



2Q FY2020
Financial Results Briefing

November 13, 2020

TOBU RAILWAY CO., LTD.

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I. 2Q FY2020 Business Results

Subsidiaries

	March 2020	Change	September 2020	Notes
Transportation	27	-	27	
Leisure	22	-	22	
Real Estate	3	-	3	
Retail Distribution	12	-	12	
Other	16	-	16	
Total	80	-	80	

Affiliates

	March 2020	Change	September 2020	Notes
Transportation	1	-	1	
Leisure	2	-	2	
Real Estate	-	-	-	
Retail Distribution	-	-	-	
Other	-	-	-	
Total	3	-	3	

I. 2Q FY2020 Business Results

Consolidated statement of income

Unit: Millions of yen

	2Q FY2020 Results	2Q FY2020 Plan	Change	Notes	2Q FY2019 Results	Change
Revenue from Operations	229,668	229,800	-132	Transportation -3,928, Leisure -391 Real Estate -101 Merchandise Sales +3,171, Other +2,030	334,963	-105,294
Operating Income	-16,618	-17,600	982	Transportation -1,073, Leisure +181 Real Estate +881 Merchandise Sales +1,747, Other -691	37,173	-53,791
Recurring Income	-16,860	-19,900	3,040	Subsidy income +2,009	34,867	-51,727
Extraordinary Profit	1,025	—	—		807	218
Extraordinary Loss	7,746	—	—	Amortization of goodwill +3,567 Loss from temporary suspension of operations +1,929	2,146	5,600
Profit Attributable to Owners of Parent	-22,437	-20,600	-1,837		22,384	-44,822
Ratio of Operating Income to Sales	—	—	—		11.1%	—
Depreciation	27,468	27,400	68		27,094	374
EBITDA	10,850	9,800	1,050		64,267	-53,417
Capital Expenditures	32,239	28,00	4,039		25,237	7,002

* Numbers for plan come from announcement made on July 30, 2020. (p.3-p.26)

I. 2Q FY2020 Business Results

Impact of novel coronavirus

Unit: Billions of yen

	Total	Transportation	Leisure	Real estate	Retail distribution	Other businesses
Revenue from Operations	-92.0	-35.0	-21.5	-2.0	-30.5	-3.0
Operating Income	-52.5	-30.0	-14.5	-1.5	-5.5	-1.0

*The impact above includes cost reductions carried out as a consequence.

I. 2Q FY2020 Business Results

Consolidated balance sheet

Unit: Millions of yen

	2Q FY2020 Results	4Q FY2019 Results	Change	Notes
Current assets	131,443	141,385	-9,942	Notes and accounts receivable - trade -7,980
Non-current assets	1,515,830	1,514,706	1,124	
Total assets	1,647,273	1,656,092	-8,818	
Current liabilities	390,025	379,291	10,733	Short-term loans payable +47,005, Notes and accounts payable – trade -18,395
Non-current liabilities	809,428	802,830	6,597	
Total liabilities	1,199,454	1,182,122	17,331	
Total net assets	447,819	473,969	-26,150	Retained earnings -26,059
Total liabilities and net assets	1,647,273	1,656,092	-8,818	
Shareholders equity ratio	26.7%	28.1%	-1.4 P	
Interest-bearing debt balance	842,440	789,533	52,906	

I. 2Q FY2020 Business Results

Consolidated statement of cash flows

Unit: Millions of yen

	2Q FY2020 Results	2Q FY2019 Results	Change	Notes
Cash flows from operating activities	-12,545	60,649	-73,194	Income before income taxes -57,110
Cash flows from investing activities	-40,010	-36,665	-3,344	Purchase of non-current assets -4,551
Cash flows from financing activities	48,225	-16,899	65,125	Net increase in short-term loans payable +41,411, Proceeds from long-term loans payable +23,680
Change in cash and cash equivalents	-4,348	7,044	-11,392	
Ending balance of cash and cash equivalents	27,058	35,524	-8,465	

I. 2Q FY2020 Business Results

Segment Information(Transportation)

	2Q FY2020 Results	2Q FY2020 Plan	Change	Notes	Unit: Millions of yen	
					2Q FY2020 Results	Change
Revenue from Operations	75,772	79,700	-3,928		112,013	-36,241
Railways	55,587	58,300	-2,713		85,103	-29,515
Other	20,184	21,400	-1,216	Bus and taxi business -845, Freight business -353	26,910	-6,726
Operating Income	-6,473	-5,400	-1,073		22,906	-29,379
Railways	-3,493	-2,900	-593		20,825	-24,319
Other	-2,979	-2,500	-479	Bus and taxi business -476, Freight business -3	2,080	-5,060
Depreciation	17,098	17,100	-2		16,819	279
EBITDA	10,625	11,700	-1,075		39,725	-29,100
Capital Expenditures	18,676	13,800	4,876		11,223	7,453

I. 2Q FY2020 Business Results

Tobu Railway Lines Railway Business (Number of Passengers)

Unit: 1 Million people

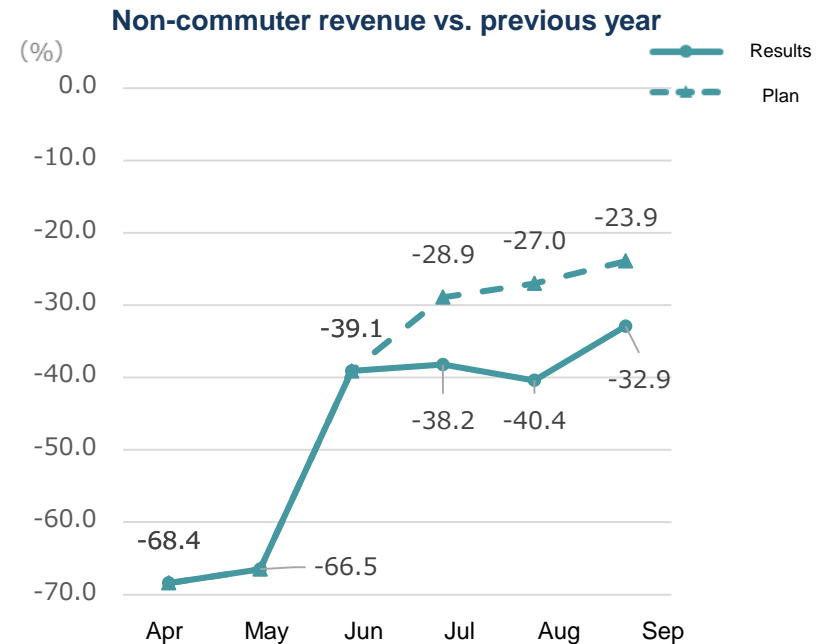
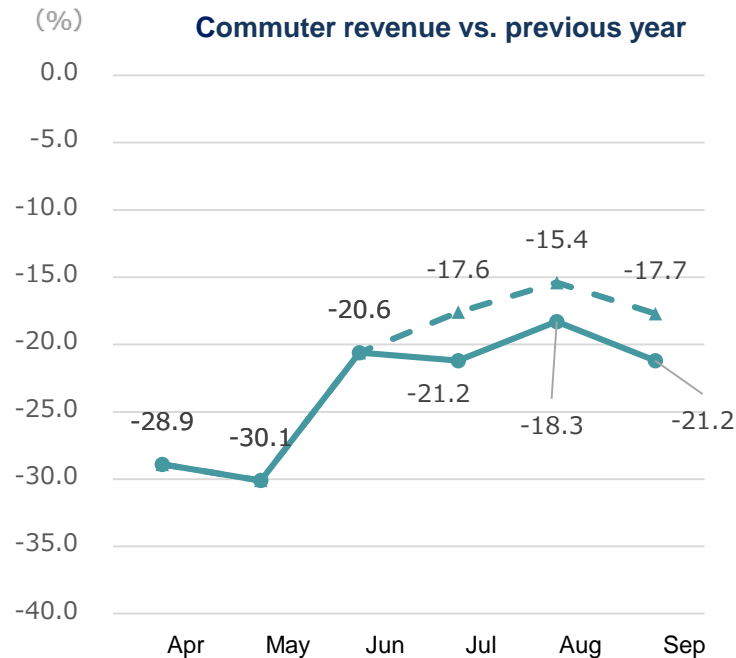
	2Q FY2020 Results	2Q FY2020 Plan	2Q FY2019 Results
Commuter Passengers	233	232	319
Non-Commuter Passengers (Limited Express)	97	99	165
Total	329	331	484

(Passenger Revenue)

Unit: Millions of yen

	2Q FY2020 Results	2Q FY2020 Plan	2Q FY2019 Results
Commuter Passengers	26,089	26,653	34,925
Non-Commuter Passengers (Limited Express)	21,777	23,999	41,766
Total	47,866	50,652	76,691

* Non-commuter passenger revenue includes limited express fee and seat reservation fees.



*September figures compared to 2 years prior in consideration of advance purchases ahead of consumption tax hike

I. 2Q FY2020 Business Results

Segment Information (Leisure)

Unit: Millions of yen

	2Q FY2020 Results	2Q FY2020 Plan	Change	Notes	2Q FY2019 Results	Change
Revenue from Operations	14,909	15,300	-391		37,555	-22,646
Hotel	2,272	2,500	-228		9,015	-6,743
SKYTREE	2,170	2,100	70		7,291	-5,120
Other	10,466	10,700	-234	Amusement parks and tourism +49, Sports -8, Travel +24, Food -316	21,248	-10,782
Operating Income	-12,819	-13,000	181		2,002	-14,822
Hotel	-5,231	-5,000	-231		0	-5,231
SKYTREE	-715	-900	185		2,606	-3,322
Other	-6,872	-7,100	228	Amusement parks and tourism +117, Sports +231, Travel +76, Food -220	-604	-6,268
Depreciation	2,932	2,800	132		2,691	241
EBITDA	-9,887	-10,200	313		4,693	-14,580
Capital Expenditures	8,408	8,100	308		6,622	1,786

TOKYO SKYTREE Visitors

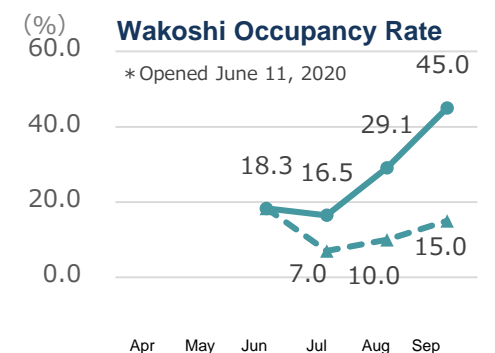
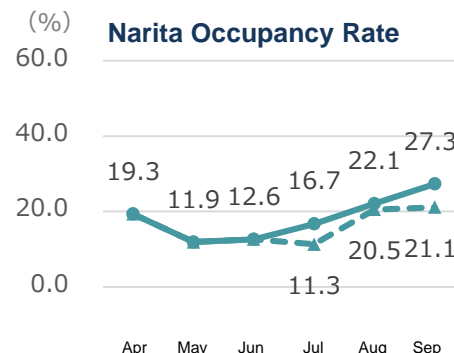
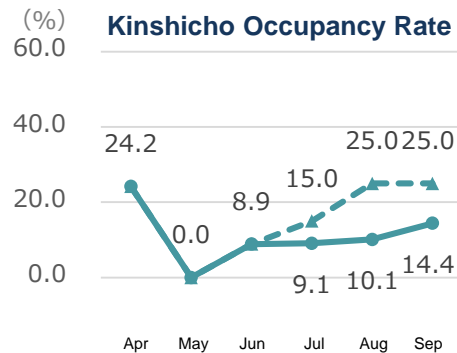
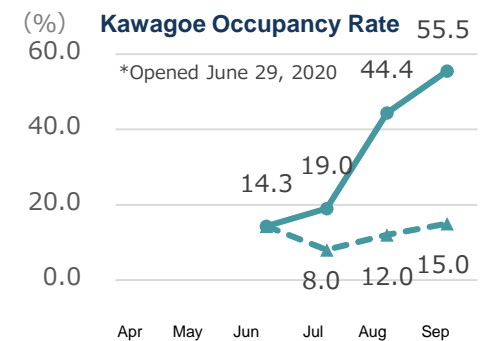
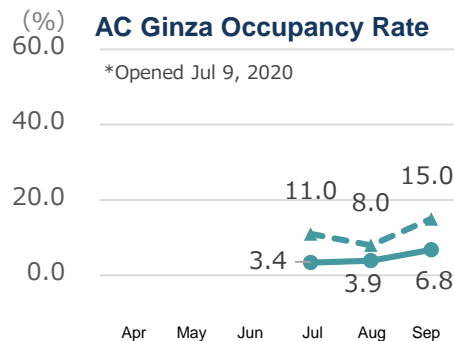
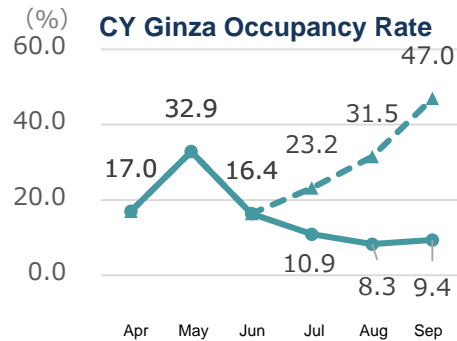
Unit: 10,000 people

	2Q FY2020 Results	2Q FY2020 Plan	2Q FY2019 Results
Number of visitors	33	25	210

I . 2Q FY2020 Business Results

Main Hotels

Occupancy Rate	2Q FY2020 Results	2Q FY2020 Plan	2Q FY2019 Results	Percentage of foreign nationals	2Q FY2020 Results	2Q FY2019 Results	Change
CY Ginza	15.9%	28.0%	94.0%	CYGinza	6.3%	74.9%	-68.6 P
AC Ginza	4.8%	11.3%	—	ACGinza	6.2%	—	—
Kinshicho	11.0%	16.5%	86.9%	Kinshicho	0.9%	61.7%	-60.8 P
Narita	18.3%	16.1%	87.6%	Narita	11.5%	61.3%	-49.8 P



I. 2Q FY2020 Business Results

Segment Information (Real Estate)

Unit: Millions of yen

	2Q FY2020 Results	2Q FY2020 Plan	Change	Notes	2Q FY2019 Results	Change
Revenue from Operations	23,199	23,300	-101		36,772	-13,573
Leasing	17,468	17,600	-132		18,057	-588
SKYTREE TOWN	4,531	4,500	31		6,298	-1,767
Subdivision	1,199	1,200	-1	Condominiums +254, Land -235	12,416	-11,216
Operating Income	5,781	4,900	881		8,375	-2,593
Leasing	5,486	4,900	586		6,077	-591
SKYTREE TOWN	251	0	251		1,214	-962
Subdivision	44	0	44		1,083	-1,039
Depreciation	5,075	5,100	-25		5,062	13
EBITDA	10,856	10,000	856		13,437	-2,581
Capital Expenditures	2,969	3,300	-331		3,935	-966

SKYTREE TOWN Visitors

Unit: 10,000 people

	2Q FY2020 Results	2Q FY2020 Plan	2Q FY2019 Results
Number of visitors	708	575	1,587

Number of Units Sold

Unit: 1 unit

Number of Units Sold	2Q FY2020 Results	2Q FY2020 Plan	Change	2Q FY2019 Results
Detached houses	0	0	0	9
Condominiums	252	189	63	476
Number of Units Sold After Converting Share				
Detached houses	0	0	0	9
Condominiums	25	19	6	300

I. 2Q FY2020 Business Results

Segment Information (Retail Distribution)

Unit: Millions of yen

	2Q FY2020 Results	2Q FY2020 Plan	Change	Notes	2Q FY2019 Results	Change
Revenue from Operations	100,871	97,700	3,171		131,722	-30,851
Department stores	51,750	48,600	3,150	Ikebukuro store +1,889, Funabashi store +942, Utsunomiya store +141	83,058	-31,308
Store	42,480	42,300	180		39,406	3,074
Other	6,640	6,800	-160		9,257	-2,617
Operating Income	-3,153	-4,900	1,747		1,561	-4,714
Department stores	-3,808	-4,900	1,092		1,013	-4,822
Store	886	700	186		2	883
Other	-230	-700	470		545	-776
Other						
Depreciation	1,602	1,600	2		1,817	-215
EBITDA	-1,551	-3,300	1,749		3,378	-4,929
Capital Expenditures	1,479	2,300	-821		2,761	-1,282

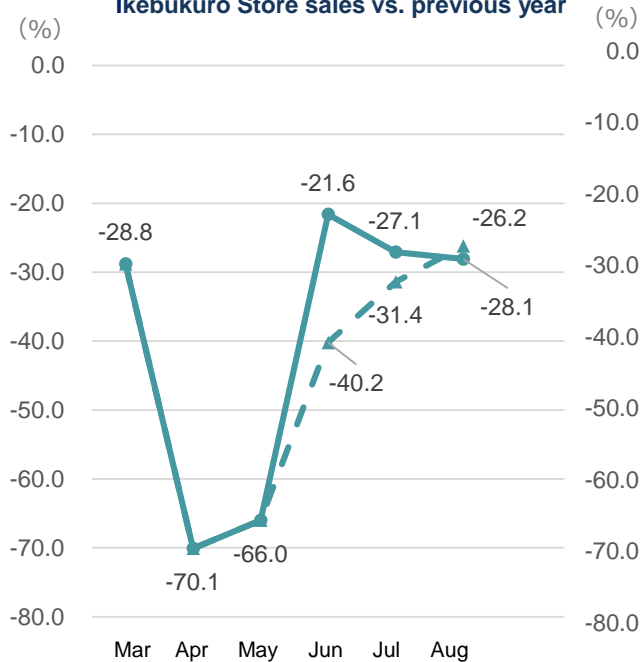
I . 2Q FY2020 Business Results

Change in Sales at Major Department Stores

Unit: %

	2Q FY2020 Results vs. Previous Year	2Q FY2020 Plan vs. Previous Year
Ikebukuro	-39.7%	-43.6%
Funabashi	-40.3%	-45.3%
Utsunomiya	-30.0%	-31.2%

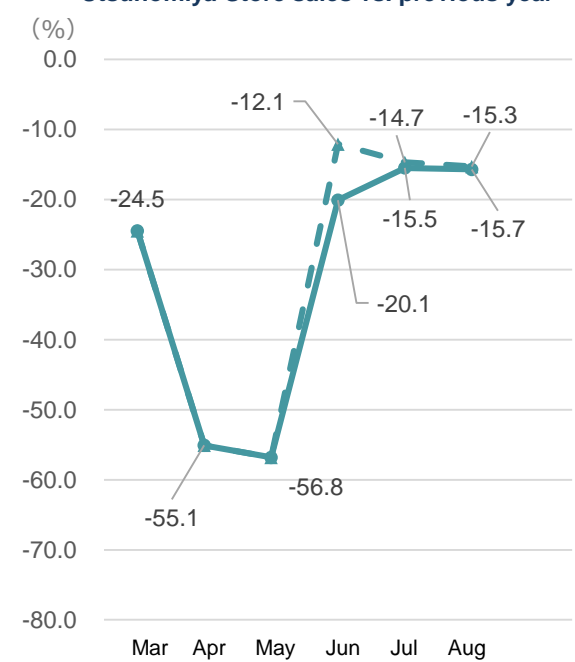
Ikebukuro Store sales vs. previous year (%)



Funabashi Store sales vs. previous year (%)



Utsunomiya Store sales vs. previous year (%)



I. 2Q FY2020 Business Results

Segment Information (Other)

Unit: Millions of yen

	2Q FY2020 Results	2Q FY2020 Plan	Change	Notes	2Q FY2019 Results	Change
Revenue from Operations	42,330	40,300	2,030		51,072	-8,741
Operating Income	309	1,000	-691		2,923	-2,614
Depreciation	758	800	-42		706	52
EBITDA	1,067	1,800	-733		3,629	-2,562
Capital Expenditures	706	700	6		695	11

II. Full-year Forecast for FY2020

Assumptions behind full-year forecast

Forecast			Plan		
Transportation					
Railways	Commuter passengers revenue		Commuter passengers revenue		
	Business commutation	Down around 20% compared to 2 years prior since October	Business commutation	Down around 10% compared to 2 years prior since October	
	School commutation	Down around 30% compared to 2 years prior since October	School commutation	Recover to around previous year's level since October	
	Non-Commuter passengers revenue		Non-Commuter passengers revenue		
	Recover to around -20% compared to 2 years prior as of March		Recover to around -7% compared to 2 years prior as of March		
Leisure					
Hotels	Major hotels (CY Ginza, Kinshicho, Narita)		Major hotels (CY Ginza, Kinshicho, Narita)		
	Revenue	Recover to around -50% to -70% compared to 2 years prior as of March	Revenue	Recover to around -40% to -50% compared to 2 years prior as of March	
	Occupancy rate	Recover to around 50% as of March	Occupancy rate	Recover to around 50% to 70% as of March	
SKYTREE	Number of visitors	Recover to around -70% compared to 2 years prior in March	Number of visitors	Recover to around -50% compared to 2 years prior in March	
Other	Travel		Travel		
	Trade volume	Around -70% year on year for the year	Trade volume	Around -40% year on year for the year	
Retail Distribution					
Department Stores	Downtown stores		Downtown stores		
	Recover to around -3% year on year as of February		Recover to around normal as of February		
	Suburban stores		Suburban stores		
	Recover to around -10% to +5% year on year as of February		Recover to around -10% year on year to around normal as of February		

II. Full-year Forecast for FY2020

Consolidated statement of income

Unit: Millions of yen

	FY2020 Forecast	FY2020 Plan	Change	Notes	FY2019 Results	Change
Revenue from Operations	517,600	535,000	-17,400	Transportation -12,400, Leisure -8,100 Real Estate +1,100, Merchandise Sales +1,200, Other +500	653,874	-136,274
Operating Income	-12,900	0	-12,900	Transportation -9,400, Leisure -4,100, Real Estate +900, Merchandise Sales +600, Other -700	62,653	-75,553
Recurring Income	-12,000	-1,400	-10,600		58,414	-70,414
Profit Attributable to Owners of Parent	-21,200	-8,200	-13,000		35,530	-56,730
Ratio of Operating Income to Sales	—	0.0%	—		9.6%	—
Operating Income ROA*	—	0.0%	—		3.8%	—
ROE*	—	—	—		7.7%	—

*Operating income ROA = Consolidated operating income/((Beginning total assets + Ending total assets)/2)

*ROE = Profit attributable to owners of parent/((Beginning equity + Ending equity)/2)

II. Full-year Forecast for FY2020

Impact of novel coronavirus

	Unit: Billions of yen					
	Total	Transportation	Leisure	Real estate	Retail distribution	Other businesses
Revenue from Operations	-124.5	-46.0	-32.5	-2.5	-36.0	-7.5
Operating Income	-74.0	-39.0	-23.5	-2.0	-7.0	-2.5

*The impact above includes cost reductions carried out as a consequence.

II. Full-year Forecast for FY2020

Consolidated Cash Flow Plan

Unit: Millions of yen

	FY2020 Forecast	FY2020 Plan	Change	Notes	FY2019 Results	Change
EBITDA	44,000	57,300	-13,300		118,095	-74,095
Operating Income	-12,900	0	-12,900		62,653	-75,553
Depreciation	56,900	57,300	-400		55,442	1,458
Interest-bearing debt balance	848,700	845,700	3,000		789,533	59,167
Interest-bearing debt/EBITDA multiple	19.3	14.8	+4.5 P		6.7	+12.6 P
Capital expenditures	54,700	56,000	-1,300		88,670	-33,970

II. Full-year Forecast for FY2020

Segment Information (Transportation)

Unit: Millions of yen

	FY2020 Forecast	FY2020 Plan	Change	Notes	FY2019 Results	Change
Revenue from Operations	166,300	178,700	-12,400		215,427	-49,127
Railways	121,700	131,900	-10,200		163,033	-41,333
Other	44,600	46,800	-2,200	Bus and taxi business -2,000, Freight business -200	52,393	-7,793
Operating Income	100	9,500	-9,400		37,659	-37,559
Railways	2,900	11,100	-8,200		34,506	-31,606
Other	-2,800	-1,600	-1,200	Bus and taxi business -1,200	3,153	-5,953
Operating Income ROA	0.0%	1.0%	-1.0 P		3.9%	-3.9 P
Depreciation	35,000	35,100	-100		34,713	287
EBITDA	35,100	44,600	-9,500		72,372	-37,272
Capital expenditures	26,700	27,000	-300		49,516	-22,816

II. Full-year Forecast for FY2020

Tobu Railway Lines Railway Business (Number of Passengers)

Unit: 1 Million people

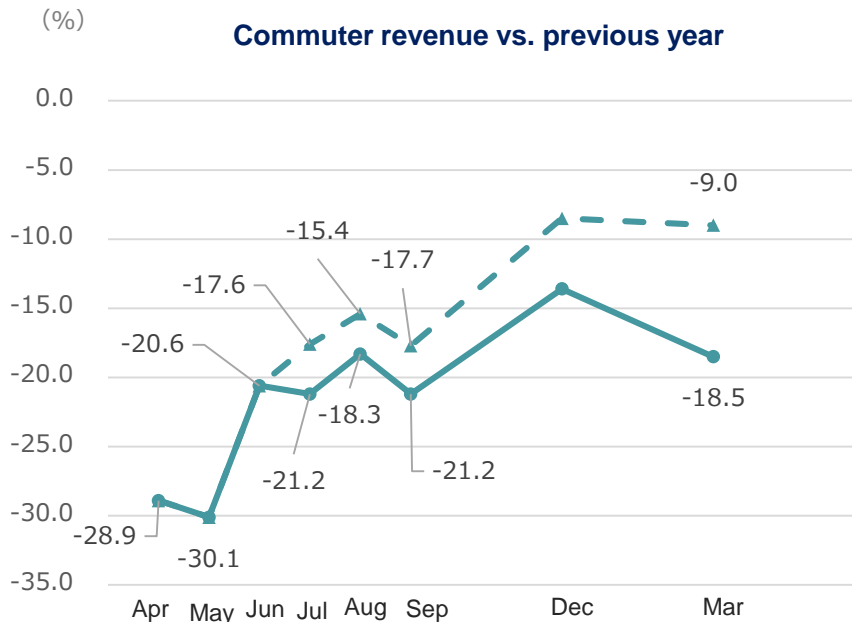
	FY2020 Forecast	FY2020 Plan	FY2019 Results
Commuter Passengers	474	502	606
Non-Commuter Passengers (Limited Express)	229	238	315
(Limited Express)	4	5	7
Total	703	739	921

(Passenger Revenue)

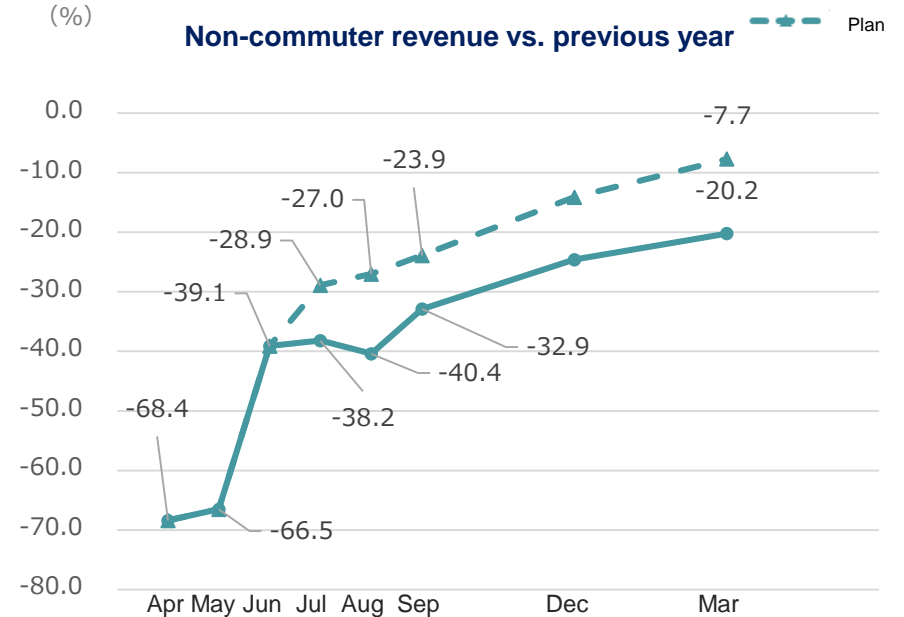
Unit: Millions of yen

	FY2020 Forecast	FY2020 Plan	FY2019 Results
Commuter Passengers	52,861	56,778	67,109
Non-Commuter Passengers (Limited Express)	53,120	59,542	79,130
(Limited Express)	2,827	3,828	5,936
Total	105,980	116,320	146,239

* Non-commuter passenger revenue includes limited express fee and seat reservation fees.



*September, December, and March figures compared to 2 years prior in consideration of advance purchases ahead of consumption tax hike and impact of novel coronavirus



* March figures compared to 2 years prior

II. Full-year Forecast for FY2020

Segment Information (Leisure)

Unit: Millions of yen

	FY2020 Forecast	FY2020 Plan	Change	Notes	FY2019 Results	Change
Revenue from Operations	37,600	45,700	-8,100		72,072	-34,472
Hotel	7,600	10,500	-2,900		17,305	-9,705
SKYTREE	5,100	5,900	-800		12,825	-7,725
Other	24,900	29,300	-4,400	Sports -400, Travel -3,000, Food -1,400	41,942	-17,042
Operating Income	-21,800	-17,700	-4,100		3,116	-24,916
Hotel	-9,200	-7,700	-1,500		-585	-8,615
SKYTREE	-2,000	-1,600	-400		3,698	-5,698
Other	-10,600	-8,400	-2,200	Amusement parks and tourism+200, Travel -2,200, Food -800	3	-10,603
Operating Income ROA	—	—	—		1.4%	—
Depreciation	6,600	6,800	-200		5,460	1,140
EBITDA	-15,200	-10,900	-4,300		8,576	-23,776
Capital expenditures	10,300	10,200	100		18,377	-8,077

TOKYO SKYTREE Visitors

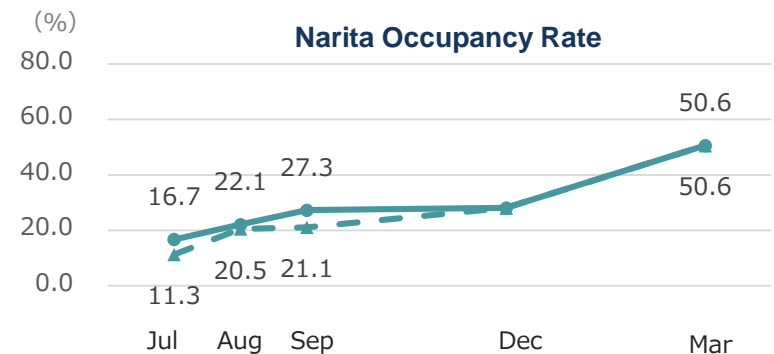
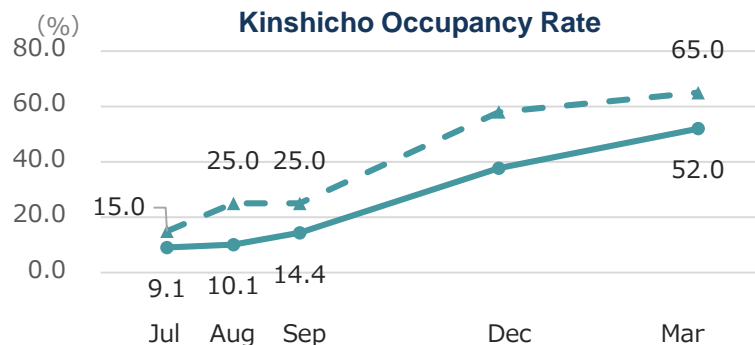
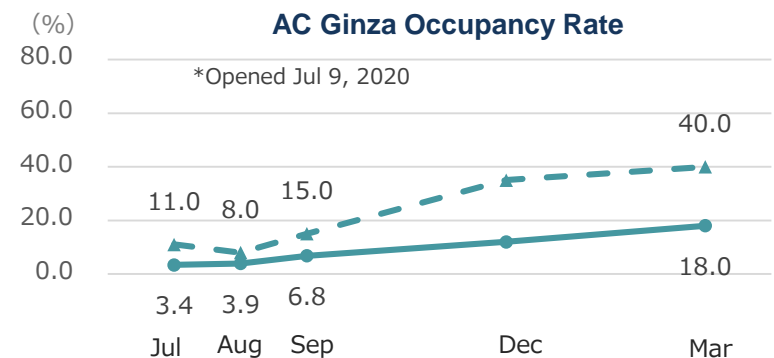
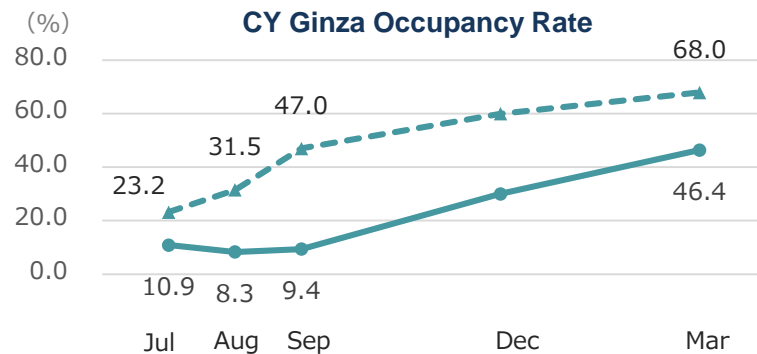
Unit: 10,000 people

	FY2020 Forecast	FY2020 Plan	FY2019 Results
Number of visitors	87	108	360

II. Full-year Forecast for FY2020

Occupancy Rate of Main Hotels

	FY2020 Forecast	FY2020 Plan	FY2019 Results
CY Ginza	25.4%	45.6%	87.5%
AC Ginza	9.1%	24.4%	—
Kinshicho	24.7%	36.3%	78.2%
Narita	27.6%	25.9%	79.7%



II. Full-year Forecast for FY2020

Segment Information (Real Estate)

Unit: Millions of yen

	FY2020 Forecast	FY2020 Plan	Change	Notes	FY2019 Results	Change
Revenue from Operations	53,300	52,200	1,100		67,912	-14,612
Leasing	37,800	37,500	300		38,661	-861
SKYTREE TOWN	9,900	10,000	-100		12,160	-2,260
Subdivision	5,600	4,700	900		17,090	-11,490
Operating Income	11,900	11,000	900		14,468	-2,568
Leasing	10,800	10,100	700		12,137	-1,337
SKYTREE TOWN	700	700	0		1,715	-1,015
Subdivision	400	200	200		615	-215
Operating Income ROA	3.4%	3.2%	+0.2 P		4.1%	-0.7 P
Depreciation	10,200	10,200	0		10,146	54
EBITDA	22,100	21,200	900		24,614	-2,514
Capital expenditures	10,900	11,500	-600		14,096	-3,196

SKYTREE TOWN Visitors

Unit: 10,000 people

	FY2020 Forecast	FY2020 Plan	FY2019 Results
Number of visitors	1,742	1,609	2,889

Number of Units Sold

Unit: 1 unit

	FY2020 Forecast	FY2020 Plan	FY2019 Results
Number of Units Sold			
Detached houses	15	15	27
Condominiums	554	437	615
Number of Units Sold After Converting Share			
Detached houses	15	15	27
Condominiums	119	94	389

II. Full-year Forecast for FY2020

Segment Information (Retail Distribution)

Unit: Millions of yen

	FY2020 Forecast	FY2020 Plan	Change	Notes	FY2019 Results	Change
Revenue from Operations	230,500	229,300	1,200		266,418	-35,918
Department stores	131,600	129,900	1,700	Ikebukuro store +853, Funabashi store +453, Utsunomiya store +132	168,117	-36,517
Store	84,700	84,000	700		80,123	4,577
Other	14,200	15,400	-1,200		18,178	-3,978
Operating Income	-3,700	-4,300	600		3,364	-7,064
Department stores	-4,300	-4,900	600		1,855	-6,155
Store	1,300	900	400		474	826
Other	-700	-300	-400		1,034	-1,734
Operating Income ROA	—	—	—		2.4%	—
Depreciation	3,500	3,600	-100		3,678	-178
EBITDA	-200	-700	500		7,042	-7,242
Capital expenditures	5,200	5,700	-500		4,685	515

II. Full-year Forecast for FY2020

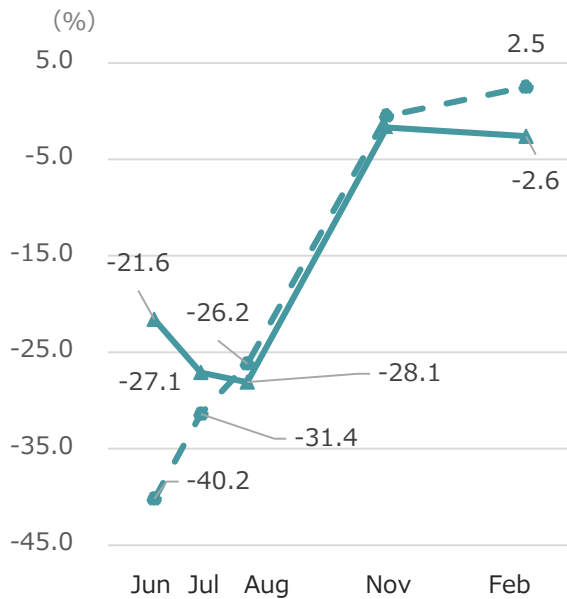
Change in Sales at Major Department Stores

Unit: %

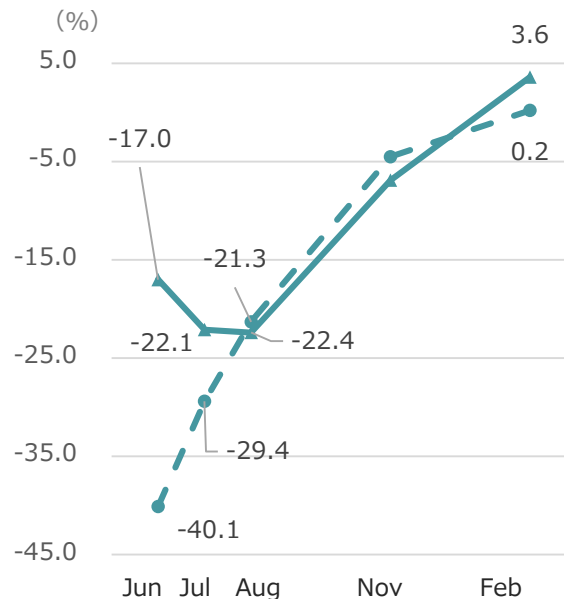
	FY2020 Forecast vs. Previous Year	FY2020 Plan vs. Previous Year
Ikebukuro	-22.0%	-22.8%
Funabashi	-23.9%	-25.1%
Utsunomiya	-19.4%	-19.9%

—●— Results
- - -◆- - Plan

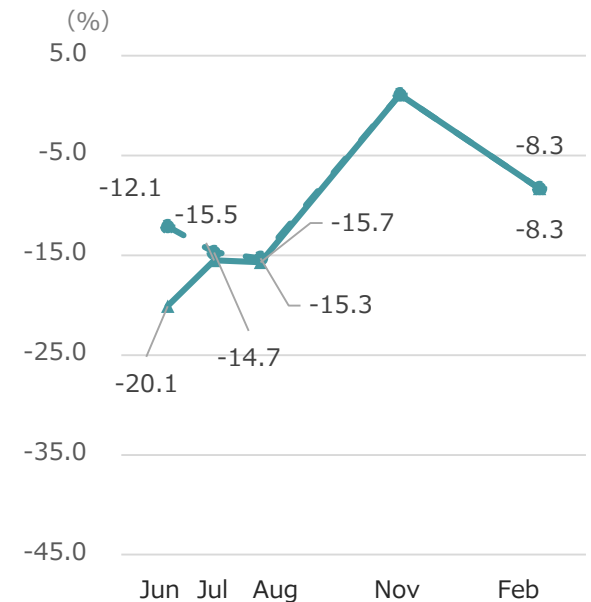
Ikebukuro Store sales vs. previous year



Funabashi Store sales vs. previous year



Utsunomiya Store sales vs. previous year



II. Full-year Forecast for FY2020

Segment Information (Other)

Unit: Millions of yen

	FY2020 Forecast	FY2020 Plan	Change	Notes	FY2019 Results	Change
Revenue from Operations	91,800	91,300	500		110,513	-18,713
Operating Income	1,200	1,900	-700		5,375	-4,175
Operating Income ROA	0.5%	0.8%	-0.3 P		2.1%	-1.6P
Depreciation	1,600	1,600	0		1,443	157
EBITDA	2,800	3,500	-700		6,818	-4,018
Capital expenditures	1,600	1,600	0		1,994	-394

III-1. Changes in the Business Environment

Changes in business environment resulting from novel coronavirus

	Short-term impact*1	Long-term impact*2
Positive for the Group	<ul style="list-style-type: none"> Increase in shut-in demand 	<ul style="list-style-type: none"> Digitalization Increase in environmental awareness Workation demand De-urbanization Increase in close placement of residence and workplace/working at home Increase in satellite offices Shift to cashless transactions
Negative for the Group	<ul style="list-style-type: none"> People refraining from going out Social distancing Decrease in employment numbers due to recession Decrease in inbound tourists Decrease in travel, lodging, and leisure demand 	<ul style="list-style-type: none"> Decrease in business commutation demand Changes in office building demand Increase in e-commerce demand

*1. Short-term impact: Will return to normal once impact of novel coronavirus is eliminated through development of specific treatment, etc.

*2. Long-term impact: Will continue even if a specific treatment is developed

- Common to All
- Transportation
- Leisure
- Real Estate
- Retail Distribution

III-1. Changes in the Business Environment

Strategies of each business based on changes in business environment

Segment	Impact on business	Main strategies of response
Transportation	<ul style="list-style-type: none"> • Decrease in business commutation • Decrease in business trips • Changes in form of transportation 	<ul style="list-style-type: none"> • Low-cost operations • Review of transport format • Introduction of boarding points
Leisure	<ul style="list-style-type: none"> • Decrease in inbound demand • Continuation of measures to prevent spread • Increase in domestic tourism 	<ul style="list-style-type: none"> • Operational system that can withstand demand fluctuation • Consideration of adoption of tourism-type MaaS • Preparation for recovery in inbound demand
Real Estate (Leasing business)	<ul style="list-style-type: none"> • Changes in asset value • Decrease in stations' ability to attract customers • Relocation and decrease in number of offices 	<ul style="list-style-type: none"> • Review of asset utilization • Early monetization of space at closed locations • Ways to use space based on changes in demand
Real Estate (Subdivision Business)	<ul style="list-style-type: none"> • Increase in telecommuting • Decrease in urban access • Diversification of residential areas 	<ul style="list-style-type: none"> • Development utilizing room for growth and natural environment • Living spaces based on new needs • Creation of lush greenery
Retail Distribution	<ul style="list-style-type: none"> • Expansion of e-commerce/omni-channel • Decrease in restaurant demand 	<ul style="list-style-type: none"> • Business that captures changing needs • Incorporation of railway line demand with launch of TOBU POINT
Common to All	<ul style="list-style-type: none"> • Digitalization • Changes in economic trends • Increased awareness of sustainability 	<ul style="list-style-type: none"> • Work style reform through automation and increased efficiency • Utilization of data from TOBU POINT, PASMO, etc. • Strengthening of e-commerce • Review of business portfolio • Promotion of 3 generations living near each other

III-1. Changes in the Business Environment

Strategies based on changes in business environment

■ Enhance management structure through business structure reform

Promote labor savings and efficiency by reviewing business management structure and various costs

■ Promote businesses that address diversification of daily life needs

Provide services to address needs utilizing railway network in urban, suburban, and tourist areas

* Simultaneously promote DX for efficiency, which reduces costs, and DX for profitability, which increases marketing capabilities, thereby establishing stable profits to achieve the above

Improve resilience through structural reform adapted to changes in the business environment

III-2. Reforming the Business Structure

Railway cost restructuring

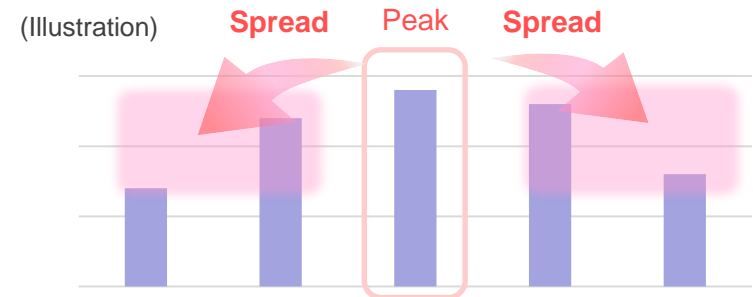
Promotion of labor savings

- Review of station personnel
- Consideration of expanding one-man operations
- Consolidation of maintenance facilities
- Review of shift patterns

⇒ **Zero-based review of operations and utilize new technologies, etc. to achieve labor savings while maintaining safety and service**

Consideration of reviewing transportation capacity according to demand

- Distribution trend of users during peak hours



- Consideration of reviewing flexible timetable



- Increase efficiency of number of trains and personnel assignment and reduce repair expenses

▶ **Adapt to changes in business environment while ensuring safety**

III-2. Reforming the Business Structure

Utilization of digital technology in aim of increasing operational efficiency

TOBU BUS EAST

- Experimenting with auto driving (level 2) bus operations in Kashiwa area since November 2019
- Will also review effective and efficient placement of magnetic markers in FY2020

⇒ Aim to realize driverless operations in other businesses as well in the future

Overall Group strategies for increasing efficiency

- Automation of operations with RPA
- Achieving labor savings with robots
- Utilization of online tools, etc.



▶ Aim for labor savings, taking review of system as a favorable opportunity

III-2. Reforming the Business Structure

Review of operational structure at each Group company

Travel

[Current main actions]

- Suspend operations at counter stores
(For time being from Oct. 1)
*Excluding 7 main stores

[Future actions]

- Strengthen online sales
- Expand into regional revitalization market and municipality market
- Improve profitability by optimizing bases nationwide and personnel allocation



Hotels

[Current main actions]

- Review employee leave and personnel allocation
- Review outsourcing expenses for cleaning, banquet/kitchen staff, etc.

[Future actions]

- Revise conditions for outsourcing and bring operations in-house
- Proper personnel allocation
- Consider changing purpose of low-profit divisions

Department Stores

[Current main actions]

- Shorten hours of operations

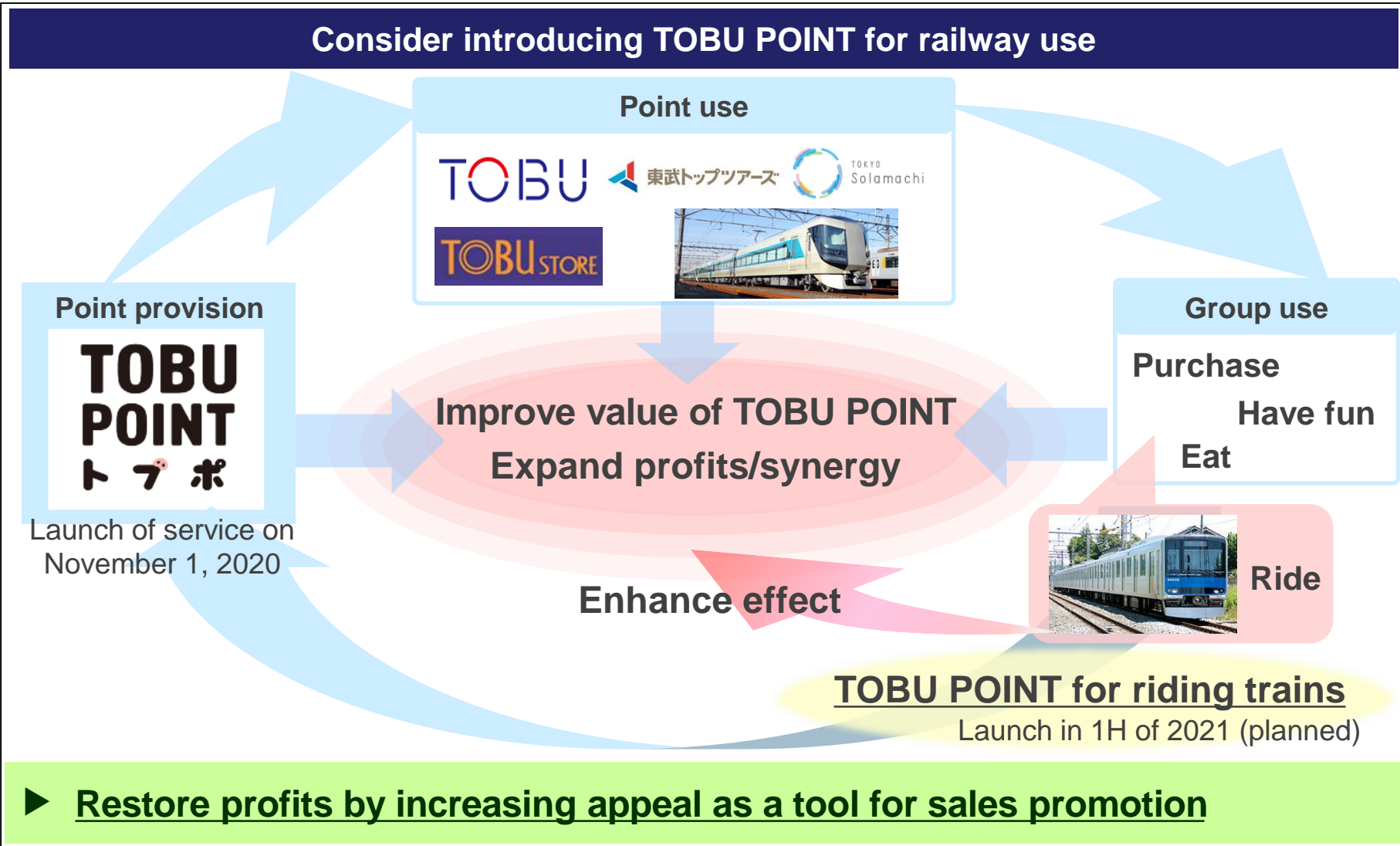
[Future actions]

- Expand e-commerce
- Strengthen leasing business
- Strengthen out-of-store sales



▶ **Quickly restore business results by adapting to changes in business environment**

III-3. Expanding Profitability into the Future



III-3. Expanding Profitability into the Future

Utilization of big data within Group

Expansion of data/
strengthening of coordination

TOBU Card



Purchase data



PASMO



TOBU POINT



TOBU POINT
トブポ

Launch of service on
November 1, 2020

Railway travel
data



Strengthen/enhance core businesses
by utilizing new platform

Expand Tobu Group profits

Strengthen
investigation/analysis
Develop products/services

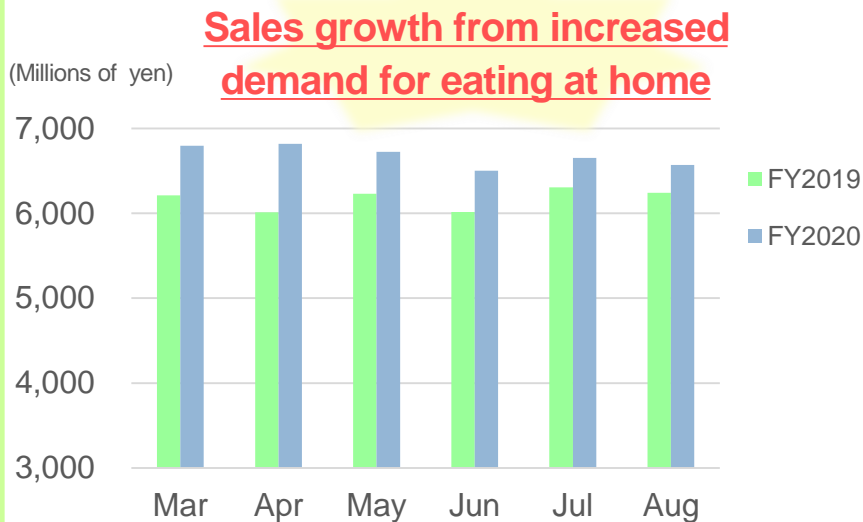
► **Propose/provide services that accurately address customer needs**

III-3. Expanding Profitability into the Future

Retail business meeting living needs along railway lines

Achieving Tobu Store growth

1H sales trend



- **Expand TOBU POINT provision**
 - Increase value of TOBU POINT
 - Expand profit by increasing frequency of use
 - **Expand business with new stores**
 - Kasai Ekimae Store September 2020
*Introduce Uber Eats
 - Kitasenju Store January 2021 (planned)
 - **Web-based sales measures**
- ⇒ Create easiest-to-shop-at stores in region

Strengthening of retail and business selection, including supermarkets, convenience stores, restaurants, and lifestyle support business

- ▶ Improve convenience along railway lines by providing preferred products and services

III-3. Expanding Profitability into the Future

Introducing Japan's first environmentally friendly tourism MaaS



▶ **Establish status as “International Eco Resort Nikko”**

III-3. Expanding Profitability into the Future

Utilization of space based on lifestyle changes

Workation in Nikko area

- Add new workation rooms at Nikko KANAYA Hotel and Chuzenji KANAYA Hotel
- Consider coordinating with prefectural businesses such as Embassy Villa Memorial Park and Lake Chuzenji boathouse

Capture new demand from changing work styles and improve status as international eco resort



Expand Solaie +Work

- Aim for operations at 20 locations along railway (Asakusa Station, Shin-koshigaya Station, Kamagaya Station, Wakoshi Station, Kawagoe Station, Sakado Station, etc.)

*Along with expansion of private smart work booths

- Enable use in urban areas in collaboration with Nomura Real Estate Development H1T
- Respond to increased use of online meetings

Expand usage locations and improve convenience as infrastructure for those living along railway lines

Solaie +Work
ソライエ プラスワーク



▶ Aim to become railway line people want to visit and live on by addressing new needs

III-3. Expanding Profitability into the Future

Promote development with awareness of room for growth and harmony with natural environment

Changes in housing demand

Condominium buyer attributes (at 3 of our properties)

Before coronavirus

July-September 2020

Mostly locals



**Increase in
number of people
from wide area**

Increase in housing needs in suburbs

Spacious
rooms

Office/study
room

Rich natural
environment

Solaie Gran Nagareyama Otaka no Mori

- Shared study lounge to be opened
- Consider optional layout conducive to telecommuting

Solaie Shimizu-koen Urban Park Town

- Community plaza blended with nature
- Different concepts for each residence



Study lounge



Layout conducive to telecommuting

▶ **Aim to bring in people from wide area by utilizing strength of location along railway**

III-3. Expanding Profitability into the Future

Making TOKYO SKYTREE a symbol of Tokyo

TOBU TOWER SKYTREE an official supporter of
2020 Tokyo Olympics/Paralympics



- Establish status as No. 1 tourist site in Tokyo with further name recognition
- Tie enhanced attractiveness into increase in visitors
- Look ahead to recovery in inbound tourism

**Become symbol of Tokyo
Become major pillar for Japan
becoming tourism-oriented nation**

▶ Tie these things into maximizing demand after inbound tourism recovers

Important Notes Concerning This Document

The Company's profit plans and other goals set forth in this document are based on projections of industry trends related to the business of the Company and Group companies and other such factors that impact business results, including the economy in Japan and other countries, which are made based on the information currently available to the Company.

As such, the reader is asked to note that actual business results may differ from the forecasts within this document due to changes in the business environment and other such factors.