

# FY2022 2nd Quarter Financial Results

– Held on November 10, 2022 –

**Keio Corporation**  
**京王電鉄株式会社**

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President and Representative Director,  
President and Executive Officer

Satoshi Tsumura

Director, Managing Officer  
(in charge of Finance and Information Disclosure)

Masahiro Ono

# I. FY2022 2nd Quarter Results

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3. Operating Revenues / Operating Profit Change Factors (YoY Comparison)
4. Status of Main Businesses
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# 1. Performance Summary

## FY2022 2nd Quarter Results

- Operating revenues totaled 1,588 hmy as revenues were up across all segments year on year.
- Operating profit totaled 94 hmy and profit attributable to owners of parent came in at 42 hmy amid improved performance across every segment except other businesses.
- Compared to the initial plan, operating revenues declined 55 hmy as every segment fell short of its target apart from transportation, while operating profit increased 6 hmy as each segment reached its target excluding merchandise sales and other businesses.

## FY2022 Full-Year Earnings Forecasts

- After revising forecasts based on performance in the first half, we now project operating revenues will total 3,396 hmy (downward revision of 64 hmy).
- Given first half performance and the outlook for the second half, while each segment will vary, we have left the forecast unchanged for operating profit, ordinary profit and profit attributable to owners of parent.
- We plan an annual dividend of 40.0 yen per share.

## 2. FY2022 2nd Quarter Results

- Improvements were seen in the 1st quarter (April - June) compared to the previous year amid the easing of COVID-19 restrictions.
- The recovery slowed in the 2nd quarter (July - September) due to the resurgence of COVID-19 cases in July, which continue thereafter.

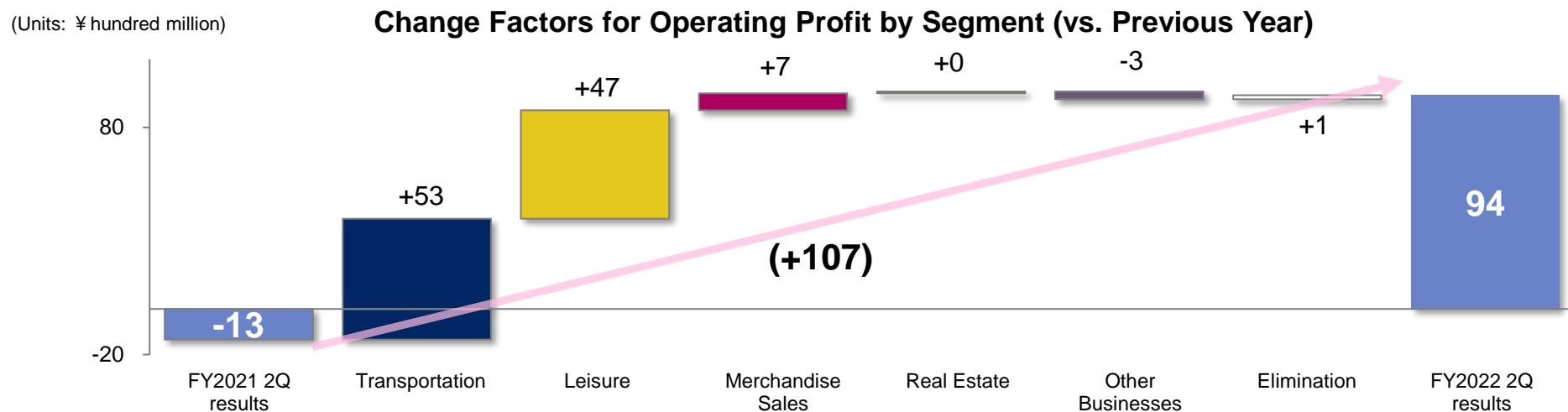
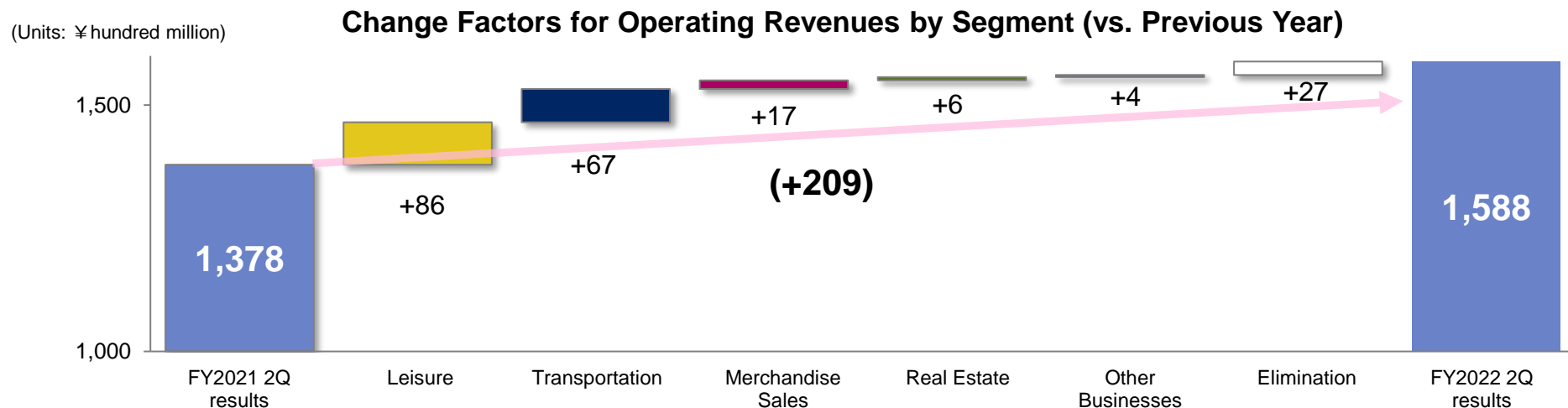
(Units: ¥ hundred million)

	FY2022 1Q result (Apr-Jun)	FY2022 2Q result (Jul-Sep)	FY2022 1H (Apr-Sep)	YoY change	vs. initial plan
Operating Revenues	797	791	1,588	209	-55
Operating Profit	51	42	94	107	6
Ordinary Profit	57	38	95	87	18
Profit Attributable to Owners of Parent	17	25	42	53	24
EBITDA	122	114	236	93	3
Depreciation and Amortization	70	71	142	-12	-3

\* EBITDA is operating profit + depreciation and amortization.

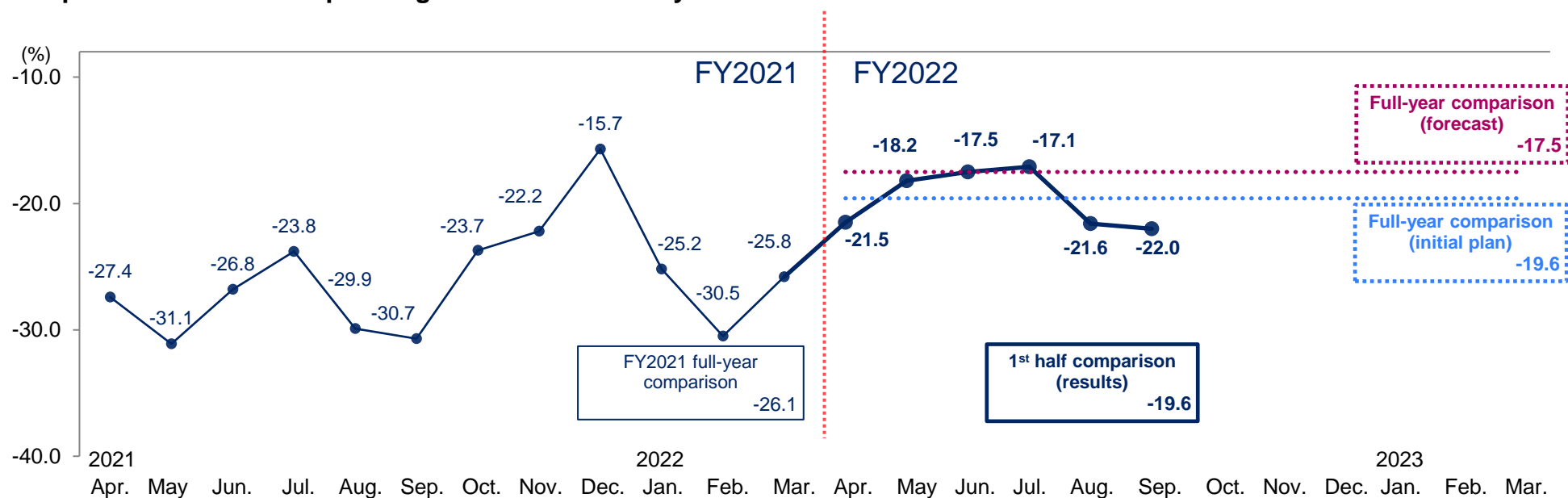
### 3. Operating Revenues / Operating Profit Change Factors (YoY Comparison)

- Operating revenues rose across all segments, increasing 209 hmy compared to last year
- Operating profit improved in each segment except other businesses, resulting in a 107 hmy increase over the previous year.



## 4. Status of Main Businesses (Transportation)

Transportation: Number of passengers carried in railways business vs. FY2018



FY2022 Number of passengers carried in railways business vs. FY2018

(Unit: %)

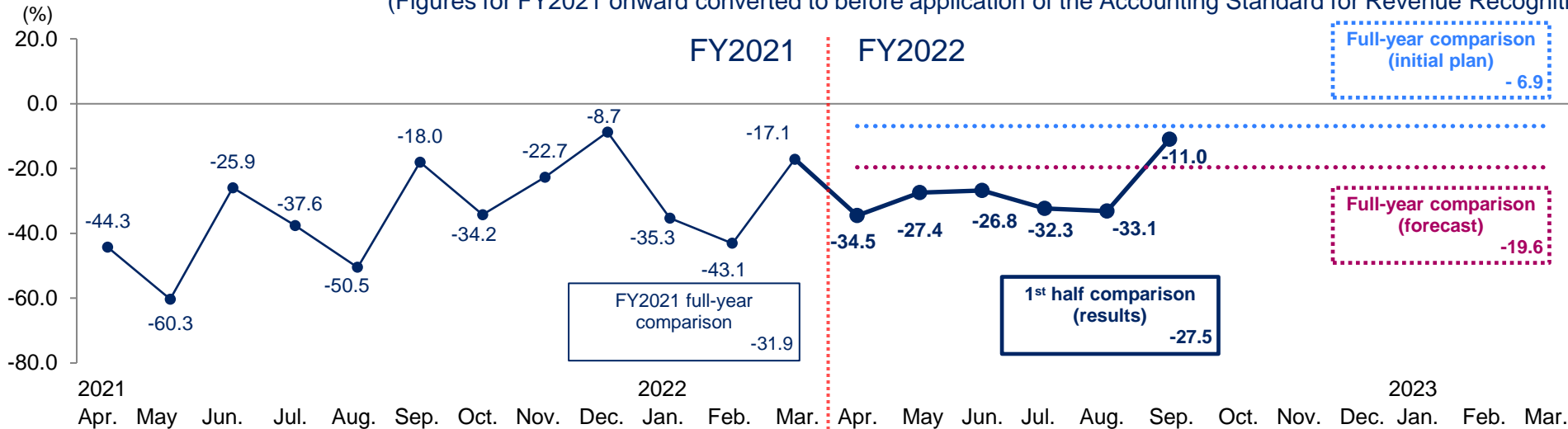
(Ref.)

	Apr.	May	Jun.	1Q	Jul.	Aug.	Sep.	1st half	1st half YoY comparison
Commuter-Pass total	-26.9	-22.5	-22.4	-23.9	-20.1	-23.8	-27.6	-23.9	7.7
Business	-26.3	-26.8	-26.3	-26.5	-24.4	-25.7	-26.3	-26.0	1.9
Student	-28.6	-10.0	-11.4	-16.6	-6.5	-15.9	-31.2	-17.4	27.6
Non-Commuter-Pass	-13.5	-11.7	-9.8	-11.7	-12.4	-18.6	-13.4	-13.3	18.5
Total	-21.5	-18.2	-17.5	-19.1	-17.1	-21.6	-22.0	-19.6	12.1

# 4. Status of Main Businesses (Merchandise Sales)

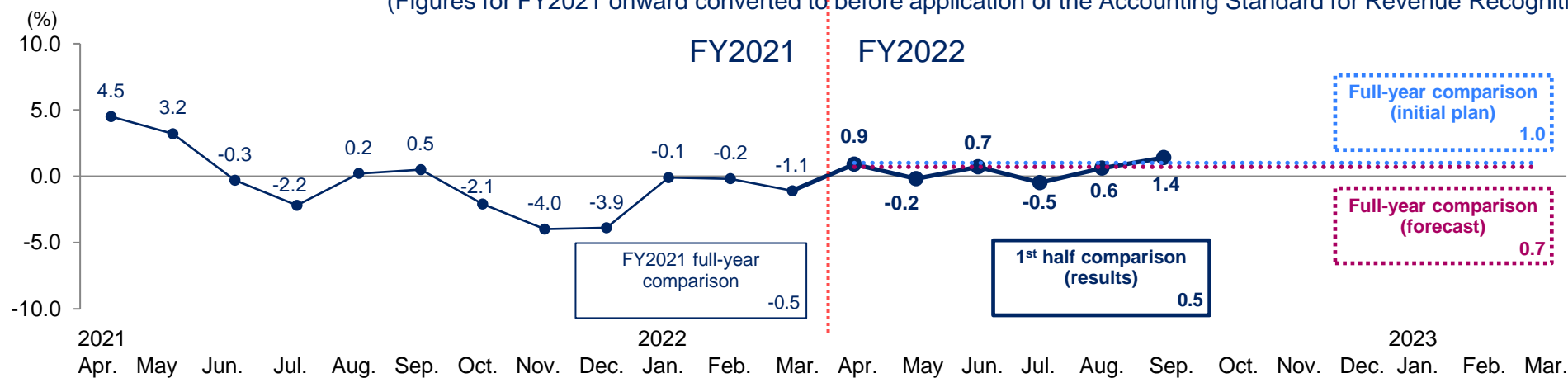
## Department stores: Comparison of department store sales in Shinjuku vs. FY2018

(Figures for FY2021 onward converted to before application of the Accounting Standard for Revenue Recognition)



## Retail store: Net sales vs. FY2018

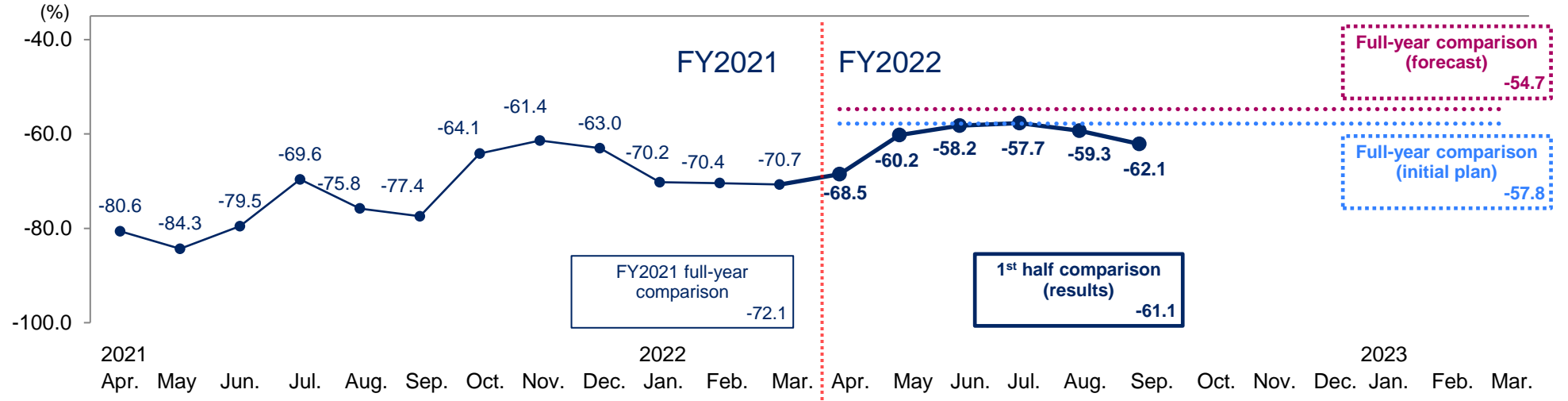
(Figures for FY2021 onward converted to before application of the Accounting Standard for Revenue Recognition)



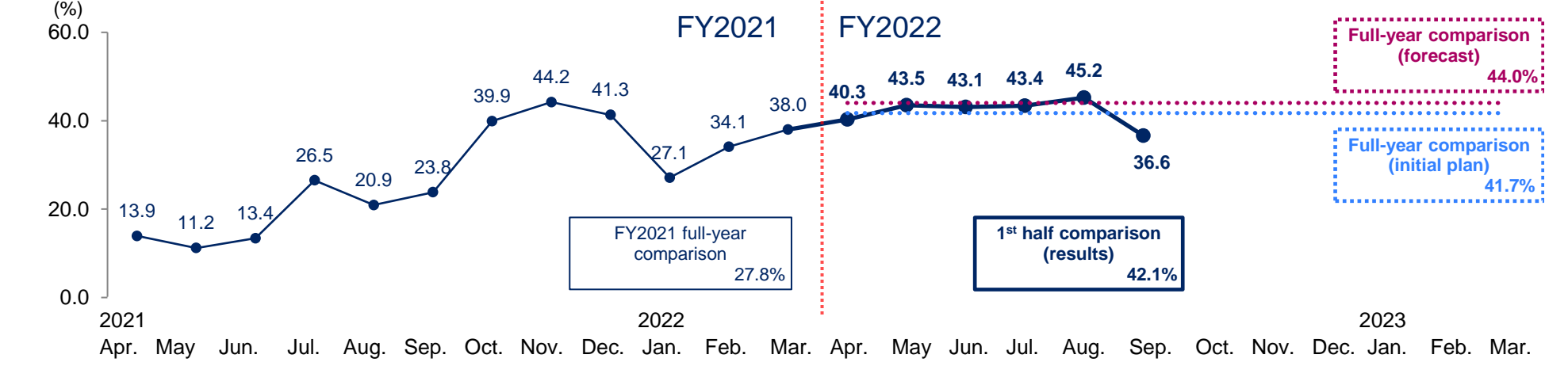


# 4. Status of Main Businesses (Hotels)

### Hotels: Keio Plaza Hotel (Shinjuku) sales vs. FY2018



### Hotels: Keio Plaza Hotel (Shinjuku) guest room occupancy rate



## 5. Earnings by Segment (vs. FY2018)

(Units: ¥ hundred million)

		1Q (April – June)		2Q (July – September)		1H (April – September)	
		FY2022 results	Change (%) vs. FY2018	FY2022 results	Change (%) vs. FY2018	FY2022 results	Change (%) vs. FY2018
Transportation	Operating Revenues	275	- 57 ( - 17.2 )	270	- 62 ( - 18.8 )	546	- 119 ( - 18.0 )
	Operating Profit	23	- 34 ( - 59.3 )	22	- 24 ( - 52.4 )	46	- 59 ( - 56.2 )
Merchandise Sales	Operating Revenues	239	- 171 ( - 41.8 )	241	- 147 ( - 37.9 )	480	- 318 ( - 39.9 )
	Operating Profit	7	- 8 ( - 52.2 )	2	- 5 ( - 67.1 )	10	- 14 ( - 57.2 )
Real Estate	Operating Revenues	120	- 1 ( - 1.3 )	102	- 9 ( - 8.6 )	222	- 11 ( - 4.8 )
	Operating Profit	30	2 ( 7.7 )	27	2 ( 10.8 )	57	4 ( 9.1 )
Leisure	Operating Revenues	104	- 83 ( - 44.2 )	111	- 101 ( - 47.8 )	216	- 185 ( - 46.1 )
	Operating Profit	- 15	- 38 ( - )	- 15	- 35 ( - )	- 31	- 73 ( - )
Other Businesses	Operating Revenues	120	15 ( 14.3 )	133	0 ( 0.4 )	253	15 ( 6.5 )
	Operating Profit	4	2 ( 89.3 )	6	- 1 ( - 20.0 )	11	0 ( 4.7 )
Consolidated	Operating Revenues	797	- 291 ( - 26.8 )	791	- 297 ( - 27.3 )	1,588	- 588 ( - 27.0 )
	Operating Profit	51	- 76 ( - 59.9 )	42	- 65 ( - 60.4 )	94	- 142 ( - 60.2 )

### Prior to application of Accounting Standard for Revenue Recognition

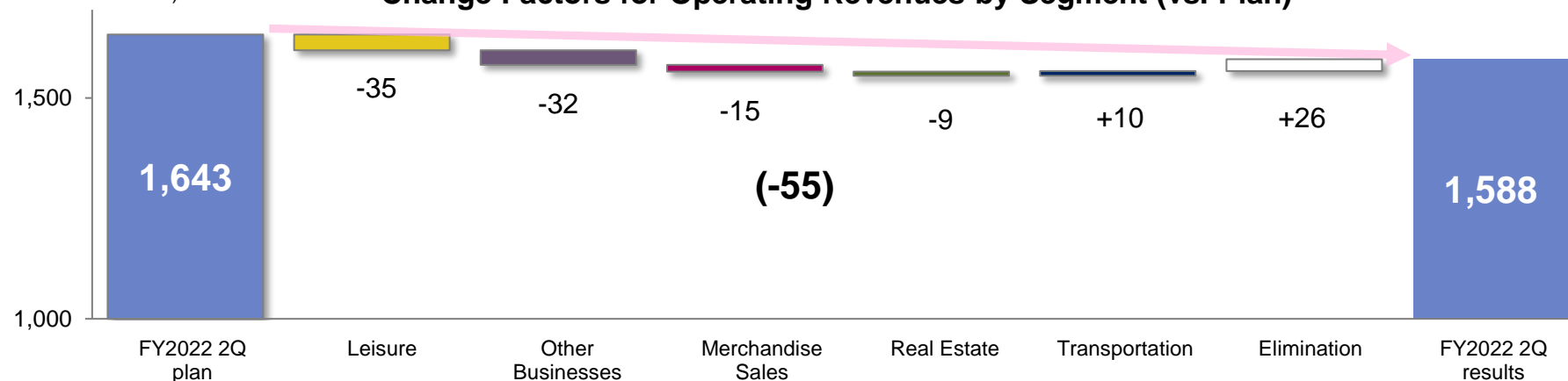
Department Stores	Operating Revenues	159	- 62 ( - 28.1 )	150	- 47 ( - 24.1 )	310	- 110 ( - 26.2 )
Retail Stores	Operating Revenues	124	0 ( 0.5 )	127	0 ( 0.5 )	251	1 ( 0.5 )

## 6. Operating Revenues / Operating Profit Change Factors (vs. Initial Plan)

- Each segment fell short of targets for operating revenues except Transportation, and operating revenues are 55 hmy lower than the initial plan.
- Each segment has attained targets for operating profit apart from Merchandise Sales and Other Businesses, and operating profit is 6 hmy higher than the initial plan.

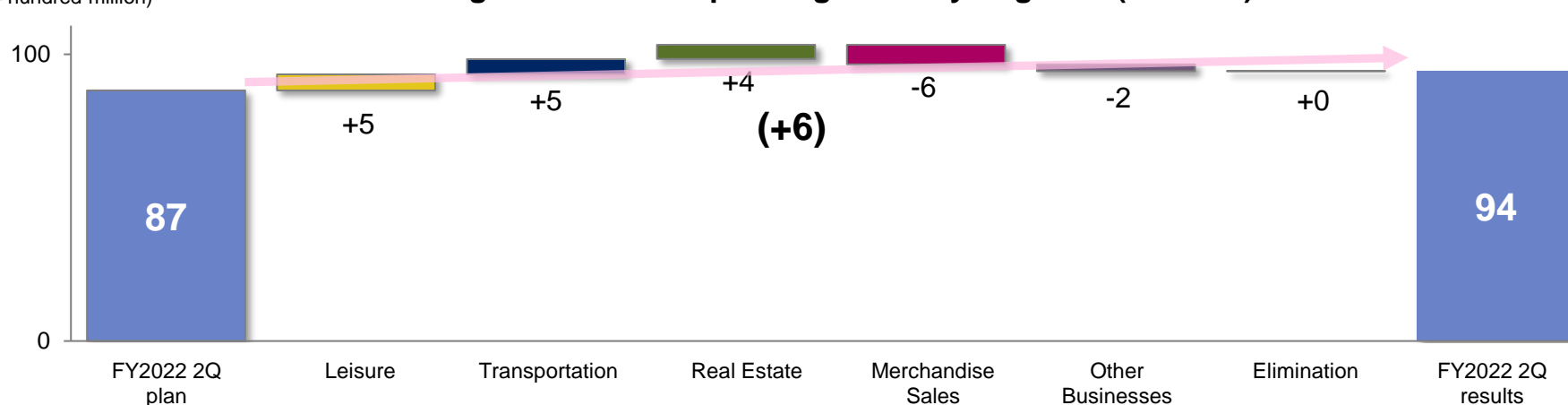
(Units: ¥ hundred million)

### Change Factors for Operating Revenues by Segment (vs. Plan)



(Units: ¥ hundred million)

### Change Factors for Operating Profit by Segment (vs. Plan)



## II. FY2022 Full-Year Earnings Forecasts

1. FY2022 Full-Year Earnings Forecasts
2. Operating Revenues / Operating Profit Change Factors (vs. Initial Plan)
3. Forecasts by Segment
4. Forecasts for Main Businesses
5. Railways transportation results
6. Earnings Forecasts for FY2022 2nd Half (vs. Initial Plan)
7. Dividend Forecast

# 1. FY2022 Full-Year Earnings Forecasts

- We revised forecasts for operating revenues based on first half performance (downward from 3,460 hmy to 3,396 hmy).
- Given first half performance and the outlook for the second half, while each segment will vary, we have left the forecast unchanged for operating profit, ordinary profit and profit attributable to owners of parent.

(Units: ¥ hundred million)

	FY2021 result	FY2022 forecast	YoY change	FY2022 initial plan <small>(announced May 2, 2022)</small>	vs. initial plan
Operating Revenues	2,998	3,396	397	3,460	-64
Operating Profit	7	149	141	149	—
Ordinary Profit	53	135	81	135	—
Profit Attributable to Owners of Parent	55	64	8	64	—
EBITDA	322	444	122	449	-5
Depreciation and Amortization	311	295	-16	300	-5
Capital Expenditures	338	698	360	698	—

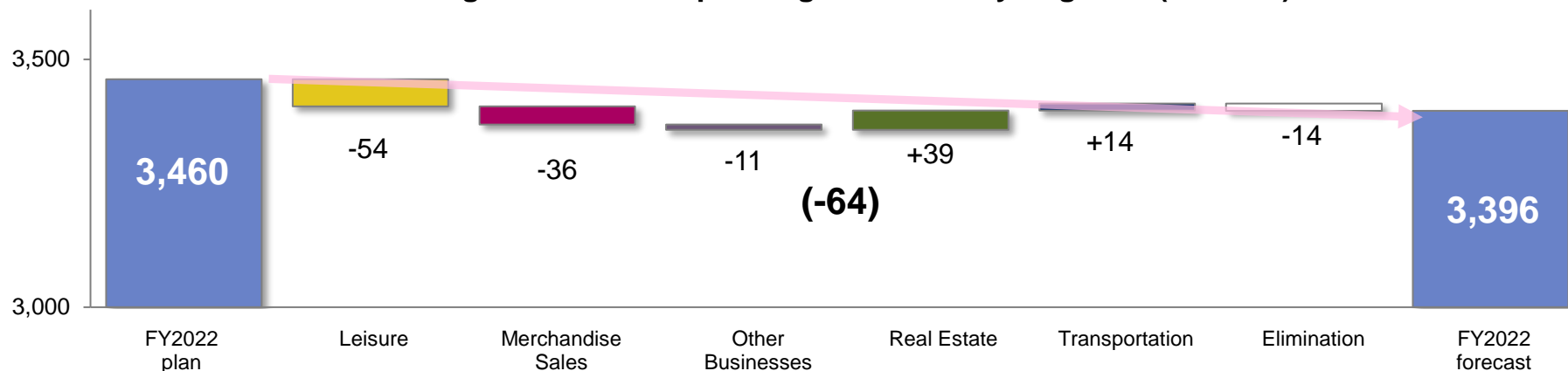
\* EBITDA is operating profit + depreciation and amortization + amortization of goodwill.

## 2. Operating Revenues / Operating Profit Change Factors (vs. Initial Plan)

- Each segment's operating revenues are expected to fall short of the plan except Real Estate and Transportation.
- Department stores have seen performance fall below assumptions. Operating revenues of Merchandise Sales are expected to be 36 hmy below the plan and operating profit is forecast to fall short of the plan by 13 hmy.

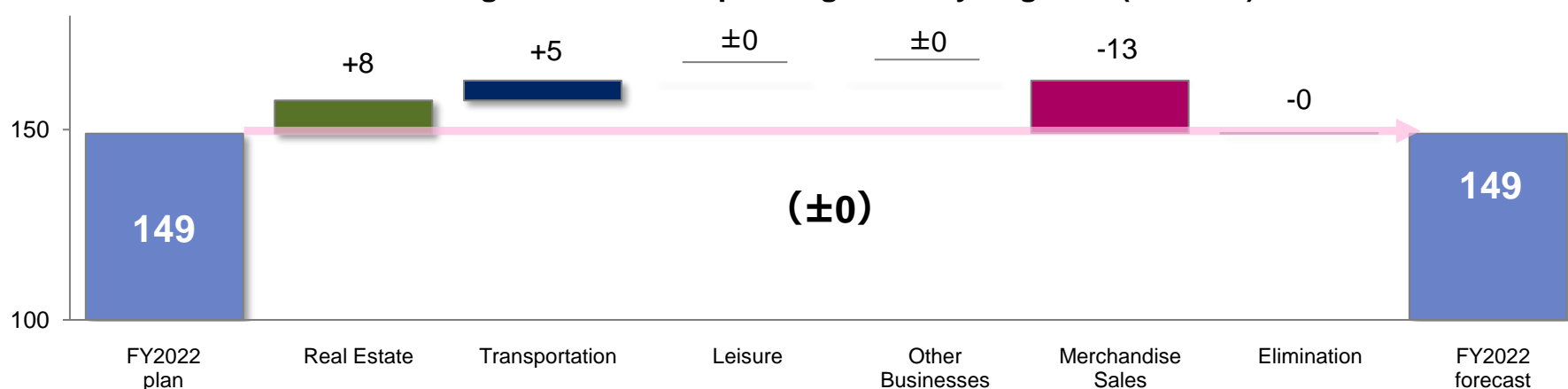
(Units: ¥ hundred million)

**Change Factors for Operating Revenues by Segment (vs. Plan)**



(Units: ¥ hundred million)

**Change Factors for Operating Profit by Segment (vs. Plan)**



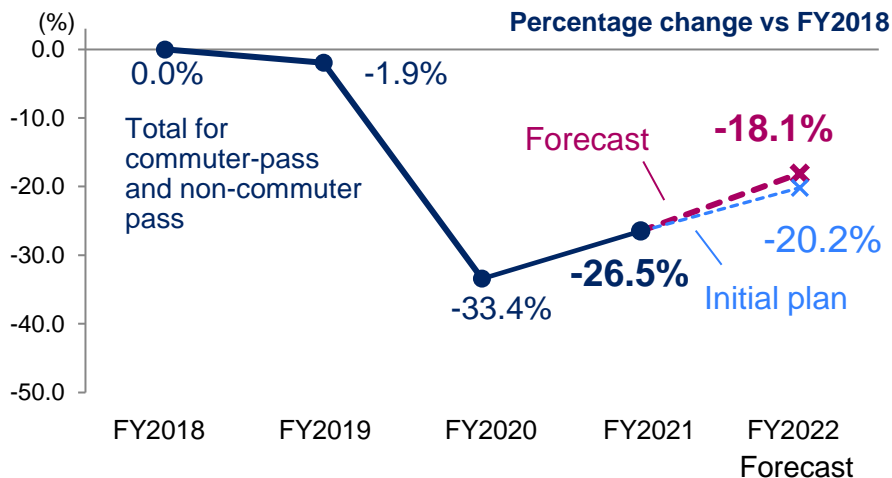
### 3. Forecasts by Segment

(Units: ¥ hundred million)

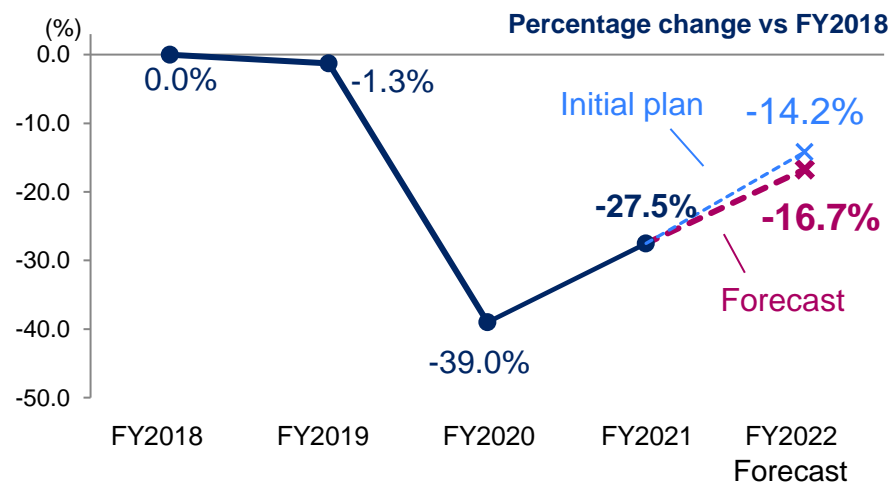
		FY2022 Forecasts						
		FY2021 result	FY2022 forecast	Change (%)		Initial Plan FY2022 <small>(based on May 2, 2022 announcement)</small>	Change (%)	
Transportation	Operating Revenues	992	1,106	113 (	11.5 )	1,092	14 (	1.3 )
	Operating Profit	- 26	40	67 (	— )	35	5 (	14.7 )
Merchandise Sales	Operating Revenues	969	1,009	39 (	4.1 )	1,045	- 36 (	- 3.5 )
	Operating Profit	20	28	8 (	42.4 )	42	- 13 (	- 32.4 )
Real Estate	Operating Revenues	472	534	62 (	13.2 )	495	39 (	7.9 )
	Operating Profit	104	104	- 0 (	- 0.2 )	95	8 (	9.1 )
Leisure	Operating Revenues	329	486	156 (	47.4 )	540	- 54 (	- 10.1 )
	Operating Profit	- 134	- 59	75 (	— )	- 59	— (	— )
Other Businesses	Operating Revenues	625	630	5 (	0.8 )	641	- 11 (	- 1.7 )
	Operating Profit	51	44	- 7 (	- 14.0 )	44	— (	— )
Consolidated	Operating Revenues	2,998	3,396	397 (	13.2 )	3,460	- 64 (	- 1.8 )
	Operating Profit	7	149	141 (	— )	149	— (	— )

# 4. Forecasts for Main Businesses

**Keio Corporation (railways) passenger revenues**

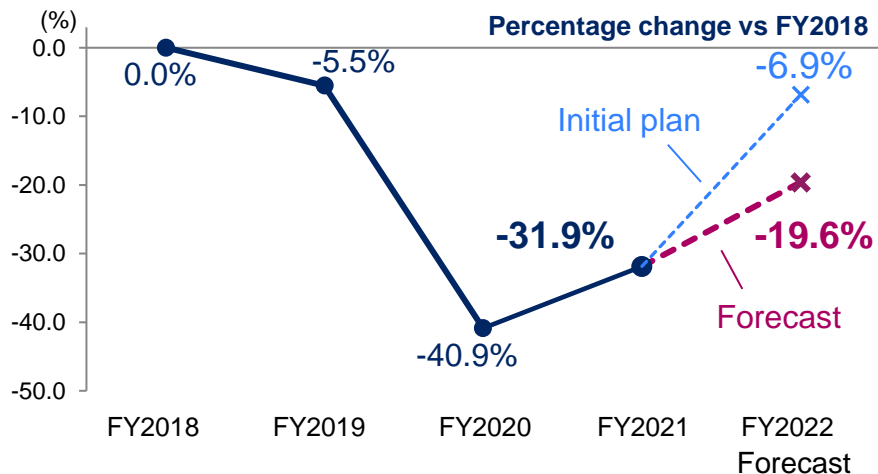


**Keio Dentetsu Bus Group passenger revenues**

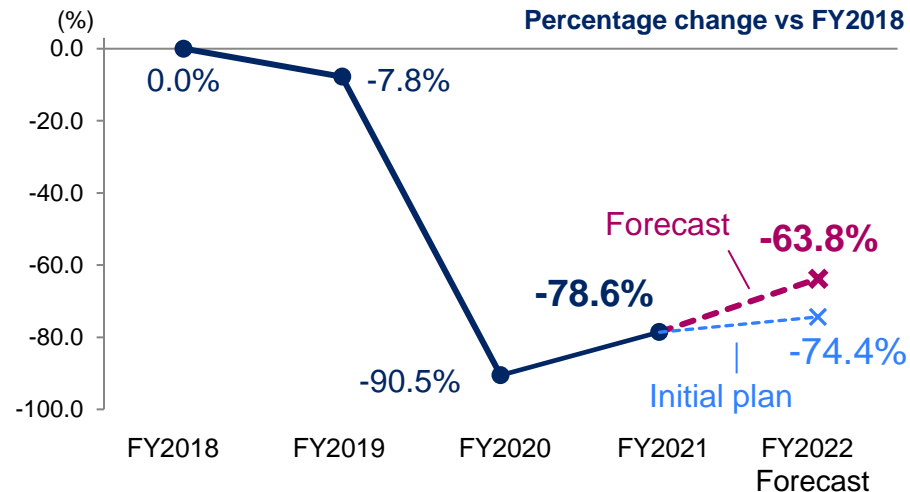


(Prior to application of Accounting Standard for Revenue Recognition)

**Keio Department Store (Shinjuku) sales**



**Keio Plaza Hotel (Shinjuku) lodging revenue**





## 5. Railways Transportation Results

### Railways Transportation Results

(Units: Thousands of People, ¥ million) (Reference)

		FY2022 Forecasts					FY2018 result		Change (%)	
		FY2021 result	FY2022 forecast	Change (%)		Initial Plan FY2022				
Passengers transported	Commuter-Pass	287,659	314,012	26,353	( 9.2)	306,142	7,870	( 2.6)	402,729	( - 22.0)
	(Business)	223,662	229,895	6,233	( 2.8)	230,117	- 222	( - 0.1)	309,170	( - 25.6)
	(Student)	63,997	84,117	20,120	( 31.4)	76,025	8,092	( 10.6)	93,559	( - 10.1)
	Non-Commuter-Pass	213,565	245,174	31,609	( 14.8)	238,897	6,277	( 2.6)	275,259	( - 10.9)
	Total	501,224	559,186	57,962	( 11.6)	545,039	14,147	( 2.6)	677,988	( - 17.5)
Passenger revenues	Commuter-Pass	25,195	26,664	1,468	( 5.8)	25,929	734	( 2.8)	35,852	( - 25.6)
	(Business)	22,827	23,529	702	( 3.1)	23,138	390	( 1.7)	32,264	( - 27.1)
	(Student)	2,368	3,134	766	( 32.4)	2,791	343	( 12.3)	3,587	( - 12.6)
	Non-Commuter-Pass	35,260	40,713	5,452	( 15.5)	39,726	987	( 2.5)	46,407	( - 12.3)
	Total	60,456	67,377	6,921	( 11.4)	65,656	1,721	( 2.6)	82,259	( - 18.1)

## 6. Earnings Forecasts for FY2022 2nd Half (vs. Initial Plan)

- We revised forecasts for department stores and travel services. In the railway business, the bulk of construction costs are expected to be posted in the second half, while power costs and utilities are forecast to rise.
- Operating revenues in the second half were expected to fall 8 hmy below the plan and operating profit is forecast to fall short of the plan by 6 hmy.

(Units: ¥ hundred million)

		1H (April - September)		2H (October - March)		Full year (April - March)	
		FY2022 result	vs. plan (%)	FY2022 forecast	vs. plan (%)	FY2022 forecast	vs. plan (%)
Transportation	Operating Revenues	546	10 ( 2.0 )	560	3 ( 0.6 )	1,106	14 ( 1.3 )
	Operating Profit	46	5 ( 13.1 )	- 5	- 0 ( - )	40	5 ( 14.7 )
Merchandise Sales	Operating Revenues	480	- 15 ( - 3.1 )	528	- 20 ( - 3.8 )	1,009	- 36 ( - 3.5 )
	Operating Profit	10	- 6 ( - 39.0 )	18	- 7 ( - 27.9 )	28	- 13 ( - 32.4 )
Real Estate	Operating Revenues	222	- 9 ( - 4.0 )	311	48 ( 18.4 )	534	39 ( 7.9 )
	Operating Profit	57	4 ( 9.3 )	46	3 ( 8.8 )	104	8 ( 9.1 )
Leisure	Operating Revenues	216	- 35 ( - 14.1 )	270	- 19 ( - 6.7 )	486	- 54 ( - 10.1 )
	Operating Profit	- 31	5 ( - )	- 27	- 5 ( - )	- 59	- ( - )
Other Businesses	Operating Revenues	253	- 32 ( - 11.5 )	377	21 ( 6.1 )	630	- 11 ( - 1.7 )
	Operating Profit	11	- 2 ( - 17.7 )	32	2 ( 7.9 )	44	- ( - )
Consolidated	Operating Revenues	1,588	- 55 ( - 3.4 )	1,807	- 8 ( - 0.5 )	3,396	- 64 ( - 1.8 )
	Operating Profit	94	6 ( 7.8 )	54	- 6 ( - 11.1 )	149	- ( - )

# 7. Dividend Forecast

- Our fundamental policy is to return profits to shareholders based on earnings performance and other factors, while building internal reserves required for strengthening the management base in preparation for future business expansion and changes in management environment.
- The annual dividend per share for FY2022 is expected to be 40.0 yen.



Note: On October 1, 2017, we consolidated every 5 shares of common stock into 1 share. Accordingly, the yearly dividends are now on a post-stock consolidation basis.

## III. Progress of Medium-Term Management Plan

1. Three-year Medium-Term Management Plan (FY2022 to FY2024)
2. Improvement in Railways Business Safety and Service
3. Focus on Urban Development
4. Promotion of Business Structure Reform
5. Enhancement of Earning Power
6. Other Initiatives (New Domains)
7. Building a Solid Business Base

# 1. Three-year Medium-Term Management Plan (FY2022 to FY2024)

## RE START

- Work on improving ease of getting around within the living sphere as a company driving new lifestyles.
- Central involvement in productive and attractive urban development.
- Creation of new transportation demand.

## RE DEVELOPMENT <Focus on urban development>

- Generate new transportation demand by making it easier to get around within the living sphere.
- Manage areas along railway lines.
- Engage in station-centered hub development.

## RE STRUCTURING <Promotion of business structure reform>

- Pursue digital transformation to restructure costs and utilize data across the entire Group.
- Identify unprofitable domains and engage in a process of selection and concentration.
- Build a business structure that does not rely on passenger traffic and inbound business.

## RE INFORCE <Enhancement of earning power>

- Strengthen the condominium business and other real estate sales business.
- Focus on the exit strategy in acquisition and sale of new assets.
- Enter the logistics business and expand B to B domains.

### Railways “Railways with excellent service and the best safety in Japan”

- Pursue an even higher level of safety and security.
- Provide services that anticipate customers' needs.
- Exist harmoniously in communities and society by contributing even more to society.
- Build a solid business management structure focused on the future.

### Solid business base

- Develop and hire human resources who possess a high degree of expertise and secure diversity.
- Implement environmental initiatives.
- Build a financial base that can withstand the cash outlays during the large-scale investment period.

**The profit level restoration period is an important period to prepare for the large-scale investment that will get fully underway in the 2030s. In FY2024, we aim to restore profits to around 85% of FY2018 (pre-COVID-19) and will target profits exceeding the record high in by the 2030s.**

# 1. Three-year Medium-Term Management Plan (FY2022 to FY2024)

## Key Measures in the Medium-Term Management Plan

Key Measures	FY2022	FY2023	FY2024	FY2025 and beyond
<b>Improvement in railways business safety and service</b>	Expansion of Keio Liner	★ Increase one-set-trains and increase services per day		Consideration for additional service expansion
	Installation of platform doors	For Sasazuka and Kugayama Stations	★	Consideration for installation at all stations
	Installation of surveillance cameras with real-time transmission capability	All cars and all stations	★	
	Construction of grade crossings and elevated lines in west of Sasazuka			Completion planned by end of FY2030
<b>RE DEVELOPMENT</b> <Focus on urban development>	Shinjuku area	Finalization of urban plan	Start construction in south area	Completion of south area in FY2028
	Hashimoto area			Creation of western face for railway line
	Chofu area	Basic design work		Redevelopment project near Keio Tamagawa Station
	Seiseki-sakuragaoka area	Waterfront revitalization around the Tama River	★	Promotion of community development around stations
	Setagaya area		Taking advantage of opportunity presented by construction of grade crossing and elevated lines, build new regional infrastructure based on regional cooperation and increased interaction of population	
<b>RE STRUCTURING</b> <Promotion of business structure reform>	Hotels	Review unprofitable departments	Strengthen sales through collaboration with Group Hotel Sales	
	Bus services	★ Begin operations at north area of Bus Terminal Tokyo Yaesu		Enhance services of terminal business
	Travel services	★ Reduce shop counters	Strengthen sales of group travel and insurance business	
<b>RE INFORCE</b> <Enhancement of earning power>	Leasing business	★ Acquire Park Axis Higashi Nihonbashi	★ Acquire Nomura Fudosan Higashi Nihonbashi Building Residential development of Nakano Garage of Keio Dentetsu Bus	
	Condominiums	★ Completion of Brillia Tower Seiseki Sakuragaoka BLOOMING RESIDENCE		★ Completion of Hamadayama 3-chome project
	Value-added investments (asset turnover)	Promote acquisition of assets centered on offices and residential properties in Tokyo's 23 wards		"Earnings period" generated from acquired assets

## 2. Improvement in Railways Business Safety and Service

### Pursue a higher level of safety and security

#### ■ Installation of platform doors

- Prevent falls onto tracks and contact with trains, improving station safety and reducing transportation delays
- Plan to install at Sasazuka and Kugayama Stations in FY2023



#### ■ Crime prevention and safety measures

- Introduction of surveillance cameras with real-time transmission capability
  - Introduced on 180 railway cars as of September 30, 2022
  - Plan to install them on all railway cars and at all stations by around FY2023



#### ■ Pursue construction of grade crossings and elevated lines in west of Sasazuka

- Grade crossings and elevated lines project: continue to collaborate with the Tokyo Metropolitan Government, the project sponsor, on acquiring land and elevating sections
- Provided construction briefing for area around Chitose-karasuyama Station and started construction in October 2022



### Exist harmoniously in communities and society through more social contributions

#### ■ Upgrading of VVVF inverter control devices to energy efficient type

- Moving ahead with upgrades to VVVF inverter devices with greater electricity reduction effect
- Complete work for 8000 series one set trains in FY2022



#### ■ Switch to LED lighting inside stations

- Switch to LED lighting for platform and concourse at Sengawa and Takahatafudo Stations in FY2022



#### ■ Switch to more energy efficient air conditioning equipment at stations

- Energy efficient tuning of air conditioning equipment at Keio-hachioji Station from FY2022





## 2. Improvement in Railways Business Safety and Service

### Provide services that anticipate customers' needs

#### ■ Accommodate diverse needs of railway passengers

- Plan to add 5000 series one set train in FY2022 and consider all-day service for reserved seating trains, aimed at expanding Keio Liner services
- Considering introduction loyalty points service based on use to support new lifestyles and diversifying commuting styles



#### ■ Create mobility demand to encourage railway use

- Reviewing discount ridership services that encourage railway use in order to revitalize communities through the creation of transportation demand as the means of community mobility

Examples of measures underway



Keio Liner reserved seat discount ticket  
Child and Parent/Guardian Discount



All day/All line ride pass for seniors  
(Demonstration trial)

### Overview of considerations for future fare revisions

#### ■ Background

- Transportation demand is not expected to return to pre-pandemic levels amid the entrenchment of telework, etc.
- Ongoing capital investment is essential in order to continuously provide advanced safety and services into the future

#### ■ Details

- While continuing management-level efforts to lower costs, we will move ahead with preparations to apply for fare revisions after deepening our reviews of these revisions
- Fare revisions will be examined in a format that minimizes any increased cost burden on customers to ensure we maintain our reputation for offering the lowest fare levels in the industry

Timing	Around autumn 2023
Details	<ul style="list-style-type: none"> <li>• Around 10%+ increase to all fares</li> <li>• Around 10 yen increase to base fare (ticket fare to increase from 130 to 140 yen)</li> <li>• School commuter passes will be left unchanged to avoid burden placed on households with children</li> </ul>



# 3. Focus on Urban Development



## Urban development in areas along Keio railway lines

### Seiseki-sakuragaoka area

- **Revitalization of Tama River Waterfront area**
  - Establish Seiseki-sakuragaoka River Community Development Council with Tama City and conduct social trials using areas between the river and riverbank (October to November 2022)
- **Housing development**
  - Completion of Brillia Tower Seiseki-sakuragaoka BLOOMING RESIDENCE (October 2022)



### Chofu area

- **Implement redevelopment project in the area near Keio-tamagawa Station**
  - Finalize urban plan, obtain business approval, and also complete basic design work before the end of FY2022



### Shinjuku area

- **Shinjuku Station Southwest Exist area development plan**
  - Organic, integrated development of station and town, while aiming for maximization of Group revenues
  - Complete design work based on urban plan finalized in October 2022 to begin construction in south area from FY2023



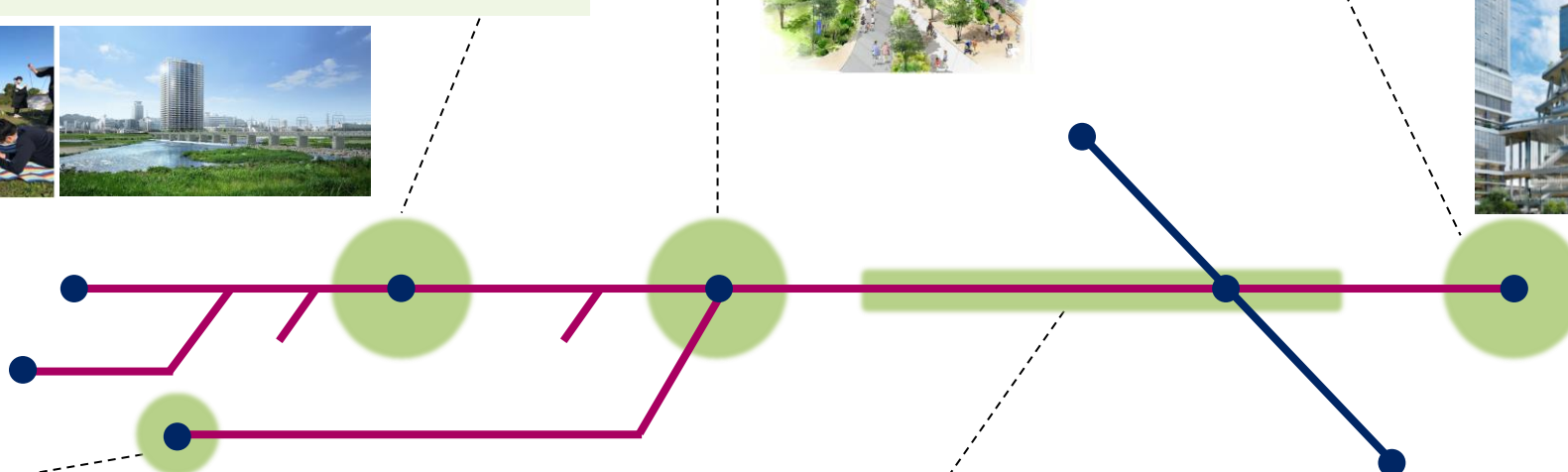
### Hashimoto area

Creation of western face for railway line  
Community development that attracts companies and utilizes the characteristics of the community



### Setagaya area

Taking advantage of opportunity presented by construction of grade crossing and elevated lines, build new regional infrastructure based on regional cooperation and increased interaction of population



## 4. Promotion of Business Structure Reform RE STRUCTURING

### Enhance terminal services in the bus business

- **Begin operations of north area of Bus Terminal Tokyo Yaesu**
  - Opened in September 2022
  - Plan to open east area in FY2025 and central area in FY2028
  - Continue building stable and efficient business operation system



### Department store initiatives

- **Remodel of Keio Department Store Shinjuku**
  - Remodel store tailored to changes in the surrounding environment from the redevelopment of Shinjuku
  - Attract popular brands, review category balance by expanding non-apparel outlets, and address area needs



### Initiatives aimed at rapid return to profitability in the hotels business

- **Respond to market changes**

Capture inbound tourism demand following easing of travel restrictions and promote initiatives to capture domestic travel needs from government travel stimulus program
- **Develop hotel operation system**

Develop efficient operation system for using digitalization-driven automation and securing workforce
- **Selection and concentration**
  - Closed Keio Presso Inn Higashi-Ginza (May 2022)
  - Close Keio Plaza Hotel Tama (planned for January 2023)

### Implement structural reform of the travel business

- Reduce shop counters for personal travel and concentrate management resources on group travel
- Closed 8 of 10 shops in September 2022, excluding Keio Shinjuku Shop and Seiseki-sakuragaoka Shop

### Improve profitability of convenience store business and expand drugstore business

- Promote franchise format and boost sales/profits
- Completed switchover to SEVEN-ELEVEN JAPAN franchises among station stores and convenience stores (20 stores in FY2022; running total of 32 stores)

# 5. Enhancement of Earning Power

## Real estate enhancement

### ■ Sales business

#### • Condominiums

Condominium business centered on development of company-owned land and joint projects with other companies including Sunwood



Hamadayama 3-chome project in Suginami Ward (joint project with Sunwood) (Completion planned for August 2024)

### ■ Leasing business

• Reshuffle property portfolio and enhance the Group's portfolio of leasing assets



Park Axis Higashi Nihonbashi (acquired July 2022)



Nomura Fudosan Higashi Nihonbashi Building (plan to acquire in FY2022)

#### • Value-added investments (asset turnover)

- Acquire assets centered on highly liquid office and residential properties in strong demand areas of Tokyo's 23 wards
- Secure new revenue bases, while maintaining asset efficiency, using the cycle of acquiring/selling assets to turnover



Formerly: MODEIR ICHIGAYA (sold in April 2022)

## Expand domains of logistics business

- We plan to build a complex facility that contains a logistics warehouse, stores, and other establishments near Tamasakai Station



Development plan for front of Tamasakai Station (Completion planned for winter FY2023)



# 6. Other Initiatives (New Domains)

## Open innovation

- **Keio Open Innovation Program**
  - Aims for open innovation through co-creation with external companies, including start-ups
  - Participants finalized in October 2022
  - Results will be announced in March 2023 following review of pitches
- **Investment in venture capital funds**
  - Invested in venture capital funds in September 2022 to expand business portfolio



## Initiatives to improve appeal and increase traffic to areas along Keio railway lines

- **Collaboration with W League (professional women’s basketball league)**
  - Keio and W League to work together to promote women’s basketball and areas along Keio’s railway lines through Keio Group PR and participation of basketball players in events along Keio’s railway lines



Main visual for W League



Sample PR panel

- **Holding events together with stakeholders in the Chofu Smart City Council**
  - Worked with 10 members of the council in October 2022 to hold a digital stamp rally to increase traffic in the downtown core
  - We provided MaaS service TAMA-Go and station resources



Chofu Smart City Digital Stamp Rally

## 7. Building a Solid Business Base

### System improvements

#### ■ Establish PIC for sustainability promotion

- Established dedicated person in charge in June 2022
- Reviewing sustainability including response to climate change, improvements and new initiatives

### Human resource management

#### ■ Secure and develop highly specialized human resources

- Recruit mainly in growth fields
- Revise human resource development plan focused on specializations

#### ■ Initiatives aimed at increasing employee engagement

- Plan to conduct surveys of each organization to identify and understand level of engagement quantitatively and issues

### Respond to climate change

#### ■ Identify risks and opportunities

- Identify risks and opportunities that could affect operations targeting the railway business

#### Risks and opportunities with particularly large impacts

Transition risks	Rising energy procurement costs Declining sales due to customer reviews and changes in behaviors Rising materials procurement costs
Physical risks	Declining sales due to suspended operations caused by weather damages Rising costs to prepare for disasters Declining sales due to diminished desire of customers to go out Supply chain disruptions
Opportunities	Declining energy procurement costs Increasing sales of low-carbon products and services Increasing sales of disaster-resilient products and services

\*The above is subject to change based on future reviews.

#### ■ Review information disclosure following the recommendations of the TCFD

- Analyze risks and opportunities concerning climate change based on the framework of the recommendations of the TCFD

**Build a sustainability management system from the perspectives of environment, human capital and governance, establish KPI, and disclose targets**

## IV. Reference Material

1. Consolidated Statements of Income
2. Overview by Segment
3. Segment Information (Transportation)
4. Segment Information (Merchandise Sales)
5. Segment Information (Real Estate)
6. Segment Information (Leisure)
7. Segment Information (Other Businesses)
8. Non-Operating Income/Expenses and Extraordinary P/L
9. Consolidated Balance Sheets
10. Consolidated Statements of Cash Flows

# 1. Consolidated Statements of Income

(Units: ¥ hundred million)

	FY2022 2nd Quarter Earnings				
	FY2021 2Q result	FY2022 2Q result	Change (%)	Initial Plan FY2022 2Q <small>(based on May 2, 2022 announcement)</small>	vs. plan (%)
Operating Revenues	1,378	1,588	209 ( 15.2 )	1,643	- 55 ( - 3.4 )
Operating Profit	- 13	94	107 ( - )	87	6 ( 7.8 )
Ordinary Profit	8	95	87 ( - )	77	18 ( 23.8 )
Profit Attributable to Owners of Parent	-10	42	53 ( - )	17	24 ( 141.1 )
EBITDA	143	236	93 ( 65.1 )	232	3 ( 1.5 )
Depreciation and Amortization	154	142	- 12 ( - 7.9 )	145	- 3 ( - 2.2 )
Capital Expenditures	191	177	- 14 ( - 7.4 )	—	— ( - )

\* EBITDA is operating profit + depreciation and amortization + amortization of goodwill.

## 2. Overview by Segment (YoY)

- Operating revenues increased across all segments.
- Operating profit improved in all segments except for Other Businesses.

(Units: ¥ hundred million)

	Operating Revenues			Operating Profit		
	FY2021 2Q result	FY2022 2Q result	Change (%)	FY2021 2Q result	FY2022 2Q result	Change (%)
Transportation	478	546	67 ( 14.1 )	- 7	46	53 ( — )
Merchandise Sales	463	480	17 ( 3.8 )	3	10	7 ( 244.1 )
Real Estate	215	222	6 ( 3.1 )	56	57	0 ( 1.3 )
Leisure	129	216	86 ( 66.5 )	- 79	- 31	47 ( — )
Other Businesses	249	253	4 ( 1.7 )	14	11	- 3 ( - 22.9 )
Elimination	- 157	- 130	27 ( — )	- 1	- 0	1 ( — )
Consolidated	1,378	1,588	209 ( 15.2 )	- 13	94	107 ( — )



## 2. Overview by Segment (vs. plan)

- Operating revenues fell short of the target in each segment except Transportation.
- Each segment reached their target for operating profit apart from Merchandise Sales and Other Businesses.

(Units: ¥ hundred million)

	Operating Revenues			Operating Profit		
	Initial Plan FY2022 2Q <small>(based on May 2, 2022 announcement)</small>	FY2022 2Q result	Change (%)	Initial Plan FY2022 2Q <small>(based on May 2, 2022 announcement)</small>	FY2022 2Q result	Change (%)
Transportation	535	546	10 ( 2.0 )	40	46	5 ( 13.1 )
Merchandise Sales	496	480	- 15 ( - 3.1 )	17	10	- 6 ( - 39.0 )
Real Estate	232	222	- 9 ( - 4.0 )	52	57	4 ( 9.3 )
Leisure	251	216	- 35 ( - 14.1 )	- 37	- 31	5 ( — )
Other Businesses	286	253	- 32 ( - 11.5 )	13	11	- 2 ( - 17.7 )
Elimination	- 157	- 130	26 ( — )	- 0	- 0	0 ( — )
Consolidated	1,643	1,588	- 55 ( - 3.4 )	87	94	6 ( 7.8 )

## 2. Overview by Segment (quarterly)

(Units: ¥ hundred million)

	Operating Revenues			Operating Profit		
	FY2022 1Q result (Apr-Jun)	FY2022 2Q result (Jul-Sep)	FY2022 1H (Apr-Sep)	FY2022 1Q result (Apr-Jun)	FY2022 2Q result (Jul-Sep)	FY2022 1H (Apr-Sep)
Transportation	275	270	546	23	22	46
Merchandise Sales	239	241	480	7	2	10
Real Estate	120	102	222	30	27	57
Leisure	104	111	216	-15	-15	-31
Other Businesses	120	133	253	4	6	11
Elimination	-63	-67	-130	0	-0	-0
<b>Consolidated</b>	<b>797</b>	<b>791</b>	<b>1,588</b>	<b>51</b>	<b>42</b>	<b>94</b>

### 3. Segment Information (Transportation)

- Railways saw the number of passengers carried decline compared to before the COVID-19 pandemic, but this metric recovered compared to the previous 1st half.
- Passenger and other revenues also increased for bus services and taxi services.

(Units: ¥ hundred million)

	FY2022 2nd Quarter Earnings		
	FY2021 2Q result	FY2022 2Q result	Change (%)
<b>Operating Revenues</b>	<b>478</b>	<b>546</b>	<b>67 ( 14.1 )</b>
<b>(Railways)</b>	<b>309</b>	<b>349</b>	<b>39 ( 12.7 )</b>
<b>(Bus Services)</b>	<b>140</b>	<b>157</b>	<b>17 ( 12.4 )</b>
<b>(Taxi Services)</b>	<b>44</b>	<b>54</b>	<b>9 ( 21.1 )</b>
<b>(Other)</b>	<b>11</b>	<b>11</b>	<b>0 ( 3.6 )</b>
<b>(Elimination)</b>	<b>- 27</b>	<b>- 26</b>	<b>0 ( — )</b>
<b>Operating Profit</b>	<b>- 7</b>	<b>46</b>	<b>53 ( — )</b>
<b>(Railways)</b>	<b>4</b>	<b>41</b>	<b>37 ( 872.5 )</b>
<b>(Bus Services)</b>	<b>- 8</b>	<b>2</b>	<b>11 ( — )</b>
<b>EBITDA</b>	<b>84</b>	<b>126</b>	<b>41 ( 49.9 )</b>
<b>Depreciation and Amortization</b>	<b>91</b>	<b>80</b>	<b>- 11 ( - 12.3 )</b>
<b>Capital Expenditures</b>	<b>107</b>	<b>56</b>	<b>- 51 ( - 47.7 )</b>

### 3. Segment Information (Transportation)

#### Railways Transportation Results

(Units: Thousands of People, ¥ million)

		FY2022 2nd Quarter Earnings		
		FY2021 2Q result	FY2022 2Q result	Change (%)
Passengers Transported	Commuter-Pass	145,581	156,780	11,199 ( 7.7 )
	(Business)	112,860	115,016	2,156 ( 1.9 )
	(Student)	32,721	41,764	9,043 ( 27.6 )
	Non-Commuter-Pass	100,264	118,808	18,544 ( 18.5 )
	Total	245,845	275,588	29,743 ( 12.1 )
Passenger Revenues	Commuter-Pass	12,683	13,260	576 ( 4.5 )
	(Business)	11,475	11,712	236 ( 2.1 )
	(Student)	1,208	1,548	340 ( 28.2 )
	Non-Commuter-Pass	16,480	19,718	3,238 ( 19.6 )
	Total	29,164	32,979	3,815 ( 13.1 )

## 4. Segment Information (Merchandise Sales)

- Department stores saw revenues increase on improvements from reduced business hours and closures of some stores implemented in the previous 1st half.
- Shopping centers recorded increased revenues on the contribution of Mikan Shimokita, which opened in March 2022.
- However, retail stores posted a decline in revenues amid such factors as reduced stay-at-home demand compared to the previous 1st half.

(Units: ¥ hundred million)

	FY2022 2nd Quarter Earnings		
	FY2021 2Q result	FY2022 2Q result	Change (%)
<b>Operating Revenues</b>	<b>463</b>	<b>480</b>	<b>17 ( 3.8 )</b>
<b>(Department Stores)</b>	<b>116</b>	<b>131</b>	<b>15 ( 12.9 )</b>
<b>(Retail Stores)</b>	<b>237</b>	<b>235</b>	<b>- 1 ( - 0.5 )</b>
<b>(Retail Stores for Books)</b>	<b>26</b>	<b>22</b>	<b>- 3 ( - 15.0 )</b>
<b>(Shopping Centers)</b>	<b>68</b>	<b>73</b>	<b>5 ( 7.5 )</b>
<b>(Other)</b>	<b>42</b>	<b>46</b>	<b>3 ( 8.3 )</b>
<b>(Elimination)</b>	<b>- 27</b>	<b>- 29</b>	<b>- 1 ( — )</b>
<b>Operating Profit</b>	<b>3</b>	<b>10</b>	<b>7 ( 244.1 )</b>
<b>(Department Stores)</b>	<b>- 24</b>	<b>- 12</b>	<b>11 ( — )</b>
<b>(Retail Stores)</b>	<b>8</b>	<b>6</b>	<b>- 1 ( - 20.8 )</b>
<b>EBITDA</b>	<b>20</b>	<b>27</b>	<b>7 ( 35.6 )</b>
<b>Depreciation and Amortization</b>	<b>17</b>	<b>17</b>	<b>- 0 ( - 1.0 )</b>
<b>Capital Expenditures</b>	<b>6</b>	<b>38</b>	<b>32 ( 510.8 )</b>

## 5. Segment Information (Real Estate)

- In land and building leasing, revenues rose amid higher occupancy rates at existing properties.
- In real estate development for sale, revenues moved higher on increased sales of condominiums for investment.

(Units: ¥ hundred million)

	FY2022 2nd Quarter Earnings		
	FY2021 2Q result	FY2022 2Q result	Change (%)
<b>Operating Revenues</b>	<b>215</b>	<b>222</b>	<b>6 ( 3.1 )</b>
(Land and Building Leasing)	185	187	2 ( 1.4 )
(Development for Selling by Lots)	68	71	3 ( 4.5 )
(Other)	12	14	2 ( 21.2 )
(Elimination)	- 49	- 51	- 1 ( — )
<b>Operating Profit</b>	<b>56</b>	<b>57</b>	<b>0 ( 1.3 )</b>
(Land and Building Leasing)	54	53	- 0 ( - 0.9 )
(Development for Selling by Lots)	6	6	- 0 ( - 0.3 )
<b>EBITDA</b>	<b>82</b>	<b>81</b>	<b>- 1 ( - 1.6 )</b>
<b>Depreciation and Amortization</b>	<b>23</b>	<b>23</b>	<b>- 0 ( - 0.2 )</b>
<b>Capital Expenditures</b>	<b>35</b>	<b>53</b>	<b>18 ( 51.1 )</b>

## 6. Segment Information (Leisure)

- In hotels, revenues rose on the recovery in guest occupancy rates compared to the previous 1st half, despite weaker accommodation demand compared to before the COVID-19 pandemic.

(Units: ¥ hundred million)

	FY2022 2nd Quarter Earnings		
	FY2021 2Q result	FY2022 2Q result	Change (%)
<b>Operating Revenues</b>	<b>129</b>	<b>216</b>	<b>86 ( 66.5 )</b>
<b>(Hotels)</b>	<b>115</b>	<b>164</b>	<b>49 ( 42.7 )</b>
<b>(Travel Services)</b>	<b>14</b>	<b>37</b>	<b>23 ( 160.5 )</b>
<b>(Advertising Services)</b>	<b>24</b>	<b>30</b>	<b>6 ( 26.2 )</b>
<b>(Other)</b>	<b>23</b>	<b>28</b>	<b>5 ( 22.3 )</b>
<b>(Elimination)</b>	<b>- 48</b>	<b>- 45</b>	<b>2 ( — )</b>
<b>Operating Profit</b>	<b>- 79</b>	<b>- 31</b>	<b>47 ( — )</b>
<b>(Hotels)</b>	<b>- 65</b>	<b>- 25</b>	<b>40 ( — )</b>
<b>EBITDA</b>	<b>- 57</b>	<b>- 10</b>	<b>46 ( — )</b>
<b>Depreciation and Amortization</b>	<b>21</b>	<b>20</b>	<b>- 0 ( - 3.4 )</b>
<b>Capital Expenditures</b>	<b>16</b>	<b>8</b>	<b>- 7 ( - 45.8 )</b>

## 7. Segment Information (Other Businesses)

- Construction revenues increased, mainly due to an increase in construction.
- Railway car maintenance revenues declined, mainly due to a decrease in orders.

(Units: ¥ hundred million)

	FY2022 2nd Quarter Earnings		
	FY2021 2Q result	FY2022 2Q result	Change (%)
<b>Operating Revenues</b>	<b>249</b>	<b>253</b>	<b>4 ( 1.7 )</b>
<b>(Building Maintenance)</b>	<b>106</b>	<b>109</b>	<b>2 ( 2.4 )</b>
<b>(Railway Car Maintenance)</b>	<b>33</b>	<b>27</b>	<b>-5 ( -17.4 )</b>
<b>(Construction)</b>	<b>72</b>	<b>79</b>	<b>6 ( 8.5 )</b>
<b>(Other)</b>	<b>42</b>	<b>45</b>	<b>2 ( 6.1 )</b>
<b>(Elimination)</b>	<b>-7</b>	<b>-8</b>	<b>-1 ( — )</b>
<b>Operating Profit</b>	<b>14</b>	<b>11</b>	<b>-3 ( -22.9 )</b>
<b>EBITDA</b>	<b>16</b>	<b>13</b>	<b>-3 ( -20.3 )</b>
<b>Depreciation and Amortization</b>	<b>2</b>	<b>2</b>	<b>-0 ( -4.5 )</b>
<b>Capital Expenditures</b>	<b>2</b>	<b>1</b>	<b>-0 ( -32.7 )</b>



## 8. Non-Operating Income/Expenses and Extraordinary P/L

(Units: ¥ hundred million)

	FY2021 2Q result	FY2022 2Q result	Change	Change Factors
<b>Operating Revenues</b>	<b>1,378</b>	<b>1,588</b>	<b>209</b>	
<b>Operating Profit</b>	<b>-13</b>	<b>94</b>	<b>107</b>	
Non-Operating Income	38	18	-20	Subsidy income -20 hmy
Non-Operating Expenses	17	16	-0	
<b>Ordinary Profit</b>	<b>8</b>	<b>95</b>	<b>87</b>	
Extraordinary Income	26	6	-19	Gains on the sale of non-current assets -20 hmy
Extraordinary Loss	4	9	5	
Income Taxes	41	50	8	Reversal of deferred tax assets due to introduction of group relief system, etc.
<b>Profit attributable to owners of parent</b>	<b>-10</b>	<b>42</b>	<b>53</b>	

## 9. Consolidated Balance Sheets

(Units: ¥ hundred million)

	FY2021 result	FY2021 2Q result	Change	Change factors
Current Assets	1,570	1,568	-2	
Non-current Assets	7,491	7,454	-36	Deferred tax assets -27 hmy (reversal on introduction of group relief system, etc.)
<b>Total Assets</b>	<b>9,062</b>	<b>9,022</b>	<b>-39</b>	
Current Liabilities	2,332	2,053	-278	Reduction in other accounts payable, etc.
Non-current Liabilities	3,306	3,536	229	Issuance of corporate bonds +200 hmy
<b>Liabilities</b>	<b>5,639</b>	<b>5,589</b>	<b>-49</b>	
<b>Net Assets</b>	<b>3,422</b>	<b>3,432</b>	<b>10</b>	Retained earnings +18 hmy (booking of quarterly net income, etc.)
<b>Total Liabilities and Net Assets</b>	<b>9,062</b>	<b>9,022</b>	<b>-39</b>	


<b>Interest-Bearing Debt</b>	<b>3,757</b>	<b>3,853</b>	<b>96</b>
<b>Equity Ratio</b>	<b>37.8%</b>	<b>38.1%</b>	<b>0.3P</b>

\* Interest-bearing debt is loans payable + commercial paper+ bonds payable

# 10. Consolidated Statements of Cash Flows

(Units: ¥ hundred million)

	FY2021 2Q result	FY2022 2Q result	Change	Notes
Cash flows from operating activities	164	165	0	Income before income taxes and minority interests +92 hmy Depreciation and amortization +142 hmy
Cash flows from investing activities	-152	-226	-74	Acquisition of tangible and intangible fixed assets -285 hmy
Free (operating + investing) cash flow	12	-61	-73	
Cash flows from financing activities	-4	66	70	Proceeds from issuance of corporate bonds +198 hmy
Cash and cash equivalents at end of period	775	678	-96	



The earnings forecasts and outlines on future performance noted in these materials include projections based on certain forecasts/assumptions made at the time of publication. Actual performance may differ from forecast figures due to various factors.

