

Tokyu Corporation

Consolidated Financial Statements First Quarter of the Fiscal Year Ending March 31, 2017

(April 1, 2016 – June 30, 2016)

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 Quarter of Fiscal Year Ending March 31, 2017

Tokyu Corporation

August 9, 2016

| | | | |
|--|-------------------------|-------------------|--|
| Stock Code: | 9005 | Listed exchanges: | Tokyo Stock Exchange First Section |
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| President | Hirofumi Nomoto | Telephone: | 81-3-3477-6168 |
| Planned date for submission of quarterly financial reports: | August 9, 2016 | | |
| Scheduled date of commencement of dividend payment: | — | | |
| Supplementary documents for quarterly results | YES | | |
| Quarterly results briefing (for institutional investor and analysts) | NO | | |

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

1. Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2017 (April 1, 2016 to June 30, 2016)

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

1) Consolidated Operating Results

| | Three months ended June 30, 2016 | | Three months ended June 30, 2015 | |
|---|----------------------------------|------------|----------------------------------|------------|
| | | Change (%) | | Change (%) |
| Operating revenue..... | 269,939 | 5.2 | 256,621 | (1.0) |
| Operating profit..... | 22,889 | 12.3 | 20,388 | (1.7) |
| Recurring profit..... | 22,730 | 15.8 | 19,631 | 1.3 |
| Profit attributable to owners of parent | 18,629 | 11.7 | 16,674 | 35.8 |
| Net income per share (¥)..... | 15.19 | | 13.42 | |
| Net income per share (diluted) (¥)..... | - | | - | |

Notes: Comprehensive Income: Three months ended June 30, 2016: ¥14,731 million [-24.5%]; Three months ended June 30, 2015: ¥19,506 million [47.8%]

2) Consolidated Financial Position

Million yen

| | As of June 30, 2016 | | As of March 31, 2016 | |
|-----------------------|---------------------|--|----------------------|--|
| | | | | |
| Total assets | 2,091,890 | | 2,021,432 | |
| Net assets | 634,321 | | 590,528 | |
| Equity ratio (%)..... | 28.1 | | 27.7 | |

Reference: Shareholders' equity: As of June 30, 2016: ¥586,959 million; As of March 31, 2016: ¥576,873 million

2. Dividends

| | FY ending March 31, 2017 (forecast) | FY ending March 31, 2017 | FY ended March 31, 2016 |
|---|--|-----------------------------|----------------------------|
| Dividend per share – end of first quarter (¥) | | — | — |
| Dividend per share – end of first half (¥) | 4.50 | | 4.00 |
| Dividend per share – end of third quarter (¥) | — | | — |
| Dividend per share – end of term (¥) | 4.50 | | 4.50 |
| Dividend per share – annual (¥) | 9.00 | | 8.50 |

Note: Revisions to dividend forecasts published most recently: No

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(Percentage figures for the full year denote changes from the previous year. Percentage figures for the second quarter (cumulative) denote changes from the same period in the previous fiscal year.)

| | First half | | Full year | |
|---|------------|------------|-----------|------------|
| | | Change (%) | | Change (%) |
| Operating revenue..... | 553,500 | 3.8 | 1,139,200 | 4.4 |
| Operating profit..... | 37,000 | (18.4) | 77,000 | 2.0 |
| Recurring profit..... | 34,100 | (18.1) | 73,300 | 4.7 |
| Profit attributable to owners of parent | 25,600 | (31.8) | 61,000 | 10.4 |
| Net income per share (¥)..... | ¥20.87 | | ¥49.72 | |

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.: Yes
 - 2) Changes in accounting policies other than 1): No
 - 3) Changes in accounting estimates: No
 - 4) Restatement of revisions: No
- (Note) For details, please see the statement under the heading of “2. Matters Relating to Summary Information (Notes), (1) Changes in accounting policies, changes in accounting estimates, and restatement of revisions” on page 3 of the accompanying materials.
- (4) Number of shares issued (common stock)
- 1) Number of shares issued at the end of the term (including treasury stock) (shares)

| | | | |
|----------------------|---------------|-----------------------|---------------|
| As of June 30, 2016: | 1,249,739,752 | As of March 31, 2016: | 1,249,739,752 |
|----------------------|---------------|-----------------------|---------------|
 - 2) Number of treasury stock at the end of the term (shares)

| | | | |
|----------------------|------------|-----------------------|------------|
| As of June 30, 2016: | 22,924,061 | As of March 31, 2016: | 23,113,371 |
|----------------------|------------|-----------------------|------------|
 - 3) Average numbers of shares issued during the terms (quarterly consolidated accumulation periods)

| | |
|-----------------------------------|---------------|
| Three months ended June 30, 2016: | 1,226,719,239 |
| Three months ended June 30, 2015: | 1,242,858,186 |

(Note) The number of treasury stock includes shares of the Company held by a group of shareholding employees in trust, as follows:
 As of June 30, 2016: 5,483,000 shares As of March 31, 2016: 5,691,000 shares

*** Status of a quarterly review**

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. The quarterly consolidated financial statements have not been reviewed at the time of the announcement of this financial summary.

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

(Notes on forecast results)

The forecast results presented above are based on information available as of the date of this announcement and assumptions considered to be reasonable. Actual results may differ materially from forecasts depending on a number of factors. For details on the forecast results, please see the statement under the heading of “1. Qualitative Information on Consolidated Financial Results, etc. for the First Quarter Ended, (3) Explanation about the future outlook, including forecast for consolidated earnings” on page 3 of the accompanying materials.

(Method of acquiring supplementary documents for quarterly results)

The “Summary of Results for the First Quarter of FY2017/3” will be disclosed on our IR website and TDnet (Timely Disclosure network) today.

○ Accompanying Materials – Contents

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1. Qualitative Information on Consolidated Financial Results, etc. for the First Quarter Ended June 30, 2016

(1) Explanation about Consolidated Financial Results

Tokyu Corporation (the "Company") and its consolidated subsidiaries (collectively the "Group") began promoting a three-year medium-term business plan referred to as "Steps to the Next Stage." The aim of this plan is to enhance both profitability and efficiency by strengthening existing businesses and projects, actively moving into new areas where the Group can leverage its strengths, and conducting focused investments in growth areas, while at the same time ensuring that the Group remains financially sound. Working in line with this plan, the Group intends to make a great leap forward in the future.

Operating revenue for the first quarter of the fiscal year under review stood at ¥269,939 million (up 5.2% year on year), with the real estate leasing business performing well and Tokyu Recreation Co., Ltd. becoming a consolidated subsidiary in the previous fiscal year. Operating profit rose 12.3% from a year earlier, to ¥22,889 million. Recurring profit increased 15.8%, to ¥22,730 million, largely due to an increase in investment gains from equity method. Profit attributable to owners of parent amounted to ¥18,629 million (up 11.7% year on year).

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 Company's railway operations, the number of commuters carried rose 1.4% year on year in the first quarter under review, and the number of non-commuters carried increased 0.2%. Overall, the number of passengers carried climbed 0.9%. This was primarily attributable to the effect of opening Futako-Tamagawa Rise phase II.

As a result, operating revenue for the Transportation segment amounted to ¥50,193 million (up 2.6% year on year). Operating profit for the segment fell 6.5% year on year, to ¥9,019 million chiefly due to an increase in expenses in the Company's railway operations.

(Operation results of Tokyu Corporation's railway operations)

| Categories | Units | First quarter of the previous fiscal year | First quarter of the fiscal year under review |
|--|---------------------|---|---|
| | | April 1, 2015 to June 30, 2015 | April 1, 2016 to June 30, 2016 |
| Number of operating days | Days | 91 | 91 |
| Operating distance | Kilometers | 104.9 | 104.9 |
| Operating distance of passenger trains | Thousand kilometers | 36,779 | 37,002 |
| Number of passengers carried | Non-commuter | Thousand passengers | 116,238 |
| | Commuter | Thousand passengers | 177,935 |
| | Total | Thousand passengers | 294,173 |
| Passenger revenue | Non-commuter | Million yen | 19,041 |
| | Commuter | Million yen | 15,786 |
| | Total | Million yen | 34,827 |
| Miscellaneous income from railway operations | Million yen | 3,294 | 3,378 |
| Total revenues | Million yen | 38,121 | 38,441 |
| Average passenger revenue per day | Million yen | 383 | 385 |
| Operating efficiency | % | 53.0 | 53.0 |

(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

Operating revenue for the Real Estate segment stood at ¥42,353 million (up 5.5% year on year), primarily reflecting strong rental revenue, especially from Futako-Tamagawa Rise, in the Company's real estate leasing business. Operating profit came to ¥8,546 million (up 50.7% year on year).

(iii) Life Service

In the Life Service segment, operating revenue increased 5.6% from a year earlier, to ¥164,558 million yen. This increase was largely driven by strong sales at the existing stores of Tokyu Store Chain in the chain store operations and higher revenue in the imaging operations, with Tokyu Recreation Co., Ltd. becoming a consolidated subsidiary. Operating profit for the segment came to ¥3,303 million (down 8.9% year on year) mainly due to an increase in expenses at Tokyu Store Chain.

(iv) Hotel and Resort

Operating revenue for the Hotel and Resort segment stood at ¥26,151 million (up 4.6% year on year), reflecting the high occupancy of Tokyu Hotels Co., Ltd. in hotel operations and a rise in average daily rates. Operating profit for the segment amounted to ¥2,023 million (up 39.8% year on year).

(2) Explanation about Consolidated Financial Position

Assets

Total assets at the end of the first quarter of the fiscal year under review fell ¥655 million from the end of the previous fiscal year, to ¥2,091,890 million largely because of a decline in trade notes & accounts receivable, despite an increase in tangible fixed assets at the Company.

Liabilities

Total liabilities at the end of the first quarter of the fiscal year under review fell ¥11,679 million from the end of the previous fiscal year, to ¥1,457,569 million. This was primarily attributable to a decrease in accounts payable-other relating to capital investment, despite an increase in interest bearing debt* of ¥25,429 million from the end of the previous fiscal year, to ¥962,896 million.

Net assets

Net assets at the end of the first quarter of the fiscal year under review rose ¥11,023 million from the end of the previous fiscal year, to ¥634,321 million, reflecting the posting of a profit attributable to owners of parent.

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

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

The Company has revised the profit attributable to owners of parent in its consolidated earnings forecasts for the fiscal year ending March 2017 announced on May 13, 2016 to ¥61,000 million (13.0% more than the previous forecast), reflecting changes, including an absorption-type merger with Yokohama Kanazawa Properties Co., Ltd., a wholly owned subsidiary. The forecasts for operating revenue, operating profit, and recurring profit in the full year and the consolidated earnings forecasts for the first two quarters have not been changed.

* 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. Matters Relating to Summary Information (Notes)

(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Revisions

Change in Accounting Policies

(Application of Practical Solution on a change in depreciation method due to Tax Reform 2016)

Following the revision of the Corporation Tax Act, the Practical Solution on a change in depreciation method due to Tax Reform 2016 (ASBJ PITF No. 32 issued June 17, 2016) has been applied by the Company and its domestic consolidated subsidiaries from the first quarter of the fiscal year under review. The straight-line method has been used for the depreciation of the facilities attached to buildings and structures acquired on or after April 1, 2016 instead of the declining-balance method, which had been used before.

The effect of the change in depreciation method on operating profit, recurring profit, and income before income taxes is minor.

(2) Additional Information

(Application of Revised Implementation Guidance on Recoverability of Deferred Tax Assets)

From the first quarter of the fiscal year under review, the Revised Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26; March 28, 2016) has been applied.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

Million yen

| Item | As of March 31, 2016 | As of June 30, 2016 |
|-----------------------------------|-------------------------|------------------------|
| Assets | | |
| Current Assets | | |
| Cash and deposits | 39,614 | 47,625 |
| Trade notes & accounts receivable | 133,442 | 125,905 |
| Merchandise and products | 15,393 | 16,799 |
| Land and buildings for sale | 31,937 | 31,629 |
| Work in progress | 5,821 | 6,782 |
| Raw materials and supplies | 5,921 | 6,078 |
| Deferred tax assets | 7,233 | 5,075 |
| Others | 37,921 | 33,068 |
| Allowance for doubtful accounts | (812) | (803) |
| Total current assets | 276,472 | 272,163 |
| Fixed Assets | | |
| Tangible fixed assets | | |
| Buildings & structures (net) | 723,130 | 715,818 |
| Rolling stock & machinery (net) | 57,782 | 55,598 |
| Land | 653,977 | 661,977 |
| Construction in progress | 113,806 | 119,318 |
| Others (net) | 24,725 | 25,093 |
| Total tangible fixed assets | 1,573,421 | 1,577,807 |
| Intangible fixed assets | 29,670 | 31,830 |
| Investments & others | | |
| Investment securities | 132,223 | 130,088 |
| Net defined benefit asset | 5,245 | 5,258 |
| Deferred tax assets | 9,626 | 11,369 |
| Others | 66,396 | 63,935 |
| Allowance for doubtful accounts | (511) | (560) |
| Total investments and others | 212,981 | 210,090 |
| Total fixed assets | 1,816,073 | 1,819,727 |
| Total Assets | 2,092,546 | 2,091,890 |

Million yen

| Item | As of March 31, 2016 | As of June 30, 2016 |
|--|-------------------------|------------------------|
| Liabilities | | |
| Current Liabilities | | |
| Trade notes & accounts payable | 94,824 | 85,916 |
| Short-term debt | 319,531 | 324,357 |
| Commercial papers | — | 10,000 |
| Current portion of corporate bonds | 20,000 | 17,000 |
| Accrued income taxes | 20,614 | 5,072 |
| Provision | 12,065 | 8,401 |
| Advances received | 24,777 | 28,571 |
| Others | 116,370 | 103,845 |
| Total current liabilities | 608,183 | 583,164 |
| Long-Term Liabilities | | |
| Corporate bonds | 196,228 | 209,228 |
| Long-term debt | 401,707 | 402,311 |
| Provision | 2,841 | 2,827 |
| Net defined benefit liability | 40,506 | 40,961 |
| Long-term deposits from tenants and club members | 118,556 | 117,727 |
| Deferred tax liabilities | 28,055 | 27,192 |
| Deferred tax liabilities from revaluation | 9,176 | 9,176 |
| Others | 41,402 | 43,018 |
| Total long-term liabilities | 838,474 | 852,442 |
| Special Legal Reserves | | |
| Urban railways improvement reserve | 22,590 | 21,962 |
| Total Liabilities | 1,469,248 | 1,457,569 |
| Net Assets | | |
| Shareholders' Equity | | |
| Common stock | 121,724 | 121,724 |
| Capital surplus | 131,666 | 131,669 |
| Retained income | 327,405 | 340,479 |
| Treasury stock | (19,088) | (18,931) |
| Total shareholders' equity | 561,708 | 574,942 |
| Accumulated Other Comprehensive Income | | |
| Net unrealized gains (losses) on investment securities, net of taxes | 12,577 | 10,674 |
| Net unrealized gains (losses) on hedging instruments, net of taxes | 43 | 18 |
| Land revaluation reserve | 8,338 | 8,338 |
| Foreign currency translation adjustment account | 6,835 | 4,701 |
| Remeasurements of defined benefit plans | (12,630) | (11,716) |
| Total accumulated other comprehensive income | 15,164 | 12,016 |
| Non-Controlling Interests | 46,424 | 47,362 |
| Total Net Assets | 623,297 | 634,321 |
| Total Liabilities and Net Assets | 2,092,546 | 2,091,890 |

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statements of Comprehensive Income**(Quarterly Consolidated Statements of Income)***Million yen*

| Item | April 1, 2015 to June 30, 2015 | April 1, 2016 to June 30, 2016 |
|---|-----------------------------------|-----------------------------------|
| Operating revenue | 256,621 | 269,939 |
| Cost of operating revenue | | |
| Operating expenses & cost of sales (Transportation, etc.) | 188,636 | 197,697 |
| SG&A expenses | 47,596 | 49,352 |
| Total cost of operating revenue | 236,233 | 247,049 |
| Operating profit | 20,388 | 22,889 |
| Non-operating profit | | |
| Interest income | 62 | 58 |
| Dividend income | 389 | 415 |
| Investment gains from equity method | 1,271 | 1,456 |
| Dividend income of insurance | 700 | 755 |
| Others | 551 | 1,016 |
| Total non-operating profit | 2,975 | 3,702 |
| Non-operating expenses | | |
| Interest expenses | 2,785 | 2,587 |
| Others | 947 | 1,274 |
| Total non-operating expenses | 3,733 | 3,861 |
| Recurring profit | 19,631 | 22,730 |
| Extraordinary gains | | |
| Gains on sale of fixed assets | 204 | 344 |
| Subsidies received for construction | 164 | 138 |
| Gain on reversal of Urban Railways Improvement Reserve | 627 | 627 |
| Gain on transfer of business | 605 | — |
| Others | 184 | 7 |
| Total extraordinary gains | 1,786 | 1,116 |
| Extraordinary losses | | |
| Reduction entry of land contribution for construction | 149 | 96 |
| Loss on retirement of fixed assets | 259 | 115 |
| Others | 199 | 142 |
| Total extraordinary losses | 608 | 354 |
| Income before income taxes | 20,808 | 23,492 |
| Corporate income taxes | 4,005 | 4,596 |
| Net income | 16,803 | 18,895 |
| Profit attributable to non-controlling interests | 128 | 266 |
| Profit attributable to owners of parent | 16,674 | 18,629 |

(Quarterly Consolidated Statements of Comprehensive Income)*Million yen*

| Item | April 1, 2015 to June 30, 2015 | April 1, 2016 to June 30, 2016 |
|--|-----------------------------------|-----------------------------------|
| Net income | 16,803 | 18,895 |
| Other comprehensive income | | |
| Net unrealized gains (losses) on investment securities | 2,497 | (1,703) |
| Net unrealized gains (losses) on hedging instruments | 0 | (0) |
| Foreign currency translation adjustment account | (598) | (3,360) |
| Remeasurements of defined benefit plans, net of tax | 803 | 871 |
| Share of other comprehensive income of associates accounted for using equity method | 1 | 28 |
| Total other comprehensive income | 2,702 | (4,164) |
| Comprehensive income | 19,506 | 14,731 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 19,397 | 15,481 |
| Comprehensive income attributable to non-controlling interests | 108 | (750) |

(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)

There is no applicable item.

(Segment Information)

I. April 1, 2015 to June 30, 2015

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 financial statements (Note) 2 |
|--|------------------|-------------|--------------|---------------------|---------|-------------------------|---|
| | Transportation | Real Estate | Life Service | Hotel and Resort | | | |
| Operating revenue | | | | | | | |
| Outside customers | 48,454 | 30,673 | 152,621 | 24,872 | 256,621 | – | 256,621 |
| Inter-segment internal revenues or transfers | 451 | 9,485 | 3,176 | 128 | 13,242 | (13,242) | – |
| Total | 48,906 | 40,159 | 155,797 | 25,001 | 269,864 | (13,242) | 256,621 |
| Segment profit | 9,648 | 5,671 | 3,627 | 1,447 | 20,395 | (7) | 20,388 |

Notes

1. An adjustment of negative ¥7 million in segment profit (loss) represents the deduction of intersegment transactions.
2. Segment profit has been adjusted with operating profit recorded in the consolidated quarterly statements of income.

II. April 1, 2016 to June 30, 2016

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 financial statements (Note) 2 |
|--|------------------|-------------|--------------|---------------------|---------|-------------------------|---|
| | Transportation | Real Estate | Life Service | Hotel and Resort | | | |
| Operating revenue | | | | | | | |
| Outside customers | 49,747 | 32,663 | 161,606 | 25,922 | 269,939 | – | 269,939 |
| Inter-segment internal revenues or transfers | 445 | 9,690 | 2,951 | 229 | 13,317 | (13,317) | – |
| Total | 50,193 | 42,353 | 164,558 | 26,151 | 283,256 | (13,317) | 269,939 |
| Segment profit | 9,019 | 8,546 | 3,303 | 2,023 | 22,892 | (2) | 22,889 |

Notes

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

2. Matters regarding the change of reported segments

As described in 2. Matters Relating to Summary Information (Notes), (1) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Revisions, from the first quarter of the fiscal year under review, the straight-line method has been applied in place of the declining-balance method for the depreciation of the facilities attached to buildings and structures acquired on or after April 1, 2016. This change in the depreciation method has also been applied to the segment information.

The effect of the change on segment profit (loss) in the first quarter of the consolidated fiscal year under review is minor.