,343	4,186
Revenue from railway operations	Commuter	6,029	5,858	5,842	5,768	6,159	6,108
	Non commuter	7,861	7,851	9,652	8,485	9,935	9,905
	Total	13,891	13,710	15,494	14,253	16,095	16,013

【Reference】 Consolidated Statement of Income for FY2018 (Before COVID-19)

(Unit: Millions of yen)		1Q April-June	2Q July-September	2Q April-September	3Q October-December	3Q April-December	4Q January-March	FY2018 April-March
Transportation	Revenue from operations	31,212	31,730	62,942	31,323	94,265	30,482	124,748
	Operating profit	5,479	6,744	12,223	4,762	16,985	3,834	20,819
Real Estate	Revenue from operations	10,045	7,785	17,831	17,936	35,767	34,160	69,927
	Operating profit	1,044	1,095	2,139	2,844	4,983	3,465	8,449
Leisure Services	Revenue from operations	8,842	9,691	18,533	10,026	28,560	9,448	38,009
	Operating profit	1,614	1,904	3,519	1,960	5,479	864	6,343
Retailing	Revenue from operations	26,420	26,530	52,951	28,019	80,970	25,617	106,588
	Operating profit	615	576	1,192	836	2,028	332	2,361
Other	Revenue from operations	8,125	11,069	19,195	11,460	30,655	25,207	55,863
	Operating profit	(4)	593	588	616	1,205	2,816	4,022
Revenue from operations		75,450	75,626	151,077	86,740	237,817	101,450	339,268
Operating profit		8,733	10,489	19,222	10,600	29,823	10,324	40,147
Ordinary profit		8,362	9,632	17,994	9,941	27,936	9,838	37,774
Profit attributable to owners of parent		5,588	6,779	12,368	6,953	19,322	1,391	20,714
Revenue from railway operations	Commuter	8,108	8,066	16,174	7,847	24,022	7,895	31,917
	Non commuter	12,595	12,807	25,403	12,894	38,297	12,615	50,913
	Total	20,704	20,873	41,578	20,741	62,320	20,511	82,831

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Business Forecasts (Assumptions)

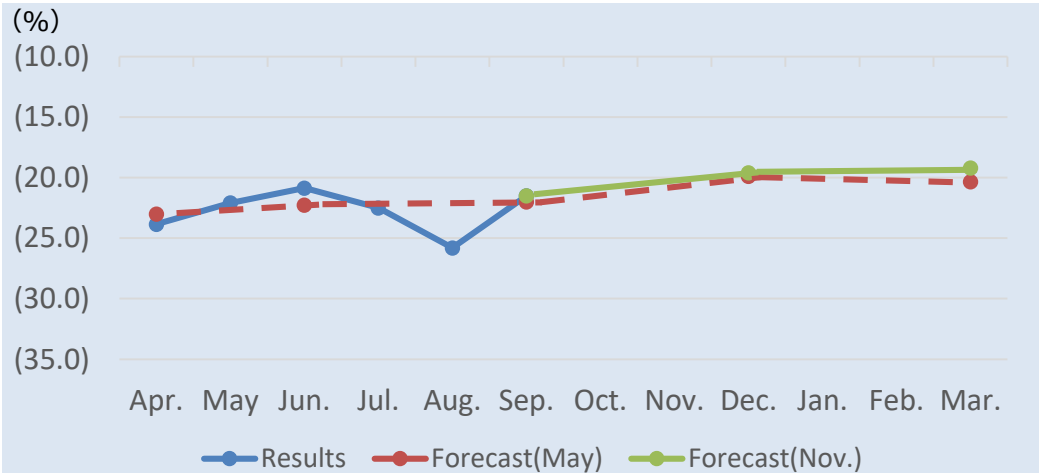
Assuming that restrained movement and various restrictions due to COVID-19 will gradually end heading into April 2023, and that the business environment will normalize

- However, we expect a slow recovery from COVID-19 in some businesses and a different standard of normalization due to changes in social environment and activity patterns
- Haneda passenger volume will recover in April 2023 on domestic flights and in April 2024 on international flights.

		Forecast for May	Forecast for November
Transportation	Railway operations	Revenue from transportation for FY 2022 are compared to before COVID-19 pandemic Second half: (20%), full-year: (22%)	<u>Revised downward</u> due to the <u>impact of increased power expenses, etc.</u> (No changes to the forecasts for revenue from railway transportation and revenue from bus operations)
	Bus operations	Revenue from operations is compared to the full year before COVID-19 pandemic: (24%)	
Real Estate	Leasing operations	Assumed to be the same as under normal circumstances	(No changes)
Leisure Services	Business hotels	Occupancy rate Full year: Approximately 60% 【compared to before COVID-19 pandemic approximately (30 pt)】	Occupancy rate Full year: <u>Revised upward</u> due to <u>change to approximately 70% 【compared to before COVID-19 pandemic approximately (20 pt)】</u>
Retailing	Department store/SC	Demand gradually recovers	(No changes)
	Supermarkets	Assumed to be the same as under normal circumstances	<u>Revised downward</u> due to the <u>impact of a decrease in the number of items purchased resulting from increasing prices, etc.</u>
	Convenience store/merchandise sales, and others	Recovery centered on stores in train stations in line with recovery in rail transport traffic	(No changes)

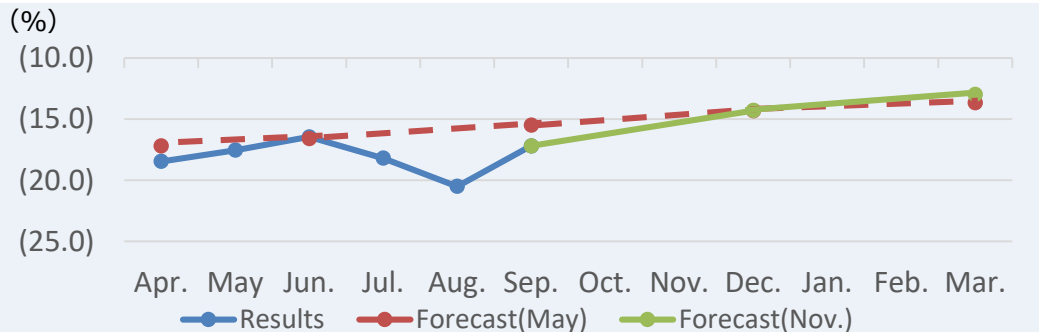
◆ Railway operations

<Revenue from railway transportation (compared to FY2018)>



	FY2022 1st Half	FY2022 2nd Half Forecast	FY2022 Full-year Forecast
Commuter	(24%)	(21%)	(23%)
Non commuter	(22%)	(20%)	(21%)
Total	(23%)	(20%)	(22%)

【Reference】 Number of passengers carried (compared to FY2018)

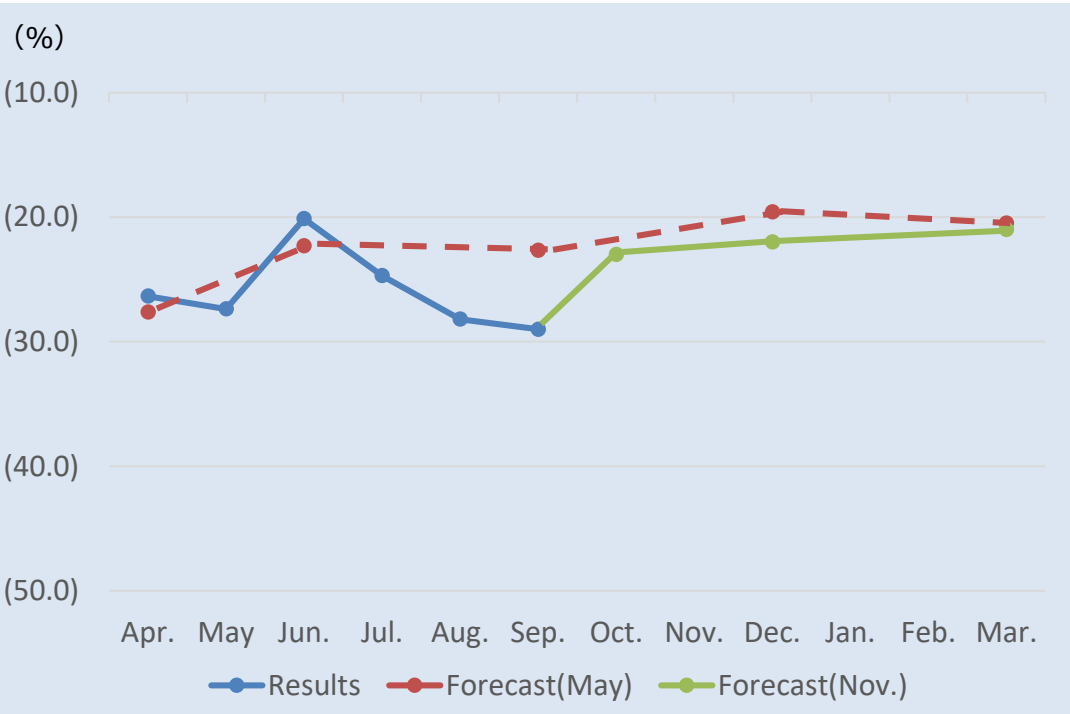


[Preliminary report for October (number of users)]

- The number of people passing through automatic ticket gates decreased by approximately 15% compared to FY2018 (increased by approximately 10% year on year), while the number of people at the two Haneda Airport stations decreased by approximately 10% compared to FY2018 (increased by approximately 60% year on year)
- Consequently, the number of passengers carried is on a pace in line with expectations.

◆ Bus operations

<Revenue from operations (compared to FY2018)>

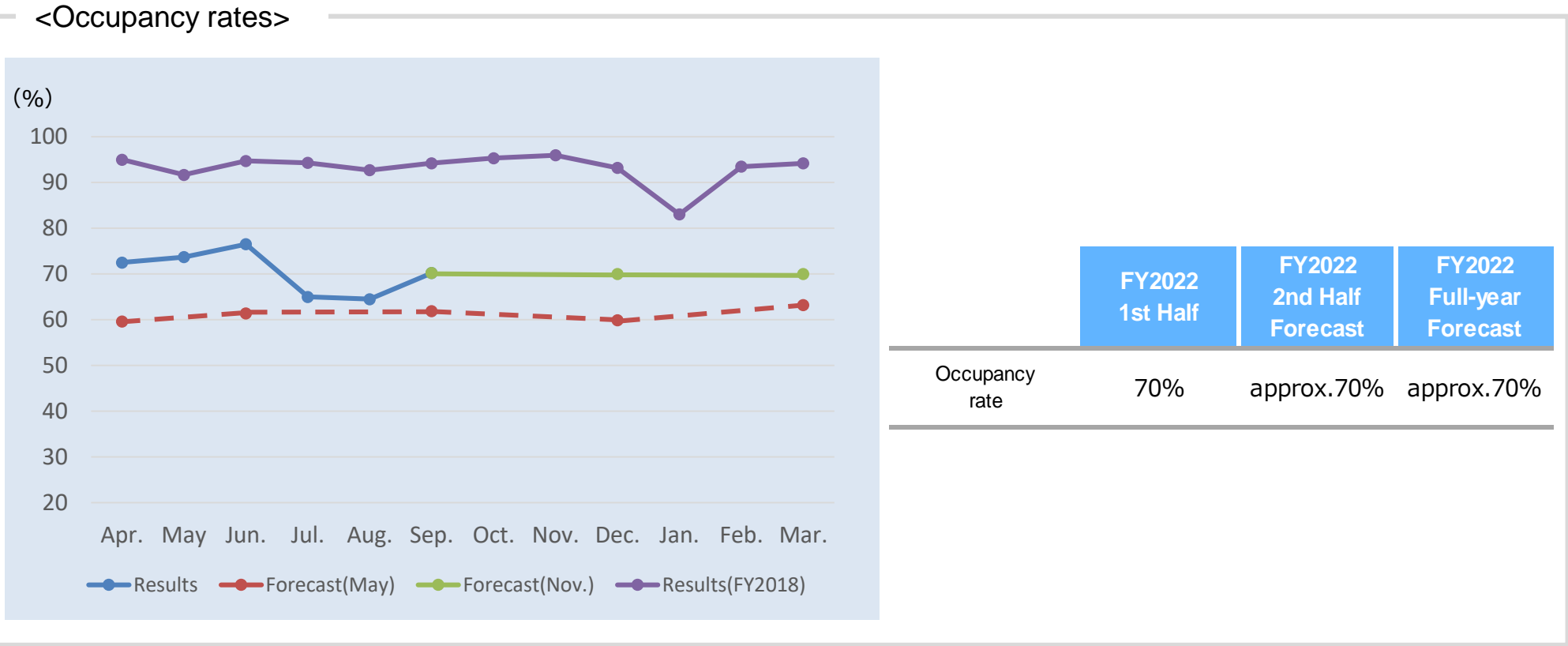


	FY2022 1st Half	FY2022 2nd Half Forecast	FY2022 Full-year Forecast
Revenue from operations	(26%)	(22%)	(24%)

[Preliminary report for October (revenue from operations)]

- Revenue from operations decreased by approximately 20% compared to FY2018 (increased by approximately 20% year on year).
- Pace is largely in line with the Forecast

◆ Business hotels



- [Preliminary report for October (occupancy rate)]
- The occupancy rate remained at approximately 70%
 - Pace is largely in line with the Forecast

Consolidated Statement of Income (Business Forecasts)

(Unit: Billions of yen)	FY2022	FY2021	Changes
Revenue from operations	257.0	265.2	(8.2)
Operating profit	8.0	3.5	+4.4
Ordinary profit	5.0	5.0	—
Profit attributable to owners of parent	15.0	12.5	+2.4

*No change from the business forecasts announced on May 11, 2022

(Unit: Billions of yen)	FY2022 forecast (November 2022 forecast)	FY2022 forecast (May 2022 forecast)	Changes	(Ref.) FY2021 Actual
Amount of capital Investment** [Of which, SPC investment due to real estate securitization]	108.5 [15.7]	105.2 [11.7]	+3.2 [+4.0]	70.0 [17.8]
Depreciation	28.4	28.7	(0.3)	29.5
Net income per Share(yen)	54.49	54.49	—	45.52

** Includes contribution for construction, etc.

FY2022 [November 2022 forecast] :13.8 billion yen, [May 2022 forecast] :13.9billion yen, FY2021 :3.6 billion yen

(Unit: Billions of yen)		FY2022 forecast (November 2022 forecast)	FY2022 forecast (May 2022 forecast)	Changes	(Ref.) FY2021 Actual
Transportation	Revenue from operations	97.7	98.0	(0.3)	86.2
	Operating profit	(0.8)	0.0	(0.8)	(9.9)
Real Estate	Revenue from operations	54.3	55.0	(0.7)	79.4
	Operating profit	6.0	6.0	—	10.9
Leisure Services	Revenue from operations	25.8	24.5	+1.3	23.9
	Operating profit	0.8	0.0	+0.8	0.2
Retailing	Revenue from operations	69.2	69.5	(0.3)	69.8
	Operating profit	0.6	1.0	(0.4)	0.7
Other	Revenue from operations	44.5	44.5	—	41.5
	Operating profit	1.4	1.0	+0.4	1.6

		Revenue from operations				Operating profit			
(Unit: Billions of yen)		FY2022 forecast (November 2022 forecast)	FY2022 forecast (May 2022 forecast)	Changes	(Ref.) FY2021 Actual	FY2022 forecast (November 2022 forecast)	FY2022 forecast (May 2022 forecast)	Changes	(Ref.) FY2021 Actual
Transportation		97.7	98.0	(0.3)	86.2	(0.8)	0.0	(0.8)	(9.9)
	Railway	67.7	68.0	(0.3)	59.8	0.6	2.0	(1.4)	(5.2)
	Bus	26.3	26.5	(0.2)	23.3	(1.4)	(2.0)	+0.6	(4.5)
	Taxi	3.7	3.5	+0.2	3.0	0.0	0.0	–	(0.2)

< 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)			
	FY2022 forecast (November 2022 forecast)	FY2022 forecast (May 2022 forecast)	Changes	(Ref.) FY2021 Actual	FY2022 forecast (November 2022 forecast)	FY2022 forecast (May 2022 forecast)	Changes	(Ref.) FY2021 Actual
Commuter	216	220	(3)	200	24.7	25.1	(0.4)	23.4
Non commuter	188	189	(0)	160	40.3	39.8	+0.4	33.8
Total	405	409	(4)	360	65.0	65.0	+0.0	57.3

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

	Number of passengers carried (Millions of people)			
	FY2022 forecast (November 2022 forecast)	FY2022 forecast (May 2022 forecast)	Changes	(Ref.) FY2021 Actual
Haneda Airport Terminal 1・2 (domestic)	31	30	+0	21
Haneda Airport Terminal 3 (international)	4	4	+0	3
Total	35	34	+0	24

		Revenue from operations				Operating profit			
		FY2022 forecast (November 2022 forecast)	FY2022 forecast (May 2022 forecast)	Changes	(Ref.) FY2021 Actual	FY2022 forecast (November 2022 forecast)	FY2022 forecast (May 2022 forecast)	Changes	(Ref.) FY2021 Actual
(Unit: Billions of yen)									
Real Estate		54.3	55.0	(0.7)	79.4	6.0	6.0	—	10.9
Real estate sales		36.4	37.2	(0.8)	62.5	2.3	2.0	+0.3	6.8
Real estate leasing		17.9	17.8	+0.1	16.8	3.7	4.0	(0.3)	4.0

<Major properties to be delivered in FY2022>

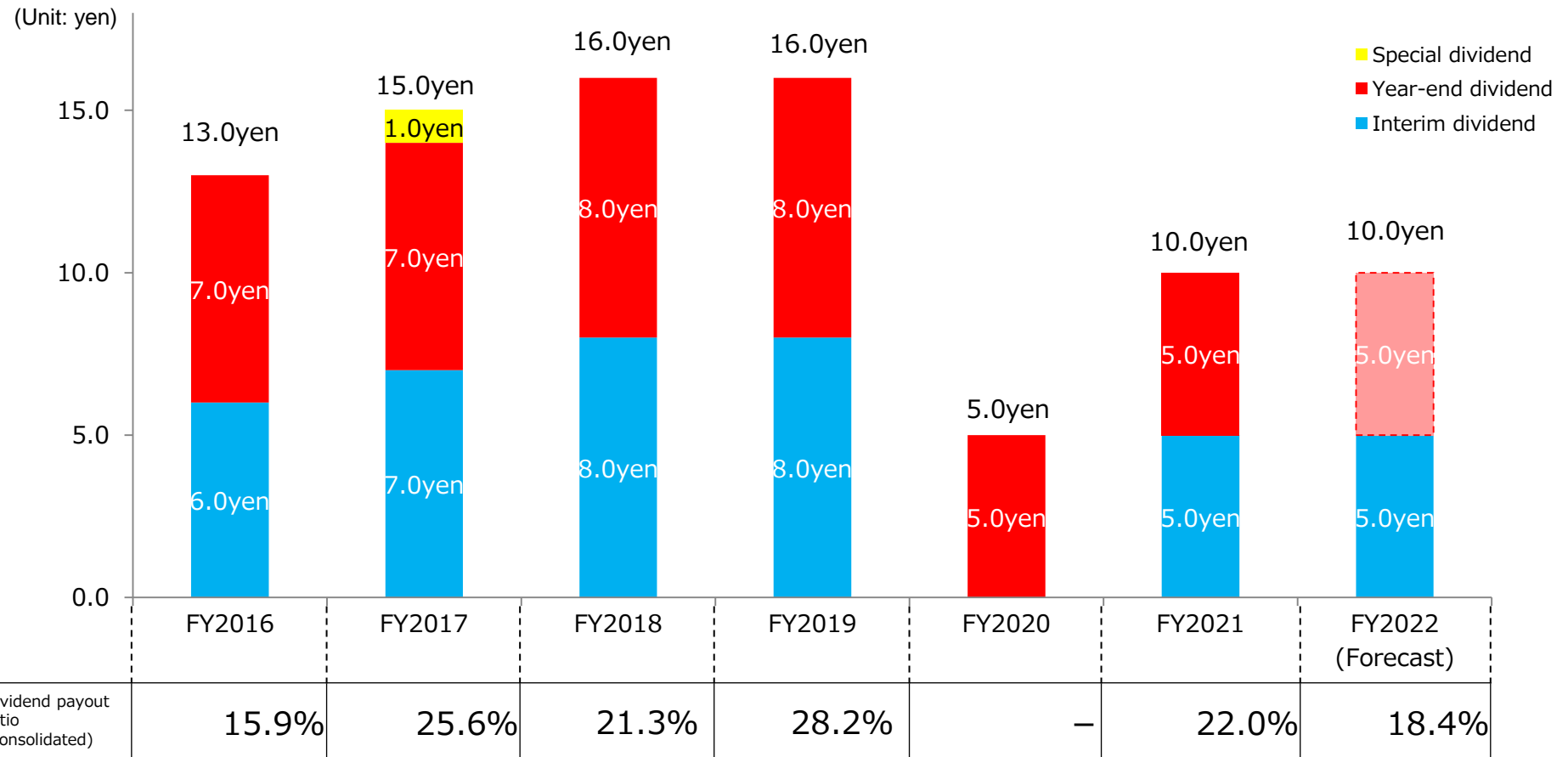
(Number of units)	Total number	Delivery date
PRIME Kanazawabunko	106	March 2023(Scheduled)
PREMIST Oji Kamiya	227	February 2023(Scheduled)
PRIME Kawasaki Kojimashinden	116	September 2022
BRANZ TOWER Shibaura	482	January 2022

		Revenue from operations				Operating profit			
		FY2022 forecast (November 2022 forecast)	FY2022 forecast (May 2022 forecast)	Changes	(Ref.) FY2021 Actual	FY2022 forecast (November 2022 forecast)	FY2022 forecast (May 2022 forecast)	Changes	(Ref.) FY2021 Actual
(Unit: Billions of yen)									
Leisure Services		25.8	24.5	+1.3	23.9	0.8	0.0	+0.8	0.2
Business hotels		4.5	3.5	+1.0	3.1	(1.6)	(2.0)	+0.4	(2.0)
Leisure-related facilities		12.1	12.0	+0.1	11.7	1.7	1.5	+0.2	1.6
Leisure, other		9.2	9.0	+0.2	9.0	0.7	0.5	+0.2	0.5

		Revenue from operations				Operating profit			
		FY2022 forecast (November 2022 forecast)	FY2022 forecast (May 2022 forecast)	Changes	(Ref.) FY2021 Actual	FY2022 forecast (November 2022 forecast)	FY2022 forecast (May 2022 forecast)	Changes	(Ref.) FY2021 Actual
(Unit: Billions of yen)									
	Retailing	69.2	69.5	(0.3)	69.8	0.6	1.0	(0.4)	0.7
	Department store / SC	16.4	15.5	+0.9	15.1	0.5	0.2	+0.3	(0.1)
	Department store	12.5	12.5	–	12.3	0.3	0.2	+0.1	(0.1)
	S C	3.9	3.0	+0.9	2.8	0.2	0.0	+0.2	0.0
	Store business	52.8	54.0	(1.2)	54.6	0.1	0.8	(0.7)	0.8
	Supermarkets	40.5	41.8	(1.3)	42.0	(0.3)	0.3	(0.6)	0.3
	Convenience store / Merchandise sales, etc.	12.3	12.2	+0.1	12.5	0.4	0.5	(0.1)	0.5

	Revenue from operations				Operating profit			
	FY2022 forecast (November 2022 forecast)	FY2022 forecast (May 2022 forecast)	Changes	(Ref.) FY2021 Actual	FY2022 forecast (November 2022 forecast)	FY2022 forecast (May 2022 forecast)	Changes	(Ref.) FY2021 Actual
(Unit: Billions of yen)								
Other	44.5	44.5	—	41.5	1.4	1.0	+0.4	1.6





- 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



I . Executive Summary	P. 2
II . Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2023 (FY2022)	P. 4
III . Full-Year Business Forecasts for the Fiscal Year Ending March 31, 2023 (FY2022)	P. 19
IV . Initiatives in the railway operations	P. 33

Shift to a strong business structure that can sustain stable profits

Low-cost operations

Item		Detail
Emergency/temporary cost cutting (incl. natural reductions)	Personnel expenses	Reduce overtime by reviewing work shifts; reduce bonuses
	Repair expenses	Examine and shelve repair work plans
	Depreciation expenses	Examine and shelve investment plans
	Other expenses	Removal expenses
	General and administrative expenses (incl. advertising expenses)	Cancel advertisements and events, etc.
Constant/structural cost cutting (low-cost operations)	Personnel expenses	<p>Save labor by changing schedules to meet demand and introducing smart support systems (station remote), etc.</p>   <p>Introducing smart support systems</p>
	Repair expenses	<p>Review maintenance and inspection works</p> <p>Move up the last train schedules ⇒ Reduce workload + Improve night work efficiency</p>  
	Overhead expenses	Improve business efficiency by shifting outsourced operations in-house and digitization, etc.
	General and administrative expenses (incl. advertising expenses)	Review advertising plans; reduce head office expenses, etc.

Low-cost operations

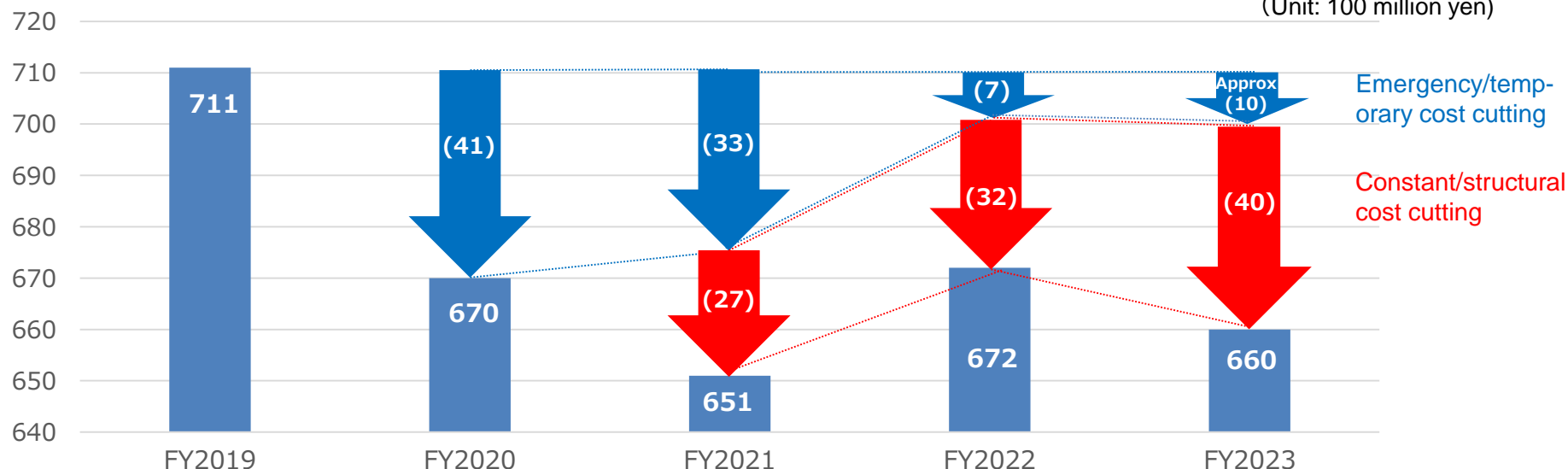
◆ Progress of cost cutting (vs. before COVID-19)

(Unit: 100 million yen)

Item	FY2020 Actual	FY2021 Actual	FY2022 2Q Actual	FY2022 Forecast	FY2023 Target
Emergency/temporary (incl. natural reductions)	(41)	(33)	(4)	* (7)	approx. (10)
Constant/structural (low-cost operations)	—	(27)	(16)	(32)	(40)
Grand total	(41)	(60)	(20)	* (39)	approx. (50)

* In the FY2022 forecast, we expect a reduction in planned cost-cutting by ¥1,100 million compared with the forecast announced in May due to increase in power expenses (up ¥1,500 million vs. FY2019, up ¥1,600 million vs. FY2021).
(Unit: 100 million yen)

◆ Operating expenses



➡ **Advance business structural reforms to shift from “emergency” to “constant” cost cutting (routine cost cuts to be increased up to - ¥4,000 million)**

【Strengthening the Management Base】

Initiatives in Railway Business_3 (Sales Strategy)

Providing train schedules and products that take into account new lifestyles and aim at community development and area management along railway lines

Train schedule

Key Points of the Nov. 2022 train schedule revision

[Weekday morning rush hours]

• Review of some operating hours of Morning Wing

Wing	Status of use	Shinagawa station arrival time	
		Current	After revision
Train 1	人 人 人 人 人 人 人	6 : 58	6 : 58
Train 3	人 人 人 人 人 人 人	7 : 27	7 : 27
Train 5	人 人 人 人	9 : 20	8 : 53

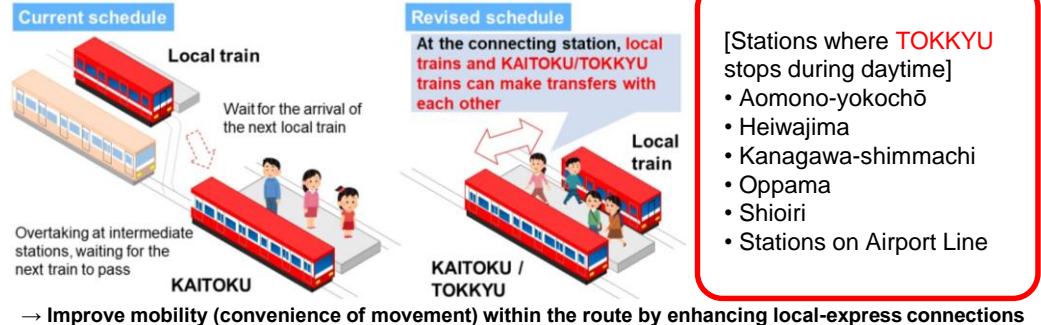
→ Changed train 5, which is relatively open, to a more user-friendly time

≈ Approximately 30 minutes ahead of schedule

Implementation of train schedule revisions that reflect usage conditions and new demand

[Day Time]

- “Limited Express (KAITOKU)” on main line and the Airport Line alternately changed to “Limited Express (TOKKYU)” to improve connections



Products and services

• Expansion of use by utilizing DX

Promote digitization of planned tickets, including the "Misaki-Maguro Ticket"

• Creation of new demand through chartered event trains

Holding of monthly charter event trains by newly built train car (nicknamed Le Ciel)

• Revitalization of places along railway lines by implementing high-profile campaigns (in cooperation with local governments, etc.)

Conducted a campaign (wrapped trains, station decorations, stamp rally, etc.) in collaboration with popular characters "Sumikkogurashi"

Promote initiatives to analyze demand, improve services, and communicate the attractiveness of the rail lines and places along railway lines by utilizing digital infrastructure



Initiatives in railway business_4 (Capital investment plan)

Further strengthening safety measures

Providing universal and comfortable transportation services

Planned capital investment totaling 23.1 billion yen in FY2022

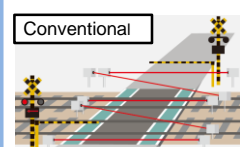
Further Strengthening Safety Measures

◆ Promote continuous multi-level intersections (around Shinagawa Station, Daishi Line)

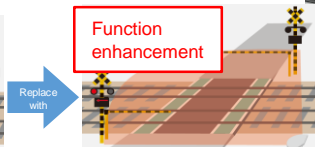
- Improve traffic smoothness and safety by eliminating railway crossings

◆ Safety measures for railway crossings

- Enhancement of detection function of obstacle detection device, etc.



▲ Obstacle detection device (light beam type)



▲ Obstacle detection device (Infrared laser radar system)

Vicinity of Shinagawa Station ▼



Initiatives to reduce environmental impact

◆ Convert station and train lighting equipment to LEDs

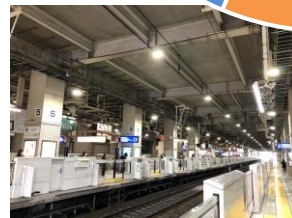
- In FY2022, 9 stations and 24 cars are scheduled to be introduced

◆ Upgrade to energy-saving equipment

- Reduction of power consumption by updating to energy-saving equipment



LED lighting at Kamiooka Station platform ▶



◀ Examples of past elevator updates (Haneda Airport Terminal 1 & 2 Station)

Providing Universal and Comfortable Transportation Services

◆ Increase in the number of stations where platform gates and fixed platform railings are installed

- Planned installation at 10 stations from FY2022 to FY2023

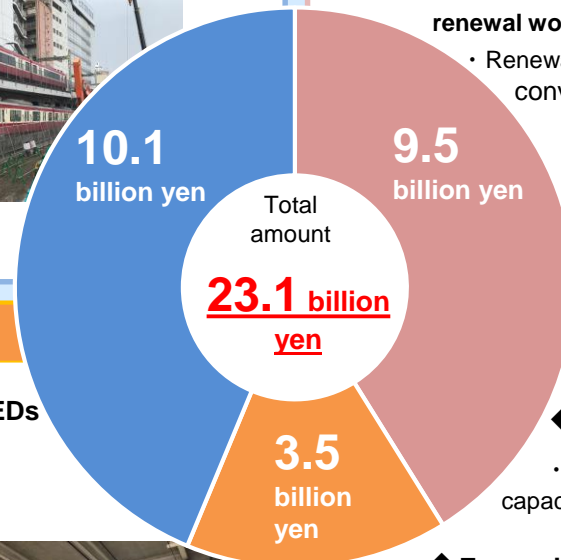
◆ Promotion of station improvement and vehicle renewal work

- Renewal of facilities for greater comfort and convenience



▲ Example of platform gate installation (Oppama Station)

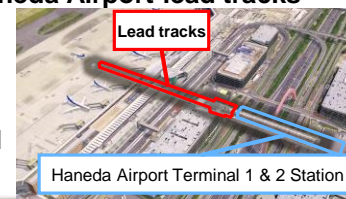
◀ Installation of free space in cars



Investments for future growth

◆ Construction of new Haneda Airport lead tracks

- Increase transportation capacity for airport access



Haneda Airport Terminal 1 & 2 Station

◆ Expansion of non-confrontational station counters

- Smart support system in preparation for after pandemic (Scheduled to be introduced at 8 stations in FY 2022)



▲ Lead tracks image diagram

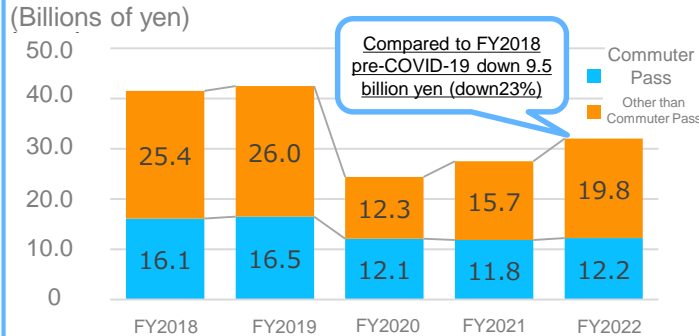
◀ Example of System Implementation (Kamiooka Station, 3rd floor ticket gate)

Initiatives in the railway business 5 (Consideration of freight rate revision)

Considering freight rate revision on the premise of continuing thorough cost reduction and sales efforts to gain the understanding of customers

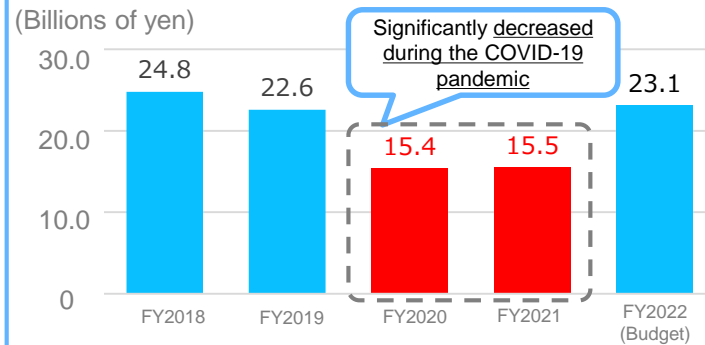
Background to the consideration of freight rate revision

< Changes in Passenger Transit Revenues for the Second Quarter (April-September) >



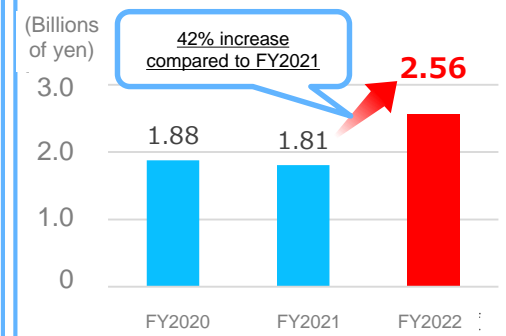
Commuter: Decrease in commuting users and stagnant recovery due to the establishment of remote-working, etc.
 Non-commuter: Significant decrease in business use and air passengers, etc.
 ⇒ **Expected to be difficult to recover to pre-COVID-19 levels**

< Changes in Annual Capital Expenditures >



Low investment levels in the last two years due to deteriorating performance caused by the COVID-19 pandemic
 ⇒ **To provide safer and more comfortable transportation services than ever before, large capital investment will be required in the future**

< Changes in electric power costs in the second quarter >



Sharp rise in the cost of electricity used in operations and station facilities due to soaring crude oil prices and other factors
 ⇒ **This trend is expected to continue**

Details of consideration of freight rate revision

- While social changes have prevented demand from recovering to pre-COVID-19 levels, and there are concerns about soaring crude oil prices and material costs, we intend to continue to make appropriate capital investments and ensure the soundness of our railroad business operations in order to achieve our long-term vision of "a prosperous line that supports the lives and exchanges of many people in Japan and overseas and sustainably develops".
- For this reason, we are considering a freight rate revision in order to ask that customers bear a portion of the shortfall in costs, provided that cost reductions and sales efforts are made.

◆ Implementation period around Fall 2023

◆ Anticipated average price increase of about 10%.

- * Expect to raise the first-ride fare (ticket) by about 10 yen (from 140 yen to 150 yen)
- * In consideration of the financial burden on households, school commuter pass fares will remain unchanged.



<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.

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