

Tokyu Corporation

Earnings Reports for the 2nd quarter of year ending March, 2024

(April 1, 2023 – September 30, 2023)

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product and service launches, and pricing and product initiatives of competitors.



SUMMARY OF FINANCIAL STATEMENTS [Japanese Accounting Standards] (Consolidated) For the First Half of the Fiscal Year Ending March 31, 2024

Tokyu Corporation

November 8, 2023

Stock Code: 9005	Listed exchanges: Tokyo Stock Exchange	
URL: https://www.tokyu.co.jp/	Inquiries: Yuki Osawa, Senior Manager, Accounting and IR Group	
President: Masahiro Horie	Telephone: 81-3-3477-6168	
Planned date for submission of quarterly financial reports: November 8, 2023		
Scheduled date of commencement of dividend payment: December 5, 2023		
Supplementary documents for quarterly results: YES		
Quarterly results briefing (for institutional investor and analysts): YES		

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

1. Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2024 (April 1, 2023 to September 30, 2023)

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

1) Consolidated Operating Results

	Six months ended September 30, 2023		Six months ended September 30, 2022	
	Change (%)		Change (%)	
Operating revenue.....	11.2	483,468	-1.9	434,693
Operating profit.....	108.6	45,533	-12.5	21,823
Ordinary profit.....	101.0	49,688	-7.1	24,725
Profit attributable to owners of parent	89.5	35,029	-23.6	18,480
Net income per share (¥).....		57.85		30.67
Net income per share (diluted) (¥).....		-		-

Note: Comprehensive Income: Six months ended September 30, 2023: ¥49,748 million [45.1%]
Six months ended September 30, 2022: ¥34,274 million [10.1%]

2) Consolidated Financial Position

	As of September 30, 2023		As of March 31, 2023	
	Change (%)		Change (%)	
Total assets		2,590,220		2,614,012
Net assets		795,807		779,372
Equity ratio (%).....	29.1		28.3	

Reference: Shareholders' equity: First Half ended September 30, 2023: ¥753,786 million
FY ended March 31, 2023: ¥740,621 million

2. Dividends

	FY ending March 31, 2024 (forecast)	FY ending March 31, 2024	FY ended March 31, 2023
Dividend per share – end of first quarter (¥).....		-	-
Dividend per share – end of first half (¥).....		7.50	7.50
Dividend per share – end of third quarter (¥)	-		-
Dividend per share – end of term (¥).....	10.00		7.50
Dividend per share – annual (¥).....	17.50		15.00

Note: Revisions to dividend forecasts published most recently: Yes

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

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

	Full year	
	Change (%)	
Operating revenue	11.6	1,039,500
Operating profit.....	90.6	85,000
Ordinary profit.....	85.8	88,000
Profit attributable to owners of parent.....	107.7	54,000
Net income per share (¥).....		89.65

Note: Revision to consolidated business performance forecasts published most recently: Yes

*** Notes**

- (1) Changes in important subsidiaries during the consolidated quarter (cumulative) under review (changes in specified subsidiaries resulting in changes in the scope of consolidation): No
- (2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions
- 1) Changes in accounting policies with revision of accounting standards, etc.: No
 - 2) Changes in accounting policies other than 1): No
 - 3) Changes in accounting estimates: No
 - 4) Restatement of revisions: No
- (4) Number of shares issued (common stock)
- 1) Number of shares issued at the end of the term (including treasury stock) (shares)
As of September 30, 2023: 624,869,876 As of March 31, 2023: 624,869,876
 - 2) Number of treasury stock at the end of the term (shares)
As of September 30, 2023: 26,187,309 As of March 31, 2023: 10,210,452
 - 3) Average numbers of shares issued during the terms (quarterly consolidated accumulation periods) (shares)
Six months ended September 30, 2023: 605,474,896
Six months ended September 30, 2022: 602,572,697

(Note) Treasury stock numbers include shares of the Company held by a group of shareholding employees in trust and compensation for Directors in trust, as follows:
As of September 30, 2023: 1,225,400 shares As of March 31, 2023: 1,680,500 shares

* The summary of financial statements is not subject to audit.

* Explanations about the proper use of financial forecasts and other important notes

(Notes on forecast results)

The forecast results presented above are based on the information available on the date of this announcement and assumptions that are considered reasonable.

Actual results may differ materially from the forecasts depending on a number of factors.

For details on the forecast results, please see the statement under the heading, "1. Qualitative Information on Consolidated Financial Results, etc. for the First Half of FY2023, (3) Explanation about the Future Outlook, Including Forecast for Consolidated Earnings" in the accompanying materials.

(Method of acquiring supplementary documents for quarterly results)

The "Summary of Results for the Second Quarter of FY2023" will be disclosed on Timely Disclosure network (TDnet) and the Company's own IR website today (November 8, 2023).

(Method of acquiring closing of accounts briefing materials)

Tokyu Corporation will hold a results briefing for institutional investors and analysts on November 9, 2023.

The materials used in that briefing will be promptly published on the Timely Disclosure network (TDnet) and the Company's own IR website on the same day.

○ Accompanying Materials – Contents

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1. Qualitative Information on Consolidated Financial Results, etc. for the First Half of FY2023

(1) Explanation about Consolidated Financial Results

During the first half under review, a recovery was seen in the number of customers, particularly in the Transportation Business and the Hotel and Resort Business, due to the reclassification of COVID-19 to Class 5 infectious diseases and other factors, and railroad fares were also revised. As a result, operating revenue for the first half under review stood at ¥483,468 million (up 11.2% year on year), operating profit at ¥45,533 million (up 108.6% year on year), and ordinary profit at ¥49,688 million (up 101.0% year on year). Profit attributable to owners of parent came to ¥35,029 million (up 89.5% year on year) mainly due to an increase in share of profit of entities accounted for using equity method.

Operating results on a segmental basis are as follows. The results for individual segments include inter-segment internal revenues or transfers where applicable. The Company presents operating profit for each reported segment as segment profit in this document.

(i) Transportation

In the Transportation Business segment, the number of passengers carried by Tokyu Railways exceeded the previous year's figures for both commuters and non-commuters, increasing 7.2% overall and reflecting a 6.3% increase in the number of commuters carried and an 8.3% rise in the number of non-commuters carried chiefly due to an increase in opportunities to go out resulting from the reclassification of COVID-19 to Class 5 infectious diseases and the effect of the Tokyu Shin-yokohama Line, which opened in March 2023. In addition, fare revenue climbed 21.9%, reflecting a 16.9% increase in revenue from commuters carried and a 25.2% rise in revenue from non-commuters carried chiefly due to a recovery in the number of passengers carried and the effect of fare revisions implemented on March 18, 2023.

As a result, operating revenue for the segment increased 17.7% year on year, to ¥103,866 million, resulting in an operating profit of ¥18,705 million for the segment (an increase of 277.4% year on year).

(Operation results of Tokyu Railways' railway operations)

Categories		Units	First half of the previous fiscal year	First half of the fiscal year under review
			April 1, 2022 to September 30, 2022	April 1, 2023 to September 30, 2023
Number of operating days		Days	183	183
Operating distance		Kilometers	104.9	110.7
Operating distance of passenger trains		Thousand kilometers	73,989	78,215
Number of passengers carried	Non-commuter	Thousand passengers	216,521	234,576
	Commuter	Thousand passengers	274,248	291,555
	Total	Thousand passengers	490,769	526,131
Passenger revenue	Non-commuter	Million yen	35,349	44,256
	Commuter	Million yen	23,537	27,511
	Total	Million yen	58,886	71,767
Miscellaneous income from railway operations		Million yen	7,141	7,053
Total revenues		Million yen	66,027	78,829
Average passenger revenue per day		Million yen	322	392
Operating efficiency		%	42.0	42.8

(Note) Calculation method of the operating efficiency

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

(ii) Real Estate

In the Real Estate Business, operating revenue increased 20.7% year on year, to ¥113,111 million and operating profit increased to ¥19,608 million (up 31.7% year on year), chiefly reflecting strong performance in property sales in the real estate sales business and the real estate leasing business, as well as an improvement in the average hotel room rate.

(iii) Life Service

In the Life Service Business, operating revenue grew 2.5% year on year, to ¥256,772 million mainly reflecting a recovery in demand in other businesses, such as Tokyu Store Chain Co., Ltd. and Tokyu Recreation Co., Ltd., despite a decrease in revenue at Tokyu Department Store Co., Ltd. following the termination of its head office operations in the previous year. Operating profit increased to ¥5,422 million (up 24.8% year on year).

(iv) Hotel and Resort

In the Hotel and Resort Business, the occupancy rate rose to 75.6% (up 10.9 points year on year) and the average room rate was 20,508 yen (up 6,587 yen year on year), reflecting a recovery in the number of customers, mainly in hotels in the central Tokyo area, due to the capture of inbound demand. As a result, operating revenue for the segment increased 40.5% year on year, to ¥43,627 million, and operating profit was ¥1,600 million for the segment (compared with operating loss of ¥2,566 million in the same period of the previous fiscal year).

(2) Explanation about Consolidated Financial Position

Assets

Total assets decreased ¥23,791 million from the end of the previous fiscal year to ¥2,590,220 million at the end of the first half under review, primarily due to decreases in the Company's cash and deposits and trade notes and accounts receivable.

Liabilities

Liabilities decreased ¥40,227 million year on year, to ¥1,794,412 million, due to a year-on-year decrease in interest-bearing debt(*) of ¥13,954 million, to ¥1,273,564 million.

Net assets

Net assets rose ¥16,435 million from the end of the previous fiscal year to ¥795,807 million, primarily attributable to the posting of profit attributable to owners of parent, despite a purchase of treasury stock.

* Interest-bearing debt: the sum of debt, corporate bonds, and commercial papers

(3) Explanation about the Future Outlook, Including Forecast for Consolidated Earnings

Regarding forecasts for the full-year consolidated financial results, the previous forecast announced on August 8, 2023 has been revised as follows based on the results for the first half: operating revenue of ¥1,039,500 million (up 0.6% from the previous forecast) and operating profit of ¥85,000 million (up 9.0% from the previous forecast), ordinary profit of ¥88,000 million (up 12.5% from the previous forecast), and profit attributable to owners of parent of ¥54,000 million (up 20.0% from the previous forecast).

Furthermore, in light of the revision of the earnings forecasts, the previous forecast of year-end dividend has also been revised, with a projected annual dividend of ¥17.50 per share (interim dividend of ¥7.50 and year-end dividend of ¥10.00).

For details of the financial forecasts and the year-end dividend forecast, please refer to the "Notice Regarding Revisions to Full-Year Results Forecast and Year-end Dividend Forecasts" and the "Summary of Results for the Second Quarter of FY2023" disclosed separately today.

Million yen, unless otherwise noted

	Operating revenue	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share (¥)
Previously announced forecast (A) (Announced on August 8, 2023)	1,032,900	78,000	78,200	45,000	74.74
Revised forecast (B)	1,039,500	85,000	88,000	54,000	89.65
Change (B - A)	6,600	7,000	9,800	9,000	
Change (%)	0.6	9.0	12.5	20.0	
(For reference) Consolidated financial results for the previous fiscal year (Fiscal year ended March 31, 2023)	931,293	44,603	47,369	25,995	42.94

* The forecast results presented above are based on information available as of the date of this announcement and assumptions considered reasonable. Actual results may differ materially from forecasts depending on a number of factors.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

Millions of yen

	As of March 31, 2023	As of September 30, 2023
Assets		
Current Assets		
Cash and deposits	¥ 69,342	¥ 40,132
Trade notes and accounts receivable	160,746	148,092
Contract assets	12,566	10,476
Merchandise and products	9,140	9,079
Land and buildings for sale	109,622	118,358
Work in progress	3,113	5,634
Raw materials and supplies	8,789	8,863
Other current assets	50,562	52,363
Allowance for doubtful accounts	-1,584	-852
Total current assets	422,300	392,147
Non-current Assets		
Property, plant and equipment		
Buildings and structures, net	812,185	860,037
Rolling stock and machinery, net	81,853	79,560
Land	723,020	724,774
Construction in progress	190,205	134,705
Others, net	23,429	26,338
Total property, plant and equipment	1,830,693	1,825,415
Intangible assets	38,674	38,533
Investments and other assets		
Investment securities	226,392	242,434
Net defined benefit asset	10,382	10,532
Deferred tax assets	20,071	15,569
Other assets	65,598	66,364
Allowance for doubtful accounts	-100	-777
Total investments and other assets	322,344	334,123
Total non-current assets	2,191,712	2,198,073
Total Assets	¥ 2,614,012	¥ 2,590,220

Millions of yen

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current Liabilities		
Trade notes and accounts payable	¥ 100,887	¥ 87,779
Short-term borrowings	423,036	430,828
Commercial papers	30,000	–
Current portion of bonds payable	25,000	20,000
Income taxes payable	5,832	11,887
Contract liabilities	43,148	48,801
Provisions	12,300	12,443
Advances received	10,159	12,504
Other current liabilities	118,690	94,184
Total current liabilities	769,056	718,429
Long-Term Liabilities		
Bonds payable	320,000	360,000
Long-term borrowings	489,483	462,736
Provisions	2,520	2,392
Liabilities for retirement benefit	42,760	40,631
Long-term guarantee deposits received	137,754	137,775
Deferred tax liabilities	15,336	15,389
Deferred tax liabilities from land revaluation	4,881	4,881
Other long-term liabilities	47,826	48,411
Total long-term liabilities	1,060,563	1,072,217
Special Legal Reserves		
Urban railways improvement reserve	5,020	3,765
Total Liabilities	1,834,639	1,794,412
Net Assets		
Shareholders' Equity		
Common stock	121,724	121,724
Capital surplus	123,329	123,363
Retained earnings	471,348	501,752
Treasury stock	-17,329	-46,489
Total shareholders' equity	699,074	700,351
Accumulated Other Comprehensive Income		
Net unrealized gains (losses) on investment securities	15,698	19,771
Deferred gains (losses) on hedges	1,151	1,034
Land revaluation reserve	5,196	5,194
Foreign currency translation adjustment	13,968	21,970
Remeasurements of defined benefit plans	5,531	5,465
Total accumulated other comprehensive income	41,546	53,435
Non-Controlling Interests	38,751	42,021
Total Net Assets	779,372	795,807
Total Liabilities and Net Assets	¥ 2,614,012	¥ 2,590,220

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

(Quarterly Consolidated Statements of Income)

Millions of yen

	April 1, 2022 to September 30, 2022	April 1, 2023 to September 30, 2023
Operating Revenue	¥ 434,693	¥ 483,468
Operating expenses		
Operating expenses and cost of sales related to transportation	307,355	328,176
Selling, general and administrative expenses	105,514	109,758
Total operating expenses	412,869	437,935
Operating Profit	21,823	45,533
Non-operating profit		
Interest income	190	304
Dividend income	705	748
Share of profit of entities accounted for using equity method	4,629	6,953
Other non-operating profit	4,246	3,045
Total non-operating profit	9,773	11,052
Non-operating expenses		
Interest expenses	4,248	4,289
Other non-operating expenses	2,623	2,607
Total non-operating expenses	6,871	6,896
Ordinary Profit	24,725	49,688
Extraordinary gains		
Gains on sale of property, plant and equipment	351	26
Subsidies received for construction	1,555	280
Gain on reversal of urban railways improvement reserve	1,255	1,255
Gain on sale of investment securities	1,093	858
Other	139	152
Total extraordinary gains	4,394	2,573
Extraordinary losses		
Tax purpose reduction entry of land contribution for construction	1,128	227
Loss on retirement of property, plant and equipment	391	1,465
Other	941	493
Total extraordinary losses	2,461	2,186
Profit before Income Taxes	26,658	50,076
Income taxes	7,551	14,428
Profit	19,106	35,647
Profit attributable to non-controlling interests	626	618
Profit attributable to owners of parent	¥ 18,480	¥ 35,029

(Quarterly Consolidated Statements of Comprehensive Income)

Millions of yen

	April 1, 2022 to September 30, 2022	April 1, 2023 to September 30, 2023
Profit	¥ 19,106	¥ 35,647
Other comprehensive income		
Net unrealized gains (losses) on investment securities	-96	3,373
Deferred gains (losses) on hedges	-0	0
Foreign currency translation adjustment	9,240	6,756
Remeasurements of defined benefit plans, net of tax	461	-100
Share of other comprehensive income of entities accounted for using equity method	5,562	4,070
Total other comprehensive income	15,167	14,100
Comprehensive Income	¥ 34,274	¥ 49,748
Total comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	¥ 30,355	¥ 46,918
Comprehensive income attributable to non-controlling interests	¥ 3,918	¥ 2,829

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Regarding the Premise of a Going Concern)

There is no applicable item.

(Notes If There Is a Considerable Change to Shareholders' Equity)

The Company repurchased 16,524,300 shares of treasury stock through an off auction own share repurchase transaction (ToSTNeT-3) in accordance with the resolution of the Board of Directors meeting held on June 12, 2023. As a result, treasury stock increased by ¥29,160 million during the first half under review, resulting in treasury stock of ¥46,489 million at the end of the first half under review.

(Additional Information)

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

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

(Segment Information)

I. April 1, 2022 to September 30, 2022

1. Information on operating revenue and operating profits or losses by reported segment

Million yen

	Reported segment				Total	Adjustments (Note) 1	Amount posted in the consolidated statement of income (Note) 2
	Transportation Business	Real Estate Business	Life Service Business	Hotel and Resort Business			
Operating revenue							
Outside customers	86,432	76,203	242,970	29,087	434,693	–	434,693
Inter-segment internal revenues or transfers	1,804	17,481	7,586	1,964	28,837	-28,837	–
Total	88,237	93,684	250,557	31,051	463,530	-28,837	434,693
Segment profit (loss)	4,955	14,887	4,346	-2,566	21,623	200	21,823

Notes

1. An adjustment of ¥200 million in segment profit (loss) represents elimination of inter-segment transactions.
2. Segment profit (loss) has been adjusted with operating profit recorded in the consolidated quarterly statements of income.

II. April 1, 2023 to September 30, 2023

1. Information on operating revenue and operating profits or losses by reported segment

Million yen

	Reported segment				Total	Adjustments (Note) 1	Amount posted in the consolidated statement of income (Note) 2
	Transportation Business	Real Estate Business	Life Service Business	Hotel and Resort Business			
Operating revenue							
Outside customers	101,912	92,387	248,831	40,336	483,468	–	483,468
Inter-segment internal revenues or transfers	1,953	20,724	7,941	3,290	33,909	-33,909	–
Total	103,866	113,111	256,772	43,627	517,377	-33,909	483,468
Segment profit	18,705	19,608	5,422	1,600	45,337	196	45,533

Notes

1. An adjustment of ¥196 million in segment profit represents elimination of inter-segment transactions.
2. Segment profit has been adjusted with operating profit recorded in the consolidated quarterly statements of income.