

Supplementary Materials on Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2021 (FY2020)

Keikyu Corporation (Securities code: 9006)

February 12, 2021

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

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Summary

✓ Financial results for 3Q Comparison with business forecasts (disclosed in November)

- Revenue from operations suffered a downturn mainly in the railways, buses, and business hotels, partly due to the resurgence of COVID-19 in December.
- Real estate sales increased, partly due to favorable sales of PRIME Hayama.
- Steady progress made in reducing expenses also.

✓ Recent situation (state of emergency declaration and onward) and revision of business forecasts

- Due to impacts such as the state of emergency declaration, the recovery slowed, with the number of passengers carried across all railways in January down by about 40% year on year, and the business hotel occupancy rate at around 20%.
- Business forecasts were revised downward (Compared to the previous forecasts, the forecasts for revenue from operations decreased 7.2 billion yen and operating profit decreased 3.4 billion yen) mainly reflecting a decrease in revenue from railway operations

Highlight

Revenue from operations (Cumulative)

169 billion yen
YoY (70.0) billion yen

Operating profit (Cumulative)

(13.9) billion yen
YoY (41.9) billion yen

3Q Revenue from operations
(Quarterly)

YoY **(10.6%)**
1Q (47.5%) → 2Q (26.5%)

3Q Operating profit
(Quarterly)

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

3Q number of passengers carried
across all railways (Quarterly)

YoY **(23.8%)**
1Q (42.5%) → 2Q (29.9%)

Summary of Financial Results

Progress rate comparison with business forecasts (Revenue from operations)

■ : February 2021 forecast ■ : first Quarter ■ : Second Quarter ■ : Third Quarter

segment	Progress rate	Forecast (Feb.) and results (Unit: Billions of yen)	Changes from Nov. forecast
Transportation	76.2%	<p>77.9</p> <p>16.1 21.1 22.0</p> <p>Cumulative 59.3</p>	<p>3Q: Downturn due to resurgence in infections in December</p> <p>4Q: Revised downward, partly due to impact of state of emergency declaration</p>
Real Estate	60.5%	<p>44.1</p> <p>7.0 7.0 12.5</p> <p>Cumulative 26.6</p>	<p>3Q: Upturn, partly due to strong selling properties</p> <p>4Q: Revised upward, partly due to upswing in 3Q</p>
Leisure Services	75.2%	<p>22.3</p> <p>3.6 5.8 7.2</p> <p>Cumulative 16.7</p>	<p>3Q: Downturn due to resurgence in infections in December</p> <p>4Q: Revised downward, partly due to impact of state of emergency declaration</p>
Retailing	76.1%	<p>86.7</p> <p>19.3 22.3 24.3</p> <p>Cumulative 65.9</p>	<p>3Q: Downturn due to resurgence in infections in December</p> <p>4Q: Revised downward, partly due to impact of state of emergency declaration</p>

Summary of Financial Results

Consolidated financial results (quarterly)

(Unit: Millions of yen)

	FY2020		
	1Q April-June	2Q July-September	3Q October-December
Revenue from operations (YoY changes)	46,062 (41,707)/(47.5%)	56,951 (20,519)/(26.5%)	66,072 (7,844)/(10.6%)
Operating profit (YoY changes)	(10,933) (21,835)/ – %	(2,008) (12,813)/ – %	(960) (7,310)/ – %
Ordinary profit (YoY changes)	(11,549) (21,956)/ – %	(2,177) (12,164)/ – %	(1,590) (7,533)/ – %
Profit attributable to owners of parent (YoY changes)	(9,115) (16,147)/ – %	(9,184) (15,902)/ – %	(1,542) (4,884)/ – %

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(Unit: Millions of yen)

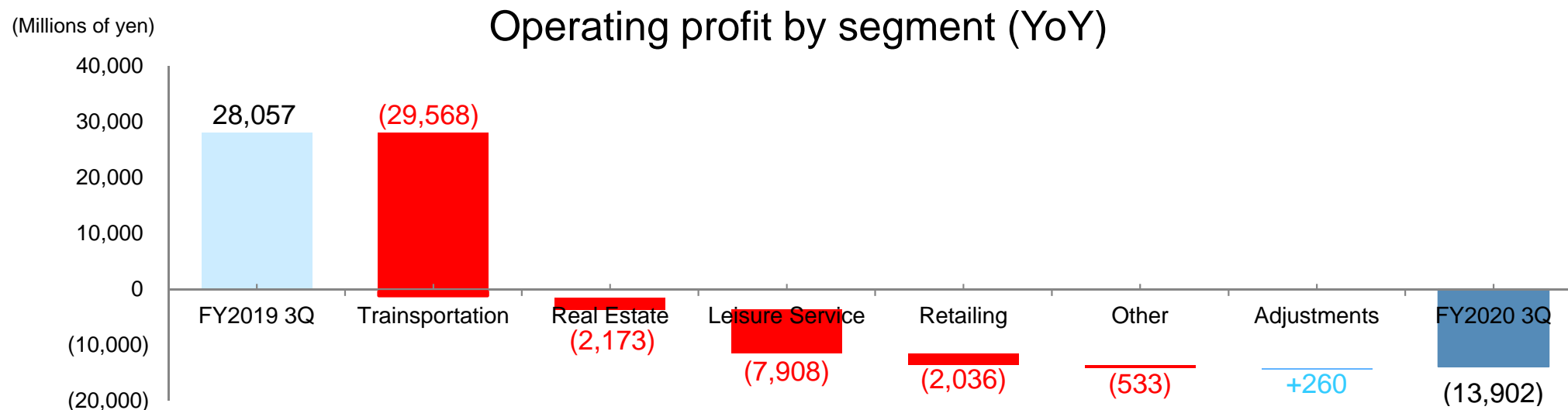
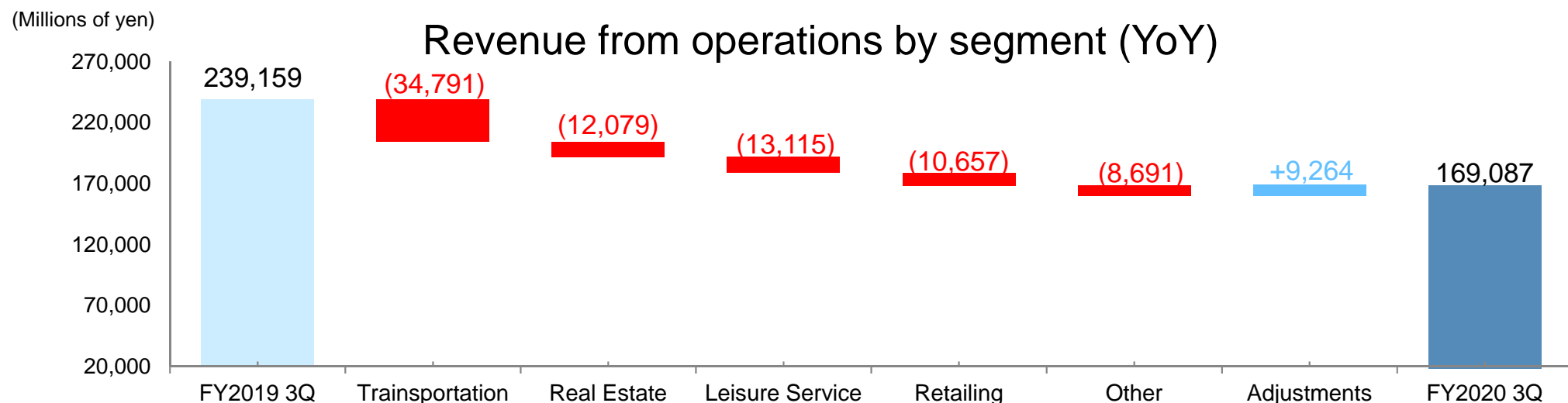
	FY2020 3Q	YoY changes Actual of FY2019 3Q
Revenue from operations	169,087	(29.3%) 239,159
Operating profit	(13,902)	— % 28,057
Ordinary profit	(15,316)	— % 26,338
Profit attributable to owners of parent	(19,841)	— % 17,093
Net income per Share (yen)	(72.07)	— % 62.07

Segment Information

(Unit: Millions of yen)

		FY2020 3Q	YoY changes Actual of FY2019 3Q
Transportation	Revenue from operations	59,341	(37.0%) 94,133
	Operating profit	(15,680)	— % 13,887
Real Estate	Revenue from operations	26,661	(31.2%) 38,741
	Operating profit	3,386	(39.1%) 5,560
Leisure Services	Revenue from operations	16,780	(43.9%) 29,896
	Operating profit	(2,295)	— % 5,612
Retailing	Revenue from operations	65,975	(13.9%) 76,632
	Operating profit	213	(90.5%) 2,249
Other	Revenue from operations	26,106	(25.0%) 34,798
	Operating profit	718	(42.6%) 1,252
Adjustments	Revenue from operations	(25,778)	— % (35,042)
	Operating profit	(244)	— % (504)

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



Impact of COVID-19 on Financial Results for FY2020 3Q (1)

(Unit: Billions of yen)

Segment	Impact amount		Main factors
	Revenue from operations	Operating profit	
Transportation	(34.0)	(27.9)	
Railway	(23.0)	(19.2)	Decrease in the number of plane passengers and decrease in the number of passengers carried due to persons voluntarily refraining from going outside
Bus	(9.6)	(8.3)	Decrease in the number of plane passengers and decrease in the number of passengers carried due to persons voluntarily refraining from going outside
Taxi	(1.2)	(0.4)	Decrease in the number of passengers due to persons voluntarily refraining from going outside
Real Estate	(4.4)	(0.1)	
Real estate sales	(3.9)	0.1	Reduction of condominium sales activities (closing of condominium showroom from April through May) Favorable sales of PRIME Hayama, etc.
Real estate leasing	(0.5)	(0.2)	Decrease in revenue from tenant rent due to temporary closures, etc.
Leisure Services	(14.3)	(8.3)	
Business hotels	(8.5)	(5.5)	Decrease in the number of hotel guests due to persons voluntarily refraining from going outside
Leisure-related facilities	(2.6)	(2.0)	Temporary closure of a portion of facilities due to persons voluntarily refraining from going outside and shortened operating hours
Leisure, other	(3.1)	(0.6)	Decrease in advertisement orders due to voluntary reductions in sales promotion Closings and shortened operating hours in the restaurant business

Note: The above impact amounts are only estimates. The impact amounts for operating profit are only the expected decreases in expenses directly related to decreases in profit and therefore may decrease. 10

Impact of COVID-19 on Financial Results for FY2020 3Q (2)

(Unit: Billions of yen)

Segment	Impact amount		Main factors
	Revenue from operations	Operating profit	
Retailing	(9.9)	(2.4)	
Department store / SC	(5.8)	(1.3)	
Department store	(4.7)	(0.6)	Temporary closings and shortened operating hours
SC * Former Retailing, other	(1.0)	(0.6)	Temporary closings and shortened operating hours
Store business	(4.1)	(1.1)	
Supermarkets	0.1	0.3	Higher demand for eating in
Convenience store / Merchandise sales, etc. * Former Merchandise sales	(4.2)	(1.5)	Decrease in railway passengers, temporary closings and shortened operating hours
Other	(1.9)	(1.8)	Extension, etc. of construction period
Total	(64.7)	(40.7)	

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

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

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

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

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

(Unit: Millions of yen)

	Revenue from operations		Operating profit	
	FY2020 3Q	YoY changes Actual of FY2019 3Q	FY2020 3Q	YoY changes Actual of FY2019 3Q
Transportation	59,341	(37.0%) 94,133	(15,680)	— % 13,887
Railway	41,053	(36.6%) 64,764	(9,015)	— % 12,180
Bus	16,143	(38.2%) 26,129	(6,306)	— % 1,724
Taxi	2,144	(33.8%) 3,239	(359)	— % (17)

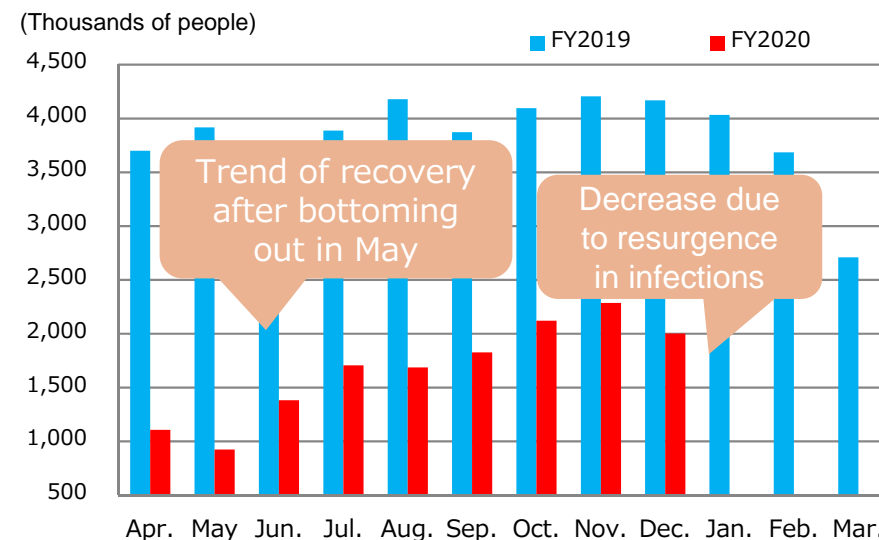
<Results in railway operations: number of passengers carried & revenue from railway operations>

		Number of passengers carried (Thousands of people)		Revenue from railway operations (Millions of yen)	
		FY2020 3Q	YoY changes Actual of FY2019 3Q	FY2020 3Q	YoY changes Actual of FY2019 3Q
	Commuter	150,903	(26.9%) 206,403	18,077	(25.6%) 24,285
	Non commuter	101,384	(38.6%) 165,091	20,946	(44.8%) 37,965
	Total	252,287	(32.1%) 371,494	39,023	(37.3%) 62,251

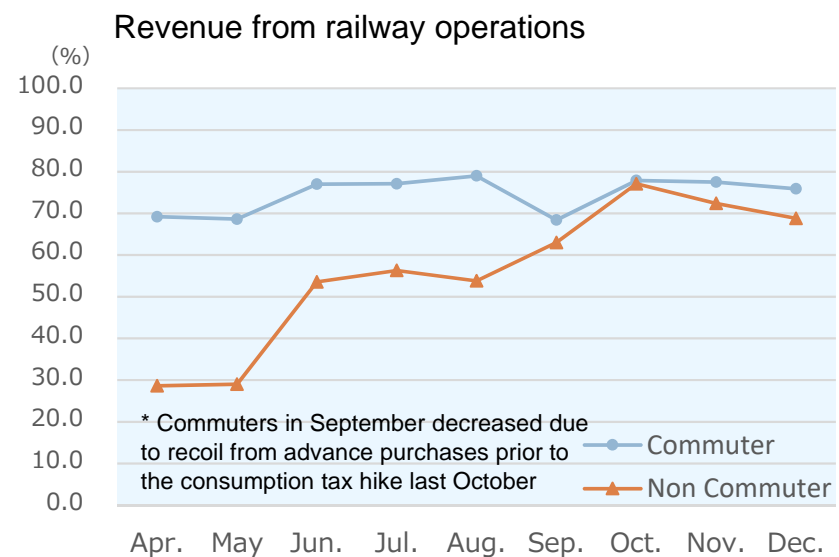
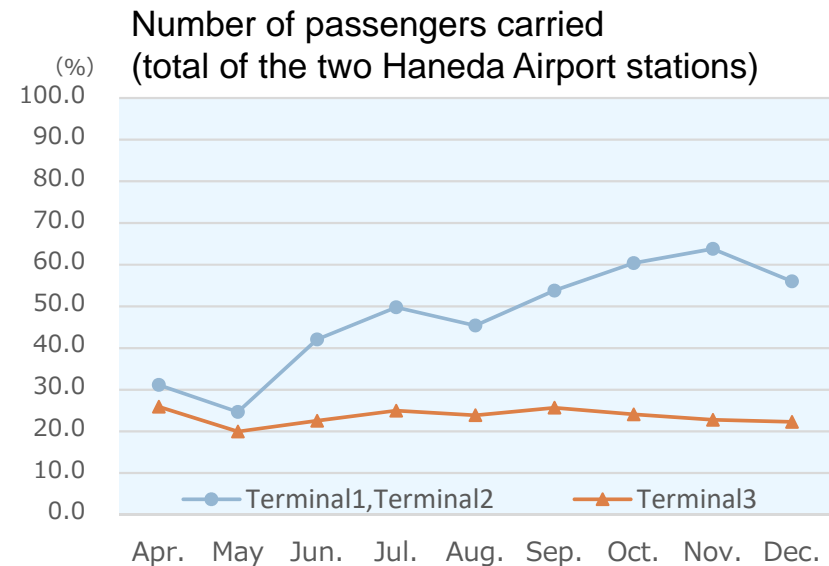
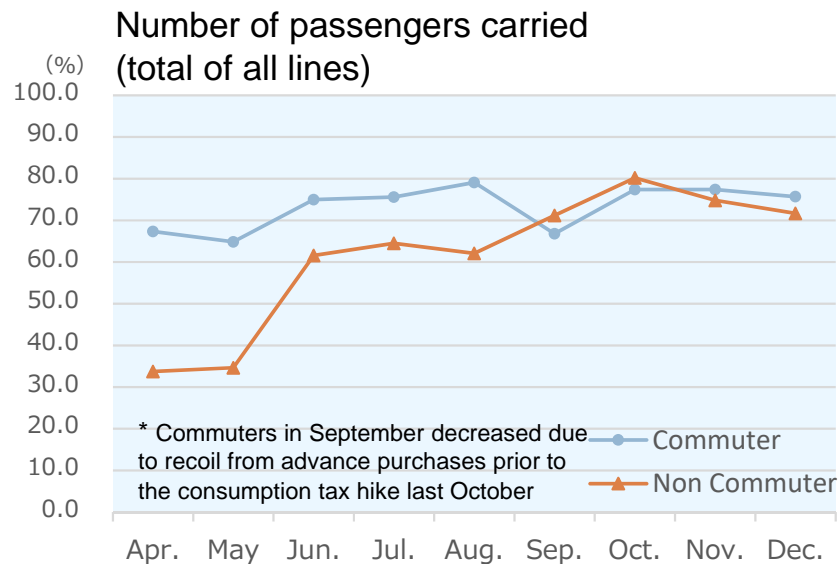
<Number of passengers carried: Total of the two Haneda Airport stations>

		Number of passengers carried (Thousands of people)	
		FY2020 3Q	YoY changes Actual of FY2019 3Q
	Commuter	4,023	(36.7%) 6,357
	Non commuter	11,022	(62.5%) 29,370
	Total	15,045	(57.9%) 35,727

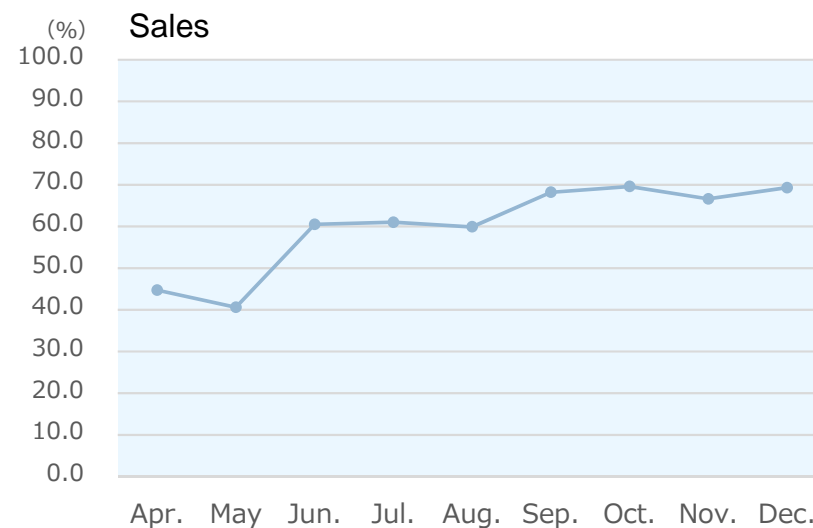
Number of passengers carried per month: Total of the two Haneda Airport stations



< Railway >



< Bus >



➤ Recent situation (January)

【Railway】

- Due to impacts such as the state of emergency declaration following the resurgence in COVID-19, the number of passengers carried across all railways was down by about 40% year on year.
- The number of passengers carried at Haneda Airport stations was also down by about 70% year on year.

【Bus】

- Keihin Kyuko Bus billings were down by around 50% year on year.
- Kawasaki Tsurumi Rinko Bus billings were down by around 40% year on year.

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

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

(Unit: Millions of yen)

	Revenue from operations		Operating profit	
	FY2020 3Q	YoY changes Actual of FY2019 3Q	FY2020 3Q	YoY changes Actual of FY2019 3Q
Real Estate	26,661	(31.2%) 38,741	3,386	(39.1%) 5,560
Real estate sales	11,945	(47.9%) 22,938	(623)	— % 875
Real estate leasing	14,716	(6.9%) 15,803	4,010	(14.4%) 4,685

➤ Real estate sales

Number of units or plots sold: condominium and residential land/homes (Number of units/plots)

	FY2020 3Q	YoY changes Actual of FY2019 3Q
Condominiums	153	(30.1%) 219
Residential land/homes	64	(50.4%) 129

Balance of land for sale in lots and buildings (Unit: Billions of yen)

Condominiums	Salable land
30.4	3.3

Properties to be delivered in FY2020

(Number of units)

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

➤ Recent situation (January)

- Even after the state of emergency declaration was issued, sales continues under rigorous measures to prevent infection with all sales conducted by appointment only. The numbers of visitors to the condominium gallery has not varied significantly.
- The status of sales has not shown any impact from the state of emergency declaration.

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

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

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

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

(Unit: Millions of yen)

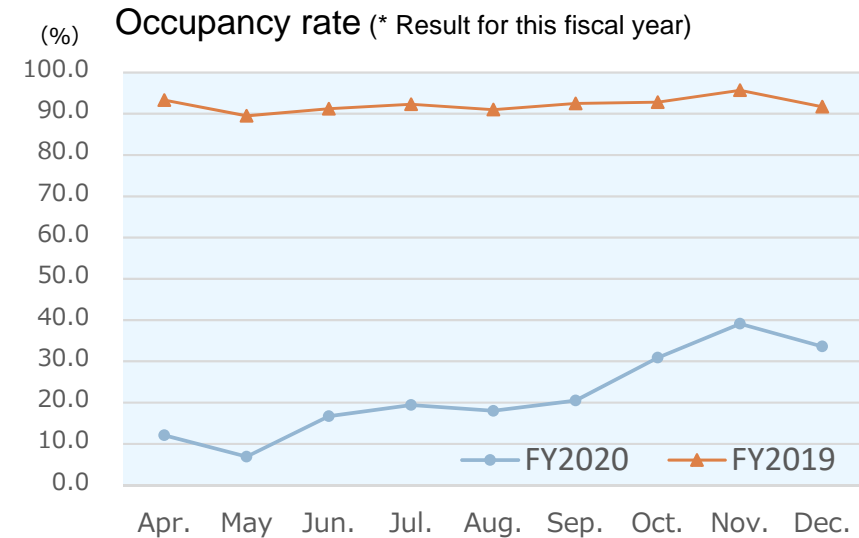
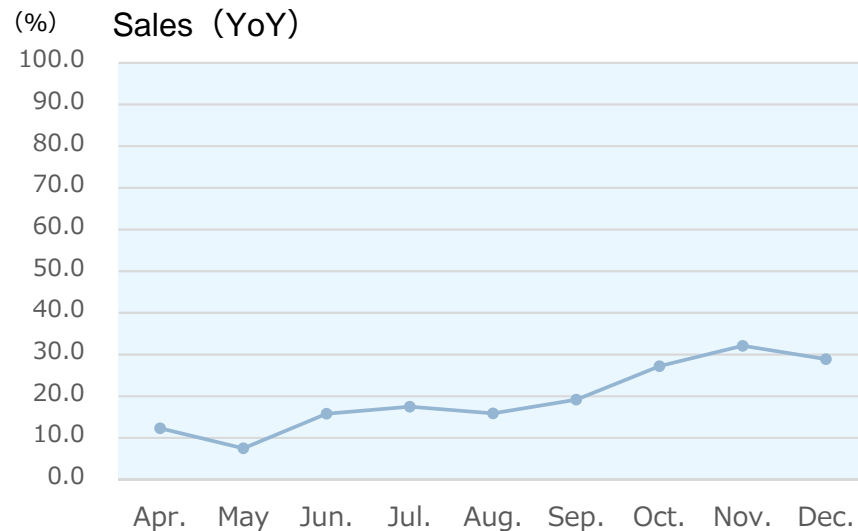
	Revenue from operations		Operating profit	
	FY2020 3Q	YoY changes Actual of FY2019 3Q	FY2020 3Q	YoY changes Actual of FY2019 3Q
Leisure Services	16,780	(43.9%) 29,896	(2,295)	— % 5,612
Business hotels	1,741	(80.0%) 8,723	(3,146)	— % 2,273
Leisure-related facilities	7,834	(22.5%) 10,106	666	(66.4%) 1,986
Leisure, other	7,205	(34.9%) 11,066	184	(86.4%) 1,352

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

	FY2020 3Q	YoY changes Actual of FY2019 3Q
Occupancy rate of guest rooms	22.2%	(70.0pt) 92.2%

➤ Monthly business results

< Keikyu EX Hotel • Keikyu EX Inn >



➤ Recent situation (January)

- Due to impacts such as the state of emergency declaration following the resurgence in COVID-19, accommodation demand slumped, sales decreased by around 80% year on year, and occupancy rate remains around 20%.

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

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

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

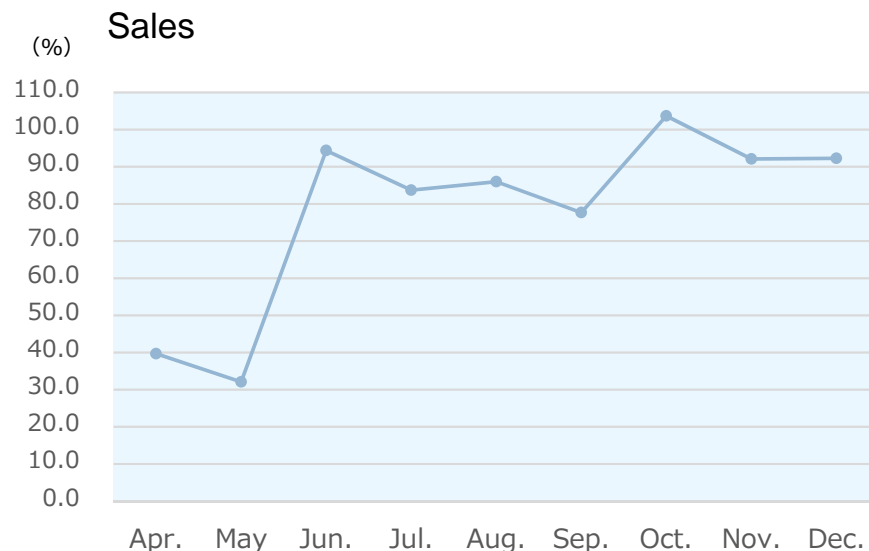
Convenience store /merchandise sales business : Both revenue and profit decreased due to a reduction in the number of passengers carried on railways and the impact of temporary closings and shortened operating hours.

(Unit: Millions of yen)

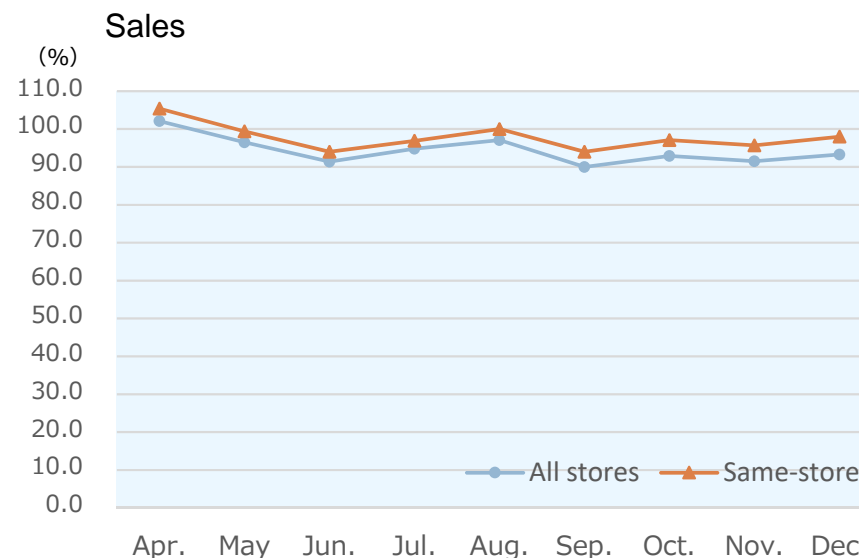
	Revenue from operations		Operating profit	
	FY2020 3Q	YoY changes Actual of FY2019 3Q	FY2020 3Q	YoY changes Actual of FY2019 3Q
Retailing	65,975	(13.9%) 76,632	213	(90.5%) 2,249
Department store / SC	21,304	(20.4%) 26,777	(545)	— % 605
Department store	19,393	(19.4%) 24,072	(358)	— % 191
SC * Former Retailing, other	1,910	(29.3%) 2,704	(187)	— % 414
Store business	44,671	(10.4%) 49,854	758	(53.8%) 1,644
Supermarkets	36,631	(5.3%) 38,681	540	(10.3%) 603
Convenience store / Merchandise sales, etc. * Former Merchandise sales	8,039	(28.0%) 11,173	217	(79.1%) 1,040

➤ Monthly business results (YoY)

< Keikyu Department Store >



< Keikyu Store (Supermarkets) >



➤ Recent situation (January)

【 Keikyu Department Store 】

- In the department store operations, compared to when the previous state of emergency was declared, sales were maintained on the food floor, etc., but there was a sharp decrease in store visitors. Sales decreased by around 25% year on year, partly due to the impact of spreading out sales promotion activities to avoid crowding on sales floors.

【 Keikyu Store 】

- In the supermarket business, sales increased mainly in suburban areas, as there was no reduction in operating hours following the state of emergency declaration. However, there was an impact from operation suspension by tenants due to seismic retrofitting work at Heiwajima Station. As a result, sales decreased slightly year on year. Sales at existing stores remain level.

- At Keikyu Construction Co., Ltd., revenue and profit decreased, mainly reflecting a fall-back from a large project in the previous fiscal year.

(Unit: Millions of yen)

	Revenue from operations		Operating profit	
	FY2020 3Q	YoY changes Actual of FY2019 3Q	FY2020 3Q	YoY changes Actual of FY2019 3Q
Other	26,106	(25.0%) 34,798	718	(42.6%) 1,252

- Non-operating profit and expenses
 - No prominent items

- Extraordinary income and losses
 - Decided to close and dismantle SHINAGAWA GOOS in November for future redevelopment
Recorded extraordinary losses of 8.8 billion yen due to the decision (impairment loss of 4.3 billion yen, provision for expenses for dismantling of 4.5 billion yen)

Consolidated Balance Sheet (Condensed)

(Unit: Millions of yen)

		As of December 31, 2020	Change	As of March 31, 2020
	Current assets	154,758	53,579	101,179
	Cash and deposits	84,117	48,561	35,555
	Notes and accounts receivable - trade	9,740	(2,851)	12,591
	Land and buildings for sale in lots	45,727	4,710	41,016
	Non-current assets	779,039	(8,193)	787,232
	Property, plant and equipment	650,800	(11,285)	662,085
	Investments and other assets	120,946	3,190	117,756
	Investment securities	70,211	2,160	68,051
	Retirement benefit asset	20,487	1,295	19,192
Total assets		933,798	45,385	888,412
Total liabilities		687,243	66,487	620,756
	Outstanding interest-bearing debt*	527,765	83,029	444,735
Total net assets		246,554	(21,101)	267,655
Total liabilities and net assets		933,798	45,385	888,412
Net interest-bearing debt outstanding		443,648	34,468	409,179

Corporate bonds
of 30.0 billion yen
were issued in 3Q

equity-to-asset
ratio 26.3%

* Total figure for corporate bonds, debt and commercial paper

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The Company has revised business forecasts for the year ending March 31, 2021 based on information currently available such as recent business conditions. Please refer to the table below for assumptions for each segment.

	November Forecast	February Forecast (Current)
Transportation	<p>◆Railway/bus operations →We assume that domestic transportation demand will gradually return and the recovery trend will continue from October as well.</p> <p>→Actual and forecasted number of passengers carried in FY2020 in railway operations (YoY) First half: actual down 36.1% Second half: down 16.1% (Forecast) Full year: down 26.5% (Forecast)</p>	<p>◆Railway/bus operations →Reflects the impact of the status of COVID-19 spread and state of emergency declaration in December</p> <p>→Actual and forecasted number of passengers carried in FY2020 in railway operations (YoY) First half: actual down 36.1% Second half: down 26.5% (Forecast) Full year: down 31.5% (Forecast) *For March 2021, there was a decrease of 14.4% compared to March 2020, which was also impacted by COVID-19.</p>
	<p>< Projection of passenger numbers (YoY) ></p> <p>Blue : Total of all lines Green : Total of the Haneda Airport stations ● : Actual figures for each month</p> <p>Because March 2020 was also impacted by COVID-19, the comparison is to the original plan.)</p>	

	November Forecast	February Forecast (Current)
Real Estate	<ul style="list-style-type: none"> ◆Sales <ul style="list-style-type: none"> →Review, etc. of the sales period of properties is reflected. →In addition to the mindset for city center needs for home buyers, suburban needs are also becoming apparent due to the COVID-19 pandemic. Forecasts have not changed significantly. ◆Leasing <ul style="list-style-type: none"> →Forecasts have not changed significantly as tenants have not been moving out, and leasing needs and rent have been stable. 	<ul style="list-style-type: none"> ◆Sales <ul style="list-style-type: none"> →Reflects favorable sales of condominiums (such as PRIME Hayama) ◆Leasing <ul style="list-style-type: none"> →Forecasts have not changed significantly as tenants have not been moving out, and leasing needs and rent have been stable.
Leisure Services	<ul style="list-style-type: none"> ◆Business hotels <ul style="list-style-type: none"> →The forecasted moderate recovery of the occupancy rates is unchanged, but the recovery of accommodation demands is reflected. →Actual and forecasted occupancy rates First half: actual 15.7% (down 75.9 points YoY) Second half: 34.5% (down 45.2 points YoY) (Forecast) Full year: 25.4% (down 60.2 points YoY) (Forecast) 	<ul style="list-style-type: none"> ◆Business hotels <ul style="list-style-type: none"> →Reflects the impact of the status of COVID-19 spread and state of emergency declaration in December →Actual and forecasted occupancy rates First half: actual 15.7% (down 75.9 points YoY) Second half: 27.6% (down 52.1 points YoY) (Forecast) Full year: 21.9% (down 63.7 points YoY) (Forecast)
Retailing	<ul style="list-style-type: none"> ◆Supermarket business <ul style="list-style-type: none"> →Forecasts have not changed significantly as demand for eating at home and demand for products consumed at home have paused temporarily, and the reduction in the number of customers continues, primarily at stores in front of stations and because of the impact of store closures, etc. ◆Convenience store/merchandise sales business <ul style="list-style-type: none"> →Reflects the reduction in the number of customers, primarily at stores within stations, due to the softening of recovery of the number of passengers carried on railways ◆Department store/SC business <ul style="list-style-type: none"> →Reflects more recovery of the number of customers than expected 	<ul style="list-style-type: none"> ◆Supermarket business <ul style="list-style-type: none"> →Reflects the impact on stores in front of stations due to decrease in number of passengers carried on railways following the status of COVID-19 spread and state of emergency declaration in December ◆Convenience store/merchandise sales business <ul style="list-style-type: none"> →Reflects the impact on stores within stations due to decrease in number of passengers carried on railways following the status of COVID-19 spread and state of emergency declaration in December ◆Department store/SC business <ul style="list-style-type: none"> →Reflects the decrease in the number of customers due to the resurgence in infections in December and the declaration of a state of emergency

Consolidated Statement of Income (Business Forecasts)

(Unit: Billions of yen)

	FY2020 Feb. 2021 forecast	Nov.2020 forecast Changes Actual	YoY〔FY2019〕 Changes Actual
Revenue from operations	234.3	(7.2) 241.5	(78.4) 312.7
Operating profit	(21.7)	(3.4) (18.3)	(51.1) 29.4
Ordinary profit	(24.3)	(3.3) (21.0)	(51.1) 26.8
Profit attributable to owners of parent	(25.3)	(2.3) (23.0)	(40.9) 15.6

Amount of capital Investment*	50.8	(16.7) 67.4	(24.1) 74.8
Depreciation	31.7	(0.1) 31.8	(0.4) 32.1

※ Includes contribution for construction, etc.

(FY2020.2 (forecast):4.9 billion yen, FY2020.11 (forecast):6.7. billion yen FY2019(actual):4.0 billion yen)

Net income per Share(yen)	(91.89)	(8.35) (83.54)	(148.72) 56.83
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Segment Information (Business Forecasts)

(Unit: Billions of yen)

		FY2020 Feb. 2021 forecast	Nov.2020 forecast Changes Actual	YoY〔FY2019〕 Changes Actual
Transportation	Revenue from operations	77.9	(5.8) 83.7	(43.0) 121.0
	Operating profit	(22.8)	(3.9) (18.9)	(35.6) 12.8
Real Estate	Revenue from operations	44.1	0.8 43.2	(6.2) 50.3
	Operating profit	4.0	0.7 3.3	(2.0) 6.1
Leisure Services	Revenue from operations	22.3	(1.1) 23.4	(16.5) 38.9
	Operating profit	(3.6)	(0.1) (3.4)	(9.4) 5.8
Retailing	Revenue from operations	86.7	(1.2) 87.9	(14.5) 101.2
	Operating profit	(0.0)	0.0 (0.0)	(2.6) 2.6
Other	Revenue from operations	47.4	0.7 46.7	(10.7) 58.2
	Operating profit	1.6	0.2 1.3	(2.0) 3.6
Adjustments	Revenue from operations	(44.3)	(0.5) (43.7)	12.7 (57.0)
	Operating profit	(0.9)	(0.3) (0.6)	0.6 (1.6)

Transportation (Business Forecasts) (1)

(Unit: Billions of yen)

	Revenue from operations			Operating profit		
	FY2020 Feb. 2021 forecast	Nov.2020 forecast Changes Actual	YoY〔FY2019〕 Changes Actual	FY2020 Feb. 2021 forecast	Nov.2020 forecast Changes Actual	YoY〔FY2019〕 Changes Actual
Transportation	77.9	(5.8) 83.7	(43.0) 121.0	(22.8)	(3.9) (18.9)	(35.6) 12.8
Railway	53.8	(4.8) 58.6	(29.6) 83.4	(13.4)	(3.5) (9.9)	(25.8) 12.3
Bus	21.2	(0.8) 22.0	(12.2) 33.4	(8.8)	(0.2) (8.5)	(9.4) 0.6
Taxi	2.9	(0.2) 3.1	(1.2) 4.1	(0.4)	(0.0) (0.4)	(0.3) (0.1)

<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)		
		FY2020 Feb. 2021 forecast	Nov.2020 forecast Changes Actual	YoY [FY2019] Changes Actual	FY2020 Feb. 2021 forecast	Nov.2020 forecast Changes Actual	YoY [FY2019] Changes Actual
	Commuter	199	(5) 205	(69) 269	23.9	(0.6) 24.5	(7.9) 31.8
	Non commuter	130	(18) 149	(82) 212	27.0	(4.1) 31.2	(21.0) 48.1
	Total	330	(24) 354	(151) 482	51.0	(4.7) 55.7	(29.0) 80.0

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

		Number of passengers carried (Millions of people)		
		FY2020 Feb. 2021 forecast	Nov.2020 forecast Changes Actual	YoY [FY2019] Changes Actual
	Commuter	5	(0) 6	(3) 8
	Non commuter	13	(3) 16	(23) 37
	Total	19	(4) 23	(27) 46

(Unit: Billions of yen)

	Revenue from operations			Operating profit		
	FY2020 Feb. 2021 forecast	Nov.2020 forecast Changes Actual	YoY [FY2019] Changes Actual	FY2020 Feb. 2021 forecast	Nov.2020 forecast Changes Actual	YoY [FY2019] Changes Actual
Real Estate	44.1	0.8 43.2	(6.2) 50.3	4.0	0.7 3.3	(2.0) 6.1
Real estate sales	24.7	0.8 23.9	(4.6) 29.4	(0.0)	0.5 (0.5)	(0.9) 0.9
Real estate leasing	19.3	(0.0) 19.3	(1.5) 20.8	4.1	0.2 3.9	(1.0) 5.2

(Unit: Billions of yen)

	Revenue from operations			Operating profit		
	FY2020 Feb. 2021 forecast	Nov.2020 forecast Changes Actual	YoY [FY2019] Changes Actual	FY2020 Feb. 2021 forecast	Nov.2020 forecast Changes Actual	YoY [FY2019] Changes Actual
Leisure Services	22.3	(1.1) 23.4	(16.5) 38.9	(3.6)	(0.1) (3.4)	(9.4) 5.8
Business hotels	2.3	(0.5) 2.8	(8.2) 10.6	(4.2)	(0.1) (4.0)	(6.2) 2.0
Leisure-related facilities	10.0	0.0 10.0	(3.0) 13.0	0.4	0.0 0.3	(1.6) 2.0
Leisure, other	9.9	(0.6) 10.5	(5.2) 15.2	0.1	(0.0) 0.2	(1.5) 1.6

(Unit: Billions of yen)

	Revenue from operations			Operating profit		
	FY2020 Feb. 2021 forecast	Nov.2020 forecast Changes Actual	YoY [FY2019] Changes Actual	FY2020 Feb. 2021 forecast	Nov.2020 forecast Changes Actual	YoY [FY2019] Changes Actual
Retailing	86.7	(1.2) 87.9	(14.5) 101.2	(0.0)	0.0 (0.0)	(2.6) 2.6
Department store / SC	28.0	(0.3) 28.4	(7.2) 35.3	(0.7)	0.1 (0.9)	(1.4) 0.6
Department store	25.3	(0.3) 25.7	(6.4) 31.8	(0.5)	0.0 (0.6)	(0.7) 0.2
SC * Former Retailing, other	2.6	(0.0) 2.6	(0.8) 3.5	(0.2)	0.0 (0.3)	(0.7) 0.4
Store business	58.7	(0.7) 59.5	(7.1) 65.9	0.7	(0.0) 0.8	(1.2) 1.9
Supermarkets	47.7	(0.2) 47.9	(3.8) 51.5	0.5	(0.0) 0.5	(0.2) 0.7
Convenience store / Merchandise sales, etc. * Former Merchandise sales	11.0	(0.5) 11.5	(3.3) 14.3	0.2	(0.0) 0.3	(0.9) 1.1

(Unit: Billions of yen)

	Revenue from operations			Revenue from operations		
	FY2020 Feb. 2021 forecast	Nov.2020 forecast Changes Actual	YoY〔FY2019〕 Changes Actual	FY2020 Feb. 2021 forecast	Nov.2020 forecast Changes Actual	YoY〔FY2019〕 Changes Actual
Other	47.4	0.7 46.7	(10.7) 58.2	1.6	0.2 1.3	(2.0) 3.6

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

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

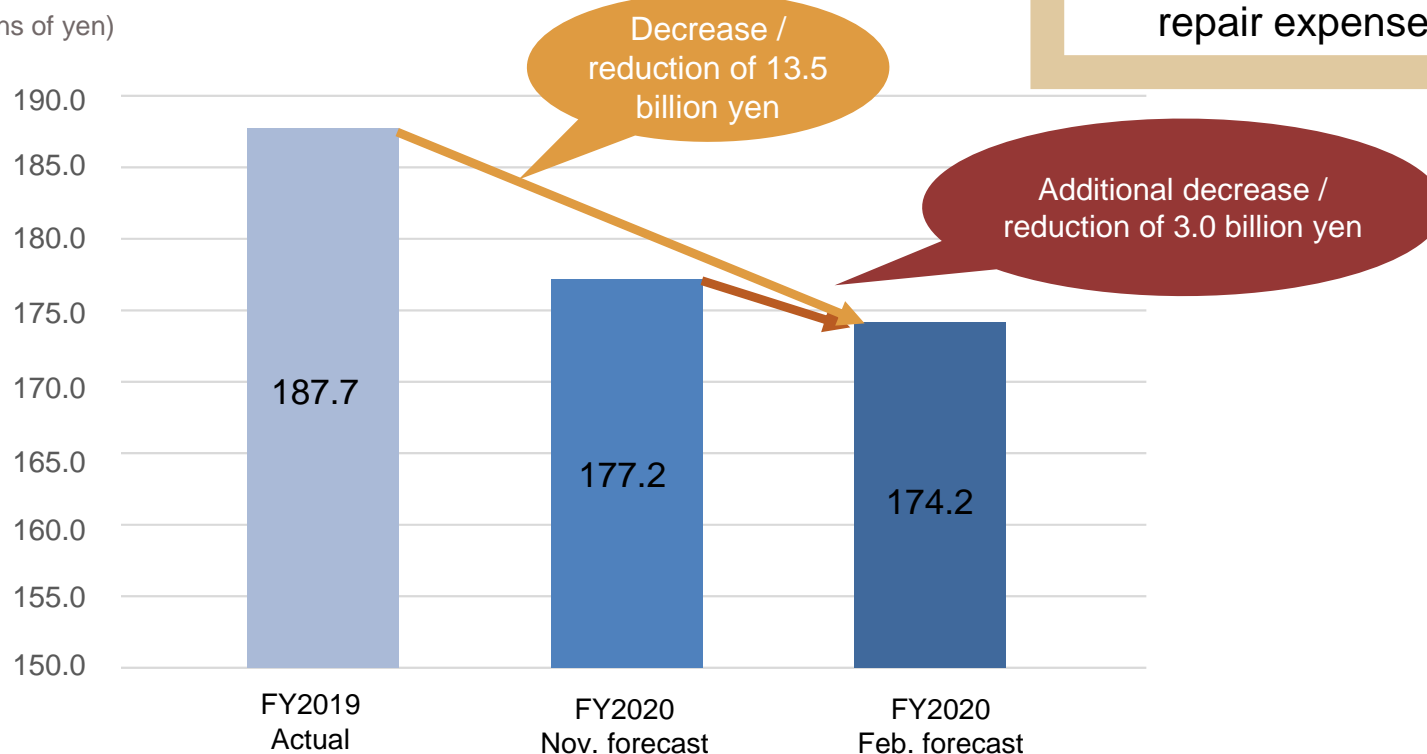
- ◆ In FY2020, **expenses will decrease approximately 13.5 billion yen year on year**

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

*As of the forecast made in November, expenses had decreased by approximately 10.5 billion yen year on year.

Reductions of a
dvertising expenses
personnel expenses,
power expenses,
repair expenses, etc.

(Billions of yen)

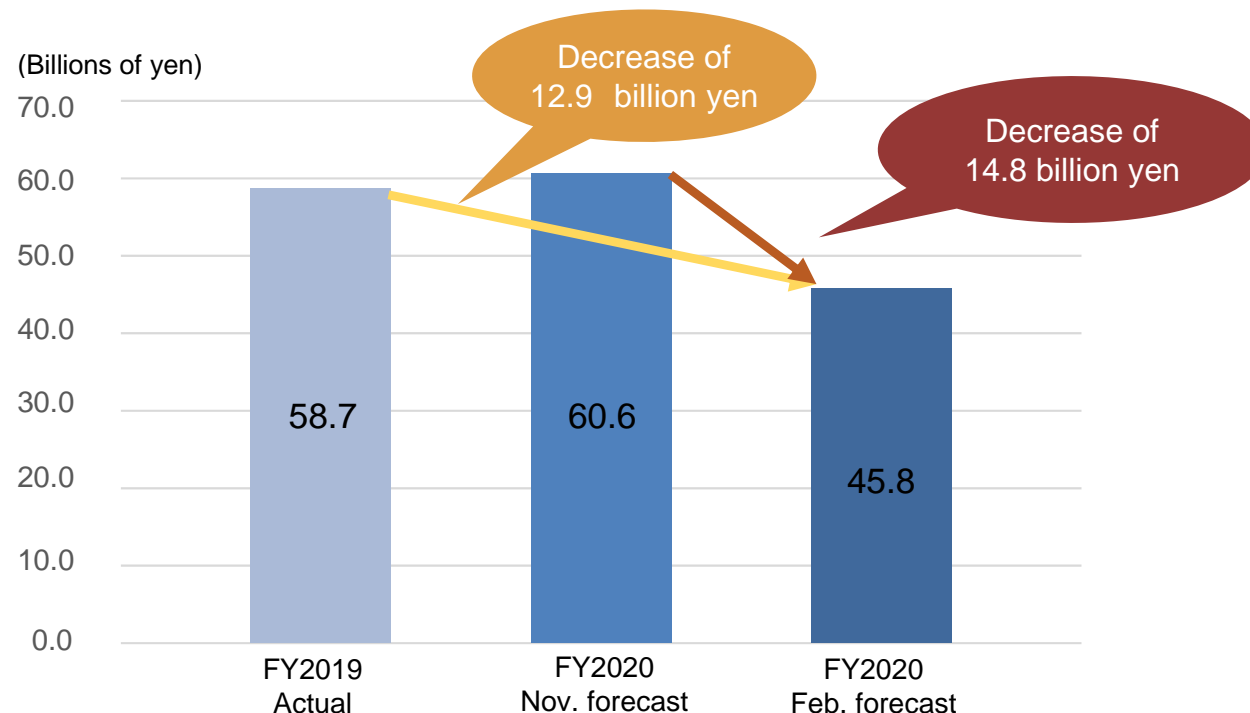


(ii) Further distinction of investments

- ◆ Within investments for maintenance and renewal, despite making investments to ensure safe and stable transportation in principle, a portion of other investments (renewal of railway equipment, buses, etc.) are reduced or postponed upon examining their necessity in the fiscal year under review.
- ◆ Within growth investments, development, etc. of Shinagawa and Haneda is being executed in line with initial plans upon the details of the plan being examined.
- ◆ Growth investments other than those stated above (condominiums, rental condominiums, etc.) are continuing while being distinguished, but the replacement of assets through sale is also being considered.

➡ In FY2020, **investments will decrease approximately 13.0 billion yen year on year**

* At the time of the November forecast, investment was expected to increase by 2.0 billion yen from the previous year, but investment declined due to factors such as the postponement of the timing of acquisition of rental properties along railway lines from the next fiscal year onward and the revision of bus vehicle purchases. (excluding the impacts of construction costs for the new head office building and contribution for construction)



(iii) Fund procurement

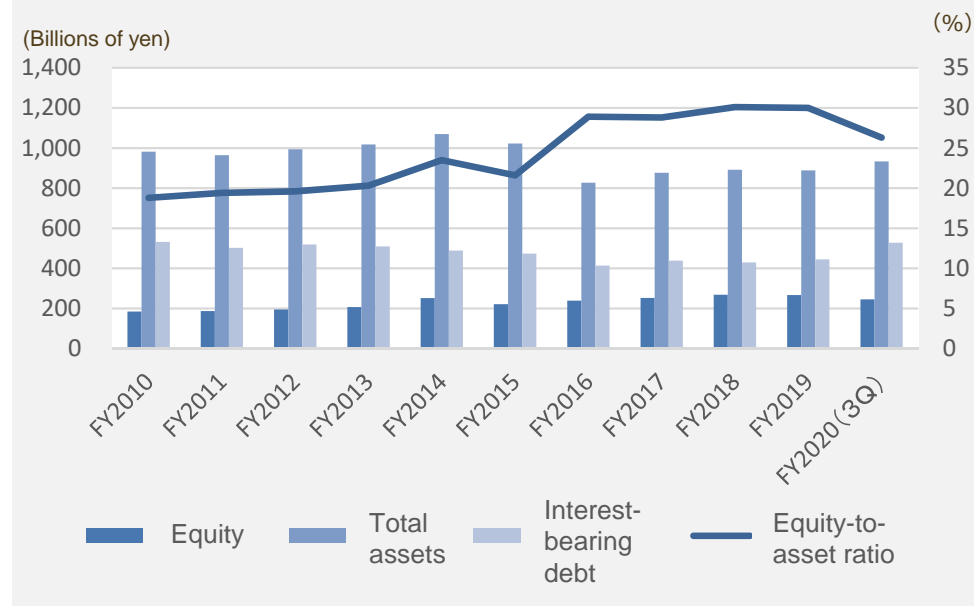
- ◆ **There will not be issues with on-hand liquidity** due to the establishment of commitment credit lines with financial institutions in addition to the securing of current working capital through borrowing, commercial paper, etc.,
- ◆ Despite the increase in interest-bearing debt, **the impact on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

Completed fund procurement

(Billions of yen)

	1Q	2Q	3Q
Borrowings	40.0	10.0	—
Corporate bonds	15.0	—	30.0
Commercial paper	10.0	10.0	—

Equity-to-asset ratio trend



Measures implemented in the current fiscal year

【Companywide】

- Significant decrease in expenses (repair expenses, General and administrative expenses, advertising expenses, etc.)
- Discuss structural reform and implement it in the next management plan

【Railway】

- Bringing forward of last train services following the state of emergency declaration
- Revision of train timetables to provide time for night maintenance work (bringing forward of last train services, adjusted train timetables, etc.)
- Remodeling of railcars for safety and security (modification so that ventilation can be carried out when heaters are operating)
- Services in response to new needs (launch of special train tickets, etc.)

【Bus】

- Suspension of inter-city highway buses and night buses
- Partial suspension of medium-distance and airport limousine services, etc.

【Real Estate】

- Product planning anticipating suburban and teleworking needs (installation of telework booths in detached housing)

【Business Hotels】

- Closures and temporary stand-downs at some hotels

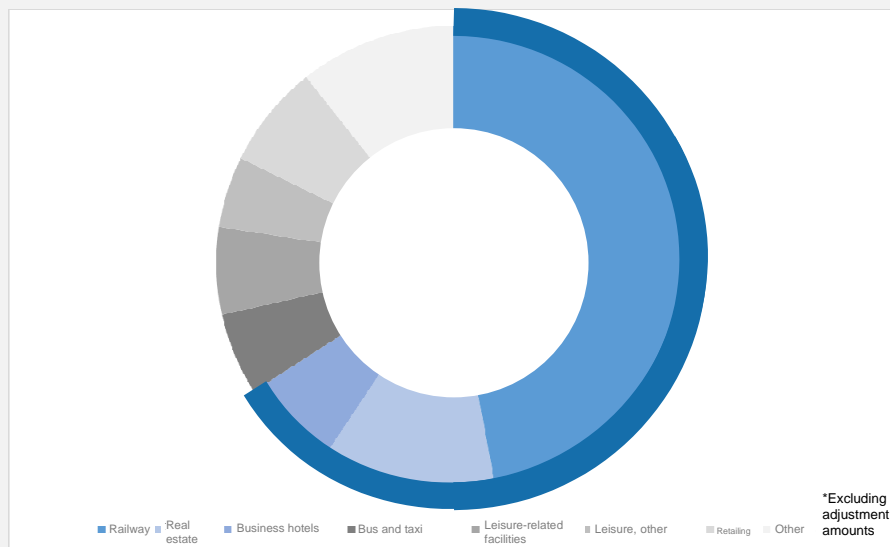
【Retailing】

- Changes to business formats (stores) and bolstering of product lineups in online shopping websites (department stores)

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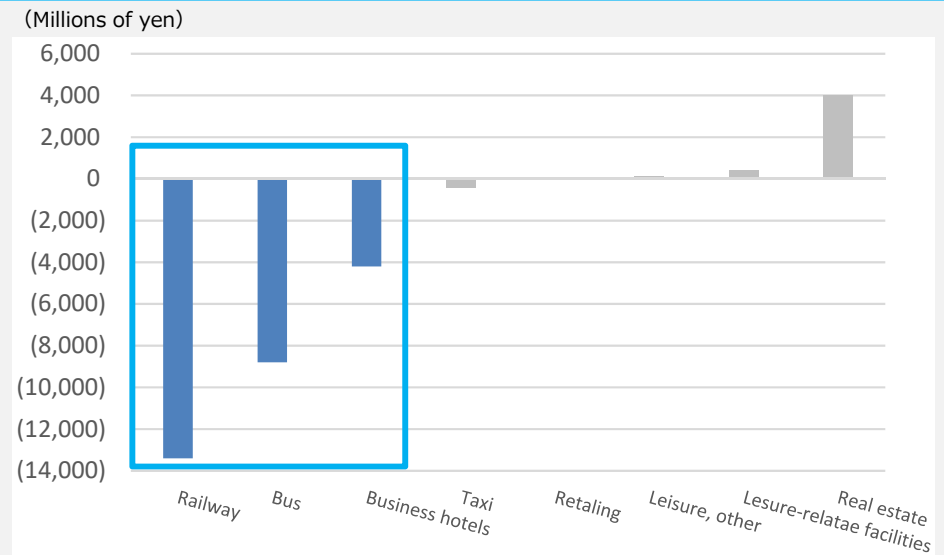
- Focus on improving the break-even point and compressing general and administrative expenses in the railway, business hotel, and bus operations, with a view to quickly returning them to profitability from FY2021 onward
- In the railway operations in particular, realize continuous low-cost operations during the next medium-term management plan
- Currently formulating the next medium-term management plan based on a world with COVID-19

Operating profit by segment under the current medium-term management plan (FY2016-FY2019)



Approx. 70% of profit generated by railway, real estate, and business hotels

FY2020 Operating profit (Business forecast)



Majority of the loss during the COVID-19 pandemic attributable to railway, bus, and business hotels

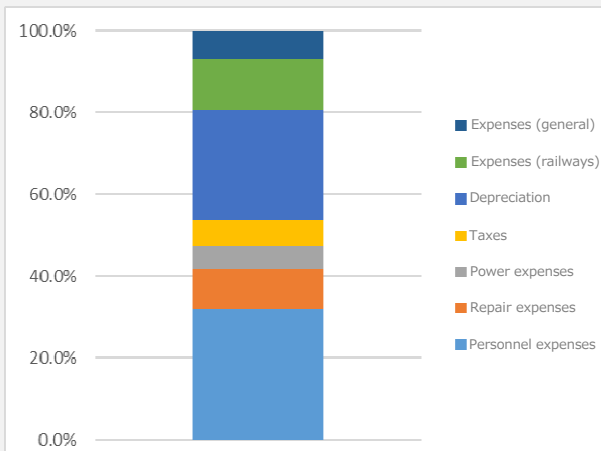
Earnings from railways, buses, and business hotels are derived from human movement and interactions, and are therefore strongly affected by the status of COVID-19 infections. The outlook is currently unclear.

Key to returning to profitability is to focus on reducing expenses in the railway, business hotel, and bus operations (improve the break-even point) and reducing general and administrative expenses to generate a profit.

Railway operations

- ✓ Significantly reduce fixed costs towards achieving profitability in FY2021
- ✓ Realize continuous low-cost operations during the next medium-term management plan

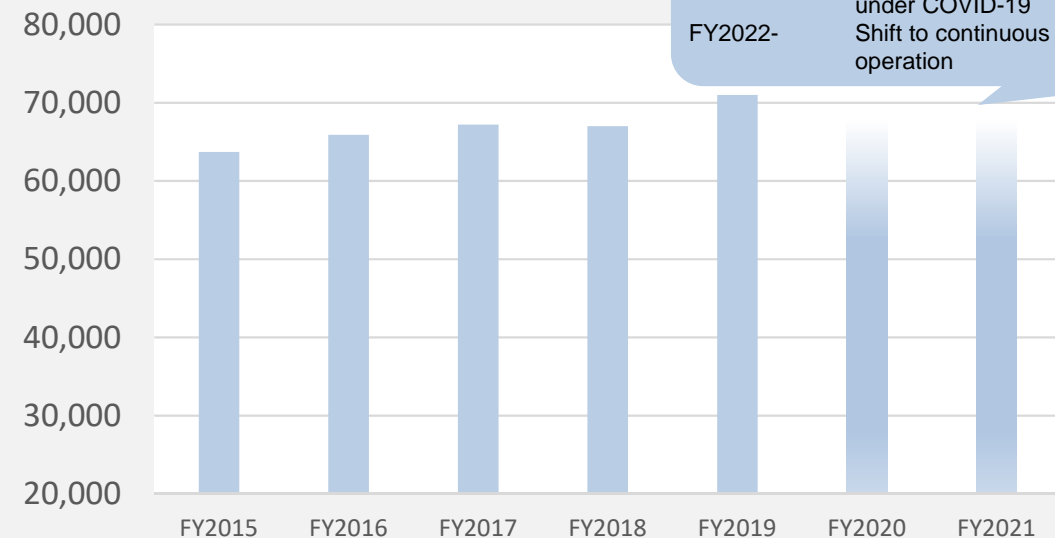
Expense structure in the current medium-term management plan period (FY2016-2019)



• Level of fixed cost ratio exceeds 90%

Expenses

(Millions of yen)



FY2019

FY2020-2021

FY2022-

Increased due to advertising additional fare reductions, etc.
Sharp decrease in expenses under COVID-19
Shift to continuous low-cost operation

Policy going forward

- ✓ Significantly reduce personnel expenses (change services in line with trends such as a fall in number of passengers and reduce overtime by work style reforms)
- ✓ Significantly reduce advertising expenses, repair expenses, and so forth
- ✓ Realize continuous low-cost operations

Measures to be implemented (FY2021 onward)

- Instantly capture changes in traveler tendencies, and currently implementing, continuing and considering measures

Transportation	<ul style="list-style-type: none"> • Implement measures to capture microtourism demand • (Railway) Implement low-cost operations (revise job descriptions, utilize digital technology, promote investment to save labor, etc.); identify and respond to new needs (implement off-peak recommendations, introduce newly built railcars, change some Morning Wing trains to 12-car format, etc.) • (Bus) In order to improve the shortage of drivers and improve business efficiency, we will consolidate routes and review the timetable.
Real Estate (sales)	<ul style="list-style-type: none"> • Implement product planning taking into consideration suburban and teleworking needs (Install un-staffed convenience stores, telework booths, and equipment for leaving deliveries, etc., at condominiums)
Real Estate (rental condominiums)	<ul style="list-style-type: none"> • Leasing needs and rent levels have been comparatively stable. Capture properties as “real estate for sale” as well and implement flexible response to stock and flow, such as sale and replacement of assets
Real Estate (rental offices)	<ul style="list-style-type: none"> • Consider providing offices that respond to new needs (measures against COVID-19, for telework, etc.)
Leisure Service	<ul style="list-style-type: none"> • (Business hotel) Reduce fixed costs to improve the break-even point, implement labor-saving and convenience-improvement measures using ICT, and consider how to respond to changes in demands in a post-COVID-19 world • Implement measures to capture microtourism demand
Retailing	<ul style="list-style-type: none"> • Implement measures to realize the effects of restructuring quickly, such as changing the business format of existing SM stores into drugstores with food sections and changing the format of some department store sales floors, etc. • Strengthen the sale of products handled at “Keikyu Department Store Online Shopping” • Restart large-scale functions and seasonal promotions while thoroughly implementing measures against infection



In addition to the above initiatives, we are formulating the next medium-term management plan incorporating medium-term and companywide initiatives (reforming the business portfolio, downsizing back-office departments, and so forth)



<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.

<Contact information>

In charge of Equities and IR,
Corporate and Legal Affairs Section, General Affairs Department
Phone: +81-45-225-9311
E mail: ir-keikyu_t7z@keikyu-group.jp