



2Q FY2021
Financial Results Briefing

November 12, 2021

TOBU RAILWAY CO., LTD.

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I. 2Q FY2021 Business Results

Subsidiaries

	March 2021	Change	September 2021	Notes
Transportation	27	-	27	
Leisure	22	-	22	
Real Estate	3	-	3	
Retail Distribution	12	-	12	
Other	16	-	16	
Total	80	-	80	

Affiliates

	March 2021	Change	September 2021	Notes
Transportation	1	-	1	
Leisure	2	-	2	
Real Estate	-	-	-	
Retail Distribution	-	-	-	
Other	-	-	-	
Total	3	-	3	

I. 2Q FY2021 Business Results

Consolidated statement of income

Unit: Millions of yen

	2Q FY2021 Results	2Q FY2021 Plan	Change	Notes	2Q FY2020 Results	Change
Revenue from Operations	233,831	245,600	-11,769	Transportation -2,655, Leisure -8,432 Real Estate -335 Retail Distribution -4,623, Other +2,106	229,668	4,163
Operating Income	6,678	7,500	-822	Transportation -1,167, Leisure -238 Real Estate +1,084 Retail Distribution -870, Other -2	-16,618	23,296
Recurring Income	8,620	5,400	3,220	Subsidy income 2,480	-16,860	25,480
Extraordinary Profit	681	—	—		1,025	-343
Extraordinary Loss	3,070	—	—	Loss from temporary suspension of operations 406	7,746	-4,676
Profit Attributable to Owners of Parent	1,664	-500	2,164		-22,437	24,102
Ratio of Operating Income to Sales	2.9%	3.1%	-0.2P		—	—
Depreciation	26,774	27,100	-326		27,468	-693
EBITDA	33,453	34,600	-1,147		10,850	22,603
Capital Expenditures	14,518	20,600	-6,082		32,239	-17,721

* Numbers for plan come from announcement made on April 30, 2021. (p.3-p.26)

I. 2Q FY2021 Business Results

Impact associated with application of Accounting Standard for Revenue Recognition

	2Q FY2021 Results	2Q FY2021 Results (previous standard) B	Change	2Q FY2020 Results	Unit: Millions of yen ※ 21 (previous standard) – 20 B-C
	A	B	A-B	C	
Revenue from Operations	233,831	266,129	-32,297	229,668	36,460
Transportation	84,545	84,609	-63	75,772	8,836
Leisure	35,068	22,300	12,767	14,909	7,391
Real Estate	34,965	36,130	-1,164	23,199	12,930
Retail Distribution	66,777	108,779	-42,001	100,871	7,908
Other	42,506	45,367	-2,860	42,330	3,036
Elimination	-30,032	-31,057	1,025	-27,414	-3,643

*Difference between actual results for FY2021 prior to application of Accounting Standard for Revenue Recognition

I. 2Q FY2021 Business Results

Consolidated balance sheet

Unit: Millions of yen

	2Q FY2021 Results	4Q FY2020 Results	Change	Notes
Current assets	151,371	158,452	-7,081	Cash and deposits -6,181
Non-current assets	1,522,999	1,524,044	-1,045	
Total assets	1,674,371	1,682,497	-8,126	
Current liabilities	395,055	397,788	-2,732	
Non-current liabilities	825,793	831,605	-5,812	
Total liabilities	1,220,848	1,229,393	-8,544	
Total net assets	453,522	453,103	418	
Total liabilities and net assets	1,674,371	1,682,497	-8,126	
Shareholders equity ratio	26.6%	26.4%	0.2 P	
Interest-bearing debt balance	829,841	837,279	-7,438	

I. 2Q FY2021 Business Results

Consolidated statement of cash flows

Unit: Millions of yen

	2Q FY2021 Results	2Q FY2020 Results	Change	Notes
Cash flows from operating activities	19,475	-12,545	32,020	Income before income taxes +29,813
Cash flows from investing activities	-15,620	-40,010	24,389	Decrease in expenditures for purchase of fixed assets +21,919
Cash flows from financing activities	-10,062	48,225	-58,288	Decrease in procurement of interest-bearing debt -60,288
Change in cash and cash equivalents	-6,174	-4,348	-1,826	
Ending balance of cash and cash equivalents	38,772	27,058	11,713	

I. 2Q FY2021 Business Results

Segment Information(Transportation)

Unit: Millions of yen

	2Q FY2021 Results	2Q FY2021 Plan	Change	Notes	2Q FY2020 Results	Change
Revenue from Operations	84,545	87,200	-2,655		75,772	8,773
Railways	62,300	63,500	-1,200		55,587	6,712
Other	22,245	23,700	-1,455	Bus and taxi business -1,459, Freight business+13	20,184	2,060
Operating Income	5,133	6,300	-1,167		-6,473	11,606
Railways	5,725	6,200	-475		-3,493	9,219
Other	-592	100	-692	Bus and taxi business -859, Freight business+167	-2,979	2,387
Depreciation	15,859	15,800	59		17,098	-1,239
EBITDA	20,992	22,100	-1,108		10,625	10,366
Capital Expenditures	7,817	10,100	-2,283		18,676	-10,859

I. 2Q FY2021 Business Results

Tobu Railway Lines Railway Business (Number of Passengers)

Unit: 1 Million people

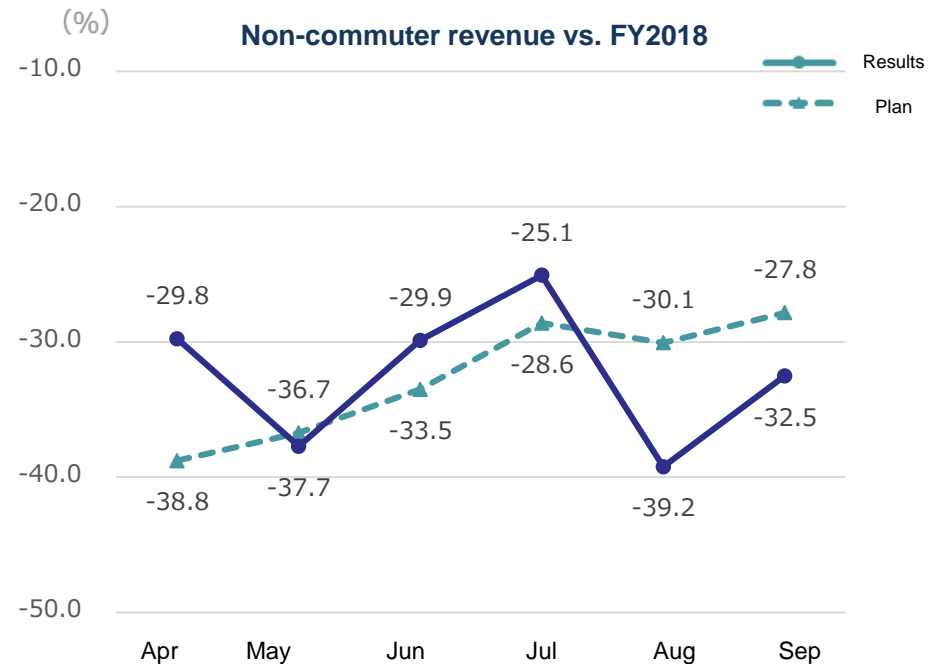
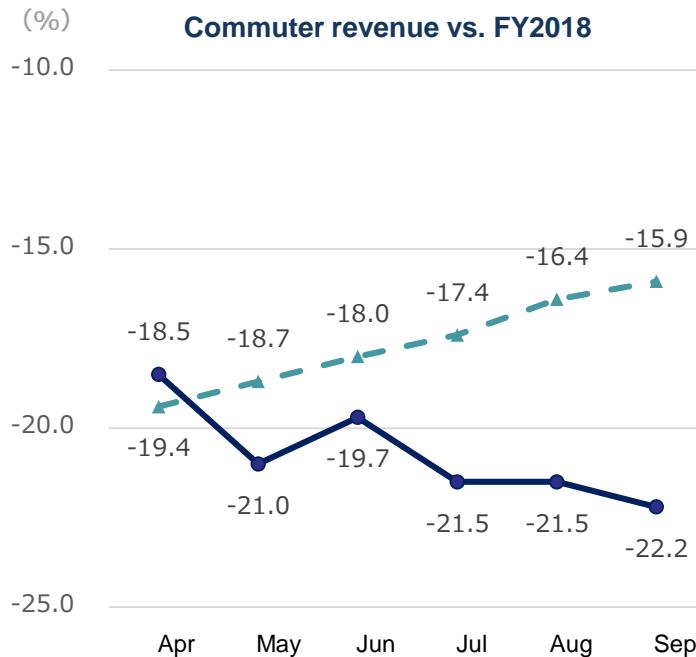
	2Q FY2021 Results	2Q FY2021 Plan	2Q FY2020 Results
Commuter Passengers	248	258	233
Non-Commuter Passengers	119	118	97
(Limited Express)	2	2	1
Total	367	376	329

(Passenger Revenue)

Unit: Millions of yen

	2Q FY2021 Results	2Q FY2021 Plan	2Q FY2020 Results
Commuter Passengers	27,011	28,076	26,089
Non-Commuter Passengers	27,465	27,394	21,777
(Limited Express)	1,321	1,411	970
Total	54,476	55,470	47,866

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



I. 2Q FY2021 Business Results

Segment Information (Leisure)

Unit: Millions of yen

	2Q FY2021 Results	2Q FY2021 Plan	Change	Notes	2Q FY2020 Results	Change
Revenue from Operations	35,068	43,500	-8,432		14,909	20,159
Hotel	4,803	6,200	-1,397		2,272	2,531
SKYTREE	2,142	2,500	-358		2,170	-27
Other	28,122	34,800	-6,678	Amusement parks and tourism -463, Sports -653, Travel -4,792, Food -736	10,466	17,656
Operating Income	-4,738	-4,500	-238		-12,819	8,081
Hotel	-4,128	-3,500	-628		-5,231	1,102
SKYTREE	-1,133	-1,600	467		-715	-418
Other	524	600	-76	Amusement parks and tourism -178, Sports -158, Travel +502, Food -232	-6,872	7,397
Depreciation	3,314	3,500	-186		2,932	381
EBITDA	-1,423	-1,000	-423		-9,887	8,463
Capital Expenditures	691	1,300	-609		8,408	-7,716

TOKYO SKYTREE Visitors

Unit: 10,000 people

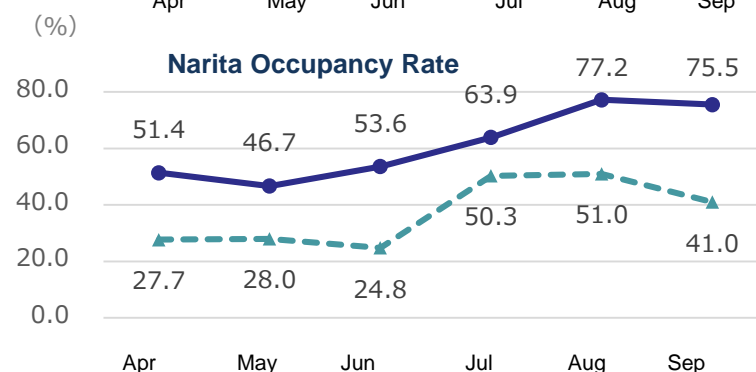
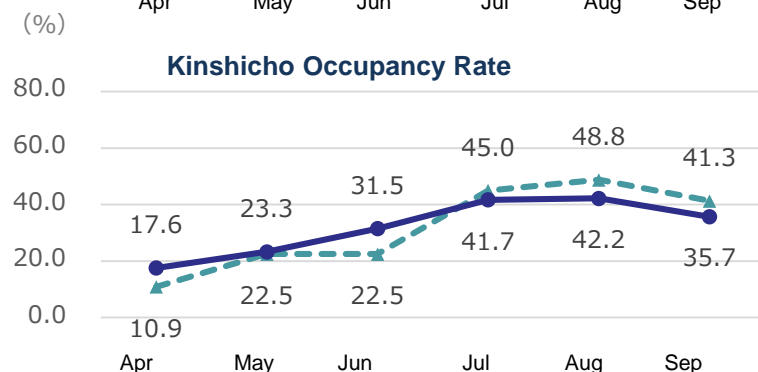
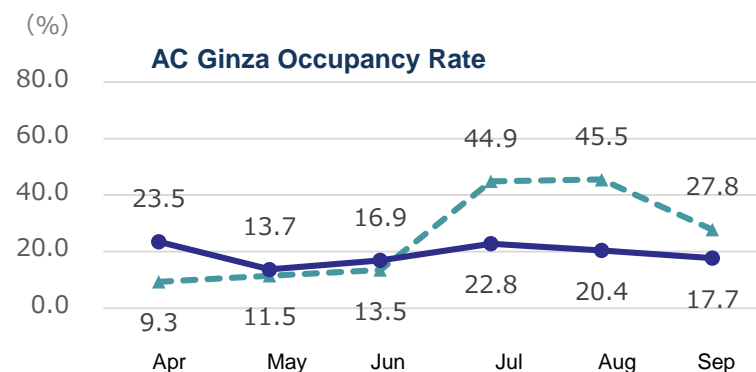
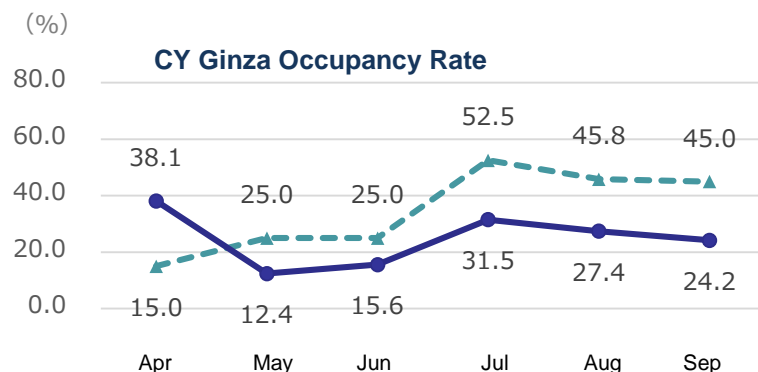
	2Q FY2021 Results	2Q FY2021 Plan	2Q FY2020 Results
Number of visitors	24	39	33

I . 2Q FY2021 Business Results

Main Hotels

Occupancy Rate	2Q FY2021 Results	2Q FY2021 Plan	2Q FY2020 Results	Percentage of foreign nationals	2Q FY2021 Results	2Q FY2020 Results	Change
CY Ginza	24.8%	34.7%	15.9%	CYGinza	3.6%	6.3%	-2.7 P
AC Ginza	19.2%	25.4%	4.8%	ACGinza	4.9%	6.2%	-1.3 P
Kinshicho	32.1%	31.8%	11.0%	Kinshicho	1.6%	0.9%	0.7 P
Narita	61.4%	37.1%	18.3%	Narita	7.2%	11.5%	-4.2 P

—●— Results
- - -▲- - - Plan



I. 2Q FY2021 Business Results

Segment Information (Real Estate)

Unit: Millions of yen

	2Q FY2021 Results	2Q FY2021 Plan	Change	Notes	2Q FY2020 Results	Change
Revenue from Operations	34,965	35,300	-335		23,199	11,766
Leasing business	17,907	18,300	-393		17,468	439
SKYTREE TOWN	4,562	4,900	-338		4,531	31
Subdivision business	12,495	12,100	395		1,199	11,295
Operating Income	8,484	7,400	1,084		5,781	2,702
Leasing business	5,901	5,300	601		5,486	415
SKYTREE TOWN	635	700	-65		251	384
Subdivision business	1,947	1,400	547		44	1,903
Depreciation	5,102	5,100	2		5,075	27
EBITDA	13,587	12,500	1,087		10,856	2,730
Capital Expenditures	3,395	5,400	-2,005		2,969	426

SKYTREE TOWN Visitors

Unit: 10,000 people

	2Q FY2021 Results	2Q FY2021 Plan	2Q FY2020 Results
Number of visitors	856	1,048	708

Number of Units Sold

Unit: 1 unit

	2Q FY2021 Results	2Q FY2021 Plan	Change	2Q FY2020 Results
Number of Units Sold				
Detached houses	16	11	5	0
Condominiums	585	576	9	252
Number of Units Sold After Converting Share				
Detached houses	16	11	5	0
Condominiums	280	283	-3	25

I. 2Q FY2021 Business Results

Segment Information (Retail Distribution)

Unit: Millions of yen

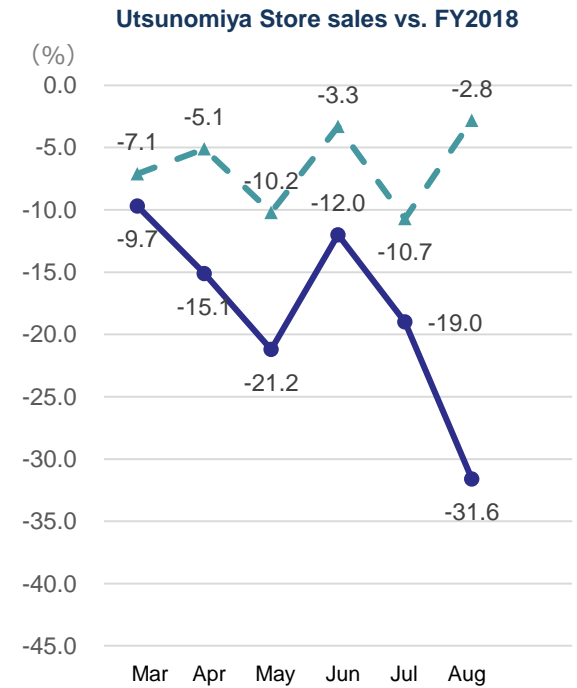
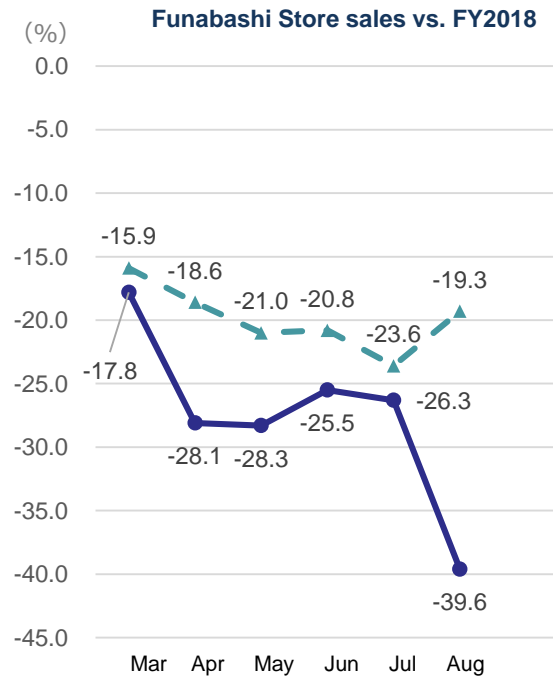
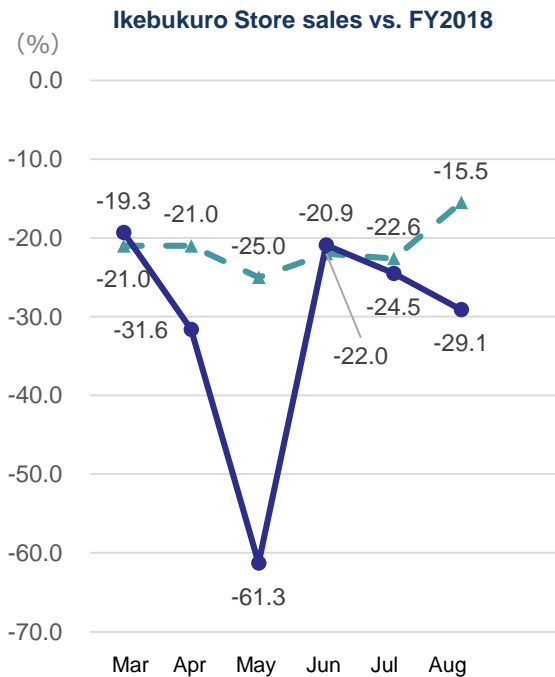
	2Q FY2021 Results	2Q FY2021 Plan	Change	Notes	2Q FY2020 Results	Change
Revenue from Operations	66,777	71,400	-4,623		100,871	-34,093
Department stores	23,115	26,400	-3,285	Ikebukuro store -2,132, Funabashi store -540, Utsunomiya store -559	51,750	-28,634
Supermarket	37,702	38,600	-898		42,480	-4,777
Other	5,959	6,400	-441		6,640	-680
Operating Income	-3,070	-2,200	-870		-3,153	82
Department stores	-3,230	-2,200	-1,030		-3,808	578
Supermarket	349	100	249		886	-536
Other	-189	-100	-89		-230	41
Depreciation	1,743	1,900	-157		1,602	141
EBITDA	-1,326	-300	-1,026		-1,551	224
Capital Expenditures	1,652	2,200	-548		1,479	172

I . 2Q FY2021 Business Results

Change in Sales at Major Department Stores

	2Q FY2021 Results vs. Previous Year	2Q FY2021 Plan vs. Previous Year
Ikebukuro	12.9%	28.8%
Funabashi	22.7%	34.9%
Utsunomiya	19.4%	35.3%

—●— Results
- - -▲- - - Plan



I. 2Q FY2021 Business Results

Segment Information (Other)

Unit: Millions of yen

	2Q FY2021 Results	2Q FY2021 Plan	Change	Notes	2Q FY2020 Results	Change
Revenue from Operations	42,506	40,400	2,106		42,330	175
Operating Income	1,098	1,100	-2		309	788
Depreciation	753	800	-47		758	-5
EBITDA	1,851	1,900	-49		1,067	783
Capital Expenditures	961	1,600	-639		706	255

II. Full-year Forecast for FY2021



Assumptions behind full-year forecast

		FY2021 New plan			FY2021 Previous plan		
Overall		Gentle recovery in demand expected following lifting of declaration of state of emergency based on its impact in 1H			Gentle recovery in demand expected as no social restrictions with declaration of state of emergency		
Transportation		1H (Results)	2H	Annual	1H	2H	Annual
Railways	Commuter passengers						
	Business commutation	-20%	-18%	-19%	-17%	-17%	-17%
	School commutation	-24%	-17%	-21%	-21%	-4%	-13%
	Non-Commuter passengers	-33%	-26%	-29%	-33%	-26%	-29%
Leisure		1H	2H	Annual	1H	2H	Annual
Hotel	Revenue from major hotels	-72%	-62%	-67%	-64%	-50%	-57%
SKYTREE	Number of visitors	-89%	-73%	-81%	-82%	-67%	-74%
Other	Travel volume	-84%	-68%	-76%	-67%	-36%	-50%
Retail Distribution		1H	2H	Annual	1H	2H	Annual
Department stores	Goods sales						
	Downtown stores	-32%	-21%	-26%	-22%	-19%	-20%
	Suburban stores	-24%	-25%	-25%	-15%	-18%	-16%

Comparison with FY2018, which was not impacted by COVID-19 or consumption tax hike

*Travel business fiscal year end is December, so 2H FY2021 results include impact of declarations of state of emergency.

II. Full-year Forecast for FY2021

Consolidated statement of income

Unit: Millions of yen

	FY2021 Forecast	FY2021 Plan	Change	Notes	FY2020 Results	Change
Revenue from Operations	494,000	520,000	-26,000	Transportation -4,400, Leisure -14,200 Real Estate -1,600, Retail Distribution -8,300, Other +3,000	496,326	-2,326
Operating Income	14,200	19,400	-5,200	Transportation -4,000, Leisure -300, Real Estate +800, Retail Distribution -1,700, Other +200	-13,557	27,777
Recurring Income	14,800	14,800	0		-9,892	24,692
Profit Attributable to Owners of Parent	4,900	4,900	0		-24,965	29,865
Ratio of Operating Income to Sales	2.9%	3.7%	-0.8P		—	—
Operating Income ROA*	0.8%	1.2%	-0.4P		—	—
ROE*	1.1%	1.1%	-0.0P		—	—

*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 FY2021

Impact associated with application of Accounting Standard for Revenue Recognition

Unit: Millions of yen

	2Q FY2021 Forecast	2Q FY2021 Forecast (previous standard)	Change	2Q FY2020 Results	※ 21 (previous standard) – 20
	A	B	A-B	C	B-C
Revenue from Operations	494,000	548,600	-54,600	496,326	52,274
Transportation	173,300	173,500	-200	159,122	14,378
Leisure	97,200	55,000	42,200	39,055	15,945
Real Estate	59,900	62,100	-2,200	54,228	7,872
Retail Distribution	137,500	227,900	-90,400	216,253	11,647
Other	91,500	97,400	-5,900	88,863	8,537
Elimination	-65,400	-67,300	1,900	-61,196	-6,104

※Difference between forecasts for FY2021 prior to application of Accounting Standard for Revenue Recognition

II. Full-year Forecast for FY2021

Consolidated Cash Flow Plan

Unit: Millions of yen

	FY2021 Forecast	FY2021 Plan	Change	Notes	FY2020 Results	Change
EBITDA	69,300	75,000	-5,700		43,087	26,213
Operating Income	14,200	19,400	-5,200		-13,577	27,777
Depreciation	55,100	55,600	-500		56,664	-1,564
Interest-bearing debt balance	824,500	831,600	-7,100		837,279	-12,779
Interest-bearing debt/EBITDA multiple	11.9	11.1	0.8 P		19.4	-7.5 P
Capital expenditures	49,500	51,900	-2,400		49,452	48

II. Full-year Forecast for FY2021

Segment Information (Transportation)

Unit: Millions of yen

	FY2021 Forecast	FY2021 Plan	Change	Notes	FY2020 Results	Change
Revenue from Operations	173,300	177,700	-4,400		159,122	14,178
Railways	127,400	129,800	-2,400		117,459	9,941
Other	45,900	47,900	-2,000	Bus and taxi business -2,000	41,663	4,237
Operating Income	11,100	15,100	-4,000		-5,224	16,324
Railways	11,300	14,200	-2,900		-1,024	12,324
Other	-200	900	-1,100	Bus and taxi business -1,300, Freight business +200	-4,199	3,999
Operating Income ROA	1.1%	1.6%	-0.5 P		—	—
Depreciation	32,600	32,700	-100		35,073	-2,473
EBITDA	43,700	47,800	-4,100		29,849	13,851
Capital expenditures	28,300	28,200	100		24,425	3,875

II. Full-year Forecast for FY2021

Tobu Railway Lines Railway Business (Number of Passengers)

Unit: 1 Million people

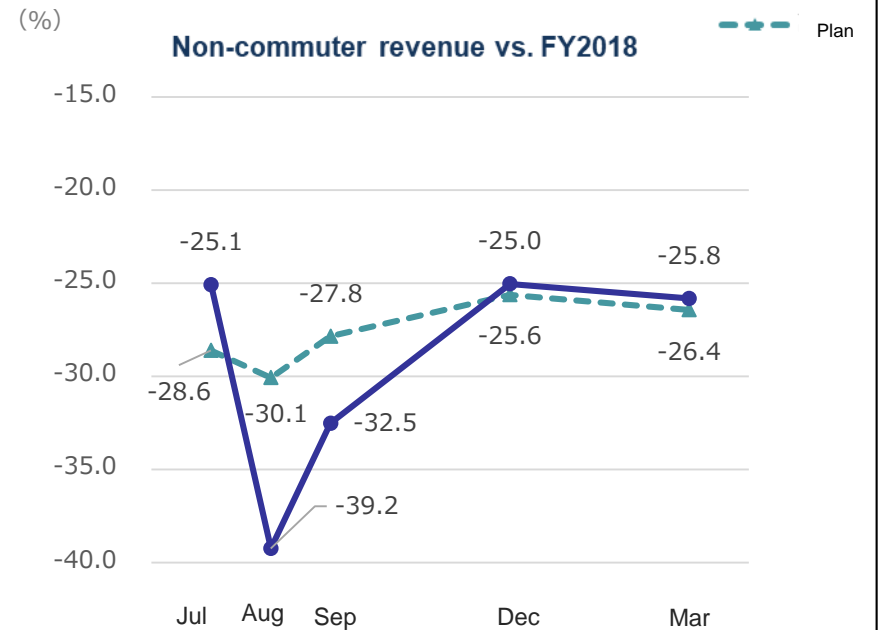
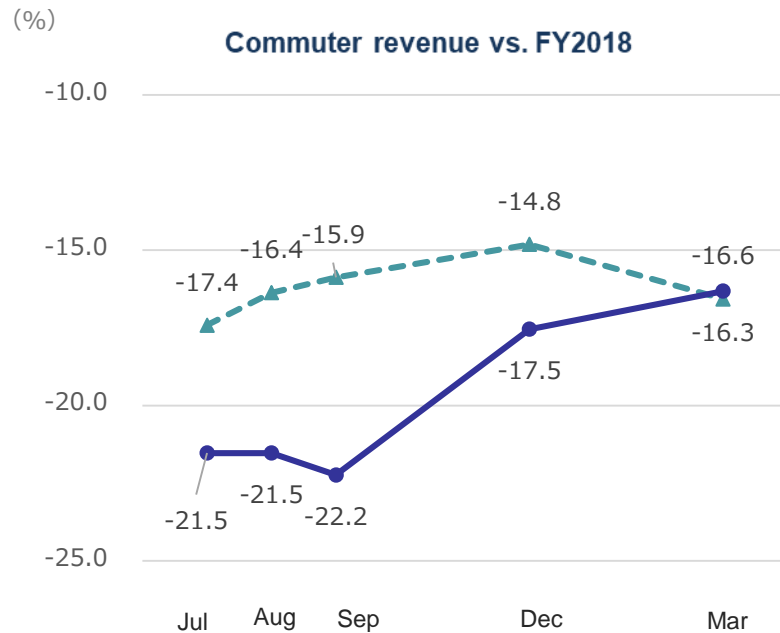
	FY2021 Forecast	FY2021 Plan	FY2020 Results
Commuter Passengers	494	517	459
Non-Commuter Passengers	250	248	218
(Limited Express)	4	4	3
Total	744	766	677

(Passenger Revenue)

Unit: Millions of yen

	FY2021 Forecast	FY2021 Plan	FY2020 Results
Commuter Passengers	54,112	55,889	51,893
Non-Commuter Passengers	57,971	57,952	49,851
(Limited Express)	2,921	3,049	2,419
Total	112,084	113,841	101,744

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



II. Full-year Forecast for FY2021

Segment Information (Leisure)

Unit: Millions of yen

	FY2021 Forecast	FY2021 Plan	Change	Notes	FY2020 Results	Change
Revenue from Operations	97,200	111,400	-14,200		39,055	58,145
Hotel	11,500	14,400	-2,900		7,205	4,295
SKYTREE	5,000	5,800	-800		4,814	186
Other	80,700	91,200	-10,500	Amusement parks and tourism -400, Sports -800, Travel -8,500, Food -800	27,035	53,665
Operating Income	-6,700	-6,400	-300		-18,484	11,784
Hotel	-6,900	-6,100	-800		-9,337	2,437
SKYTREE	-1,700	-1,800	100		-1,679	-21
Other	1,900	1,500	400	Amusement parks and tourism -100, Sports -300, Travel+1,000, Food -200	-7,467	9,367
Operating Income ROA	—	—	—		—	—
Depreciation	6,700	6,900	-200		6,499	201
EBITDA	0	500	-500		-11,985	11,985
Capital expenditures	2,000	2,300	-300		9,725	-7,725

TOKYO SKYTREE Visitors

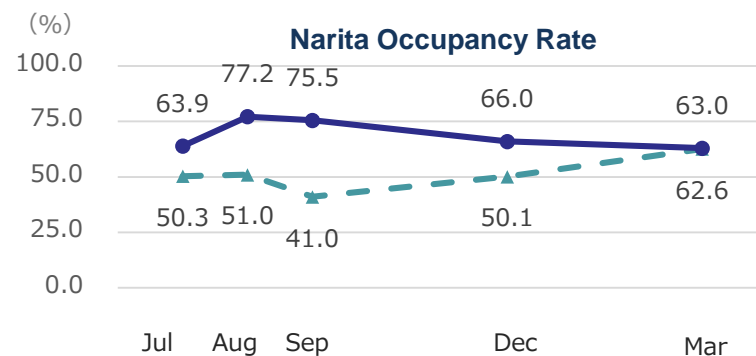
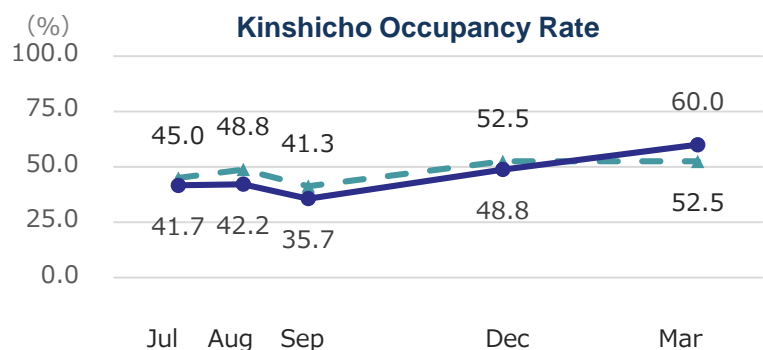
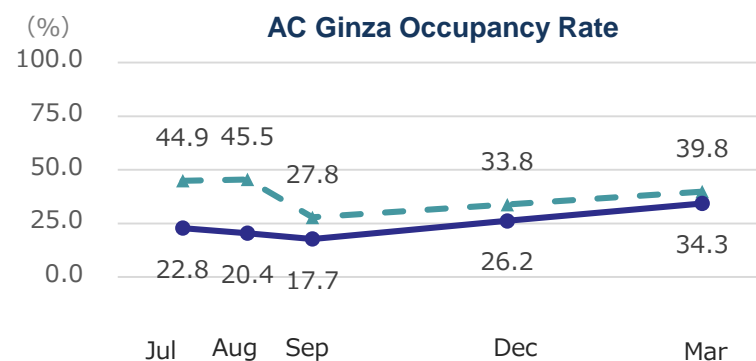
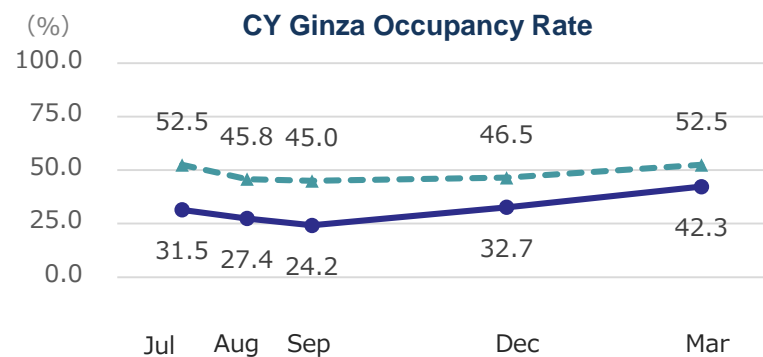
Unit: 10,000 people

	FY2021 Forecast	FY2021 Plan	FY2020 Results
Number of visitors	80	109	78

II. Full-year Forecast for FY2021

Occupancy Rate of Main Hotels

	FY2021 Forecast	FY2021 Plan	FY2020 Results
CY Ginza	30.6%	41.9%	16.2%
AC Ginza	23.7%	30.1%	11.6%
Kinshicho	40.9%	40.8%	15.4%
Narita	60.8%	45.2%	30.3%



II. Full-year Forecast for FY2021

Segment Information (Real Estate)

Unit: Millions of yen

	FY2021 Forecast	FY2021 Plan	Change	Notes	FY2020 Results	Change
Revenue from Operations	59,900	61,500	-1,600		54,228	5,672
Leasing business	36,200	37,500	-1,300		38,149	-1,949
SKYTREE TOWN	9,300	9,900	-600		9,687	-387
Subdivision business	14,400	14,100	300		6,391	8,009
Operating Income	13,700	12,900	800		13,702	-2
Leasing business	10,900	10,500	400		11,762	-862
SKYTREE TOWN	800	1,100	-300		867	-67
Subdivision business	2,000	1,300	700		1,072	928
Operating Income ROA	4.0%	3.7%	0.3 P		4.0%	-0.0 P
Depreciation	10,400	10,400	0		10,120	280
EBITDA	24,100	23,300	800		23,822	278
Capital expenditures	11,700	13,300	-1,600		9,742	1,958

SKYTREE TOWN Visitors

Unit: 10,000 people

	FY2021 Forecast	FY2021 Plan	FY2020 Results
Number of visitors	1,800	2,100	1,626

Number of Units Sold

Unit: 1 unit

	FY2021 Forecast	FY2021 Plan	FY2020 Results
Number of Units Sold			
Detached houses	25	25	15
Condominiums	729	729	626
Number of Units Sold After Converting Share			
Detached houses	25	25	15
Condominiums	322	322	129

II. Full-year Forecast for FY2021

Segment Information (Retail Distribution)

Unit: Millions of yen

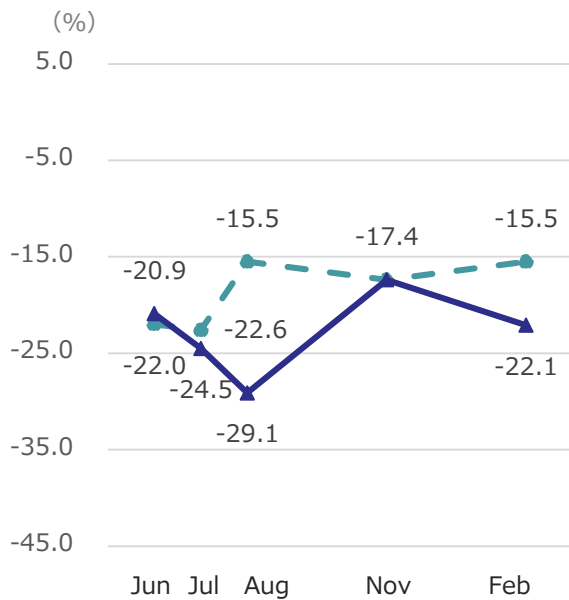
	FY2021 Forecast	FY2021 Plan	Change	Notes	FY2020 Results	Change
Revenue from Operations	137,500	145,800	-8,300		216,253	-78,753
Department stores	48,200	53,900	-5,700	Ikebukuro store -3,604, Funabashi store -1,168, Utsunomiya store -847	119,288	-71,088
Supermarket	77,600	79,200	-1,600		83,115	-5,515
Other	11,700	12,700	-1,000		13,849	-2,149
Operating Income	-4,900	-3,200	-1,700		-5,384	484
Department stores	-5,400	-3,500	-1,900		-5,953	553
Supermarket	700	400	300		1,193	-493
Other	-200	-100	-100		-624	424
Operating Income ROA	—	—	—		—	—
Depreciation	3,700	3,900	-200		3,410	290
EBITDA	-1,200	700	-1,900		-1,974	774
Capital expenditures	5,000	5,200	-200		4,085	915

II. Full-year Forecast for FY2021

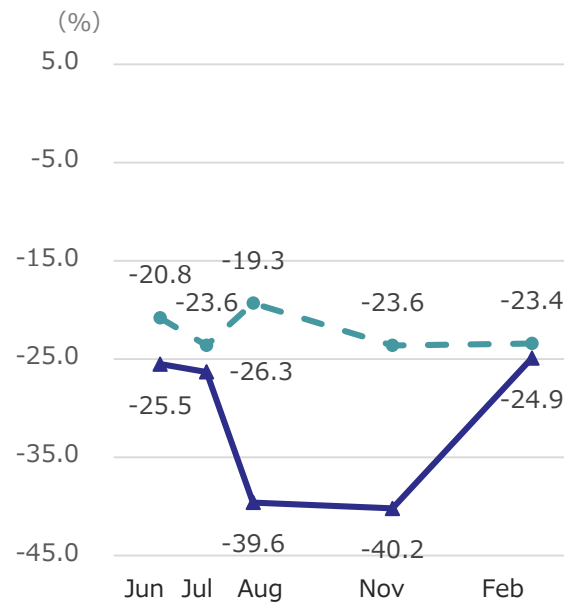
Change in Sales at Major Department Stores

	FY2021 Forecast vs. Previous Year	FY2021 Plan vs. Previous Year
Ikebukuro	8.0%	16.6%
Funabashi	4.5%	16.9%
Utsunomiya	13.0%	23.4%

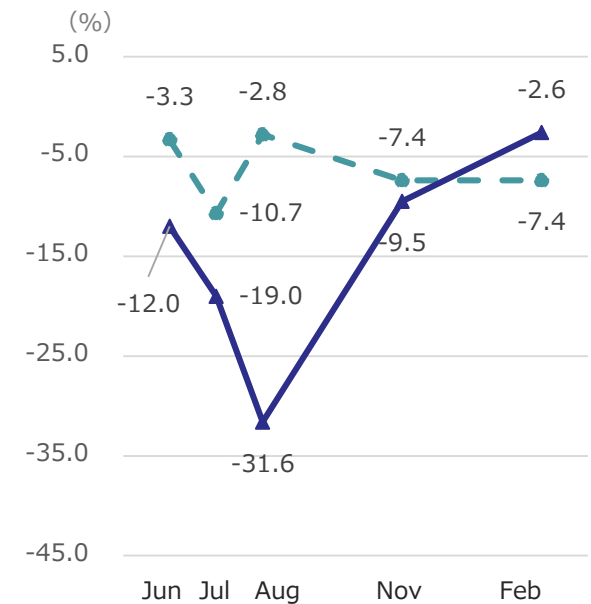
Ikebukuro Store sales vs. FY2018



Funabashi Store sales vs. FY2018



Utsunomiya Store sales vs. FY2018



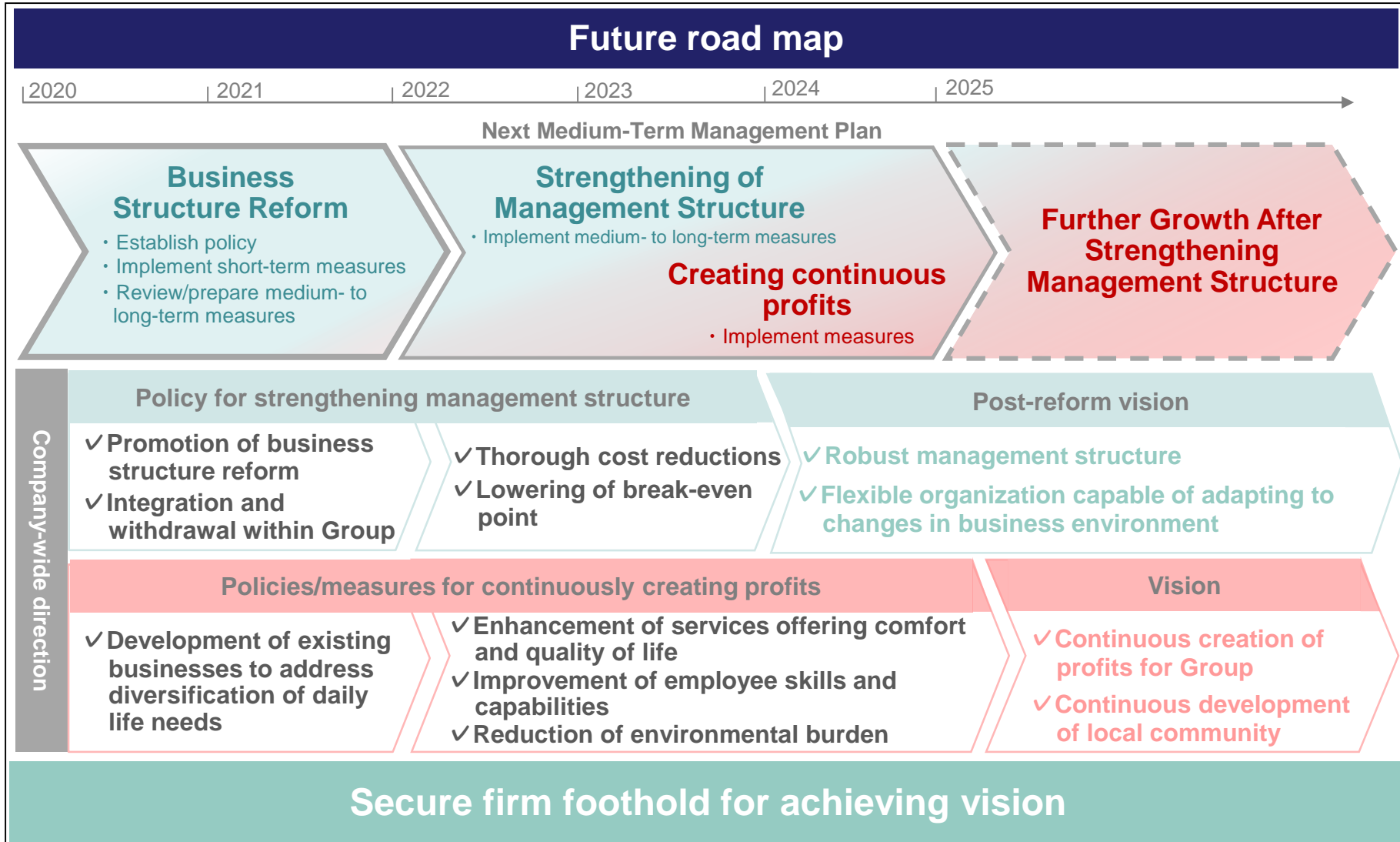
II. Full-year Forecast for FY2021

Segment Information (Other)

Unit: Millions of yen

	FY2021 Forecast	FY2021 Plan	Change	Notes	FY2020 Results	Change
Revenue from Operations	91,500	88,500	3,000		88,863	2,637
Operating Income	2,300	2,100	200		2,876	-576
Operating Income ROA	0.9%	0.8%	0.1 P		1.2%	-0.3P
Depreciation	1,700	1,700	0		1,560	140
EBITDA	4,000	3,800	200		4,436	-436
Capital expenditures	2,500	2,900	-400		1,473	1,027

III. Our Goal



III. Our Goal (Business Structure Reform)

Business structure reform in Tobu Railway Lines

Railways

✓ Optimization of scale

- Review of organization
- Introduction of new technologies
- Automation and labor saving
etc.

Development

✓ Expansion of profits and business domains

- Improvement of portfolio value
- New town development
- Consideration of asset turnover business
etc.

Headquarters

✓ Optimization of number of personnel at headquarters

- Review of business processes
- Utilization of existing systems and mobile PCs
- Utilization of SaaS
etc.

- Lower ratio of fixed costs to revenue^{*1} in railway business to 70%^{*2}
- Reduce headquarters personnel by 30% through business process reform
- Reduce hiring, dispatch outside of Group, and consider asking for early retirement based on total number of personnel

*1: FY2019 *2: Target for FY2030

Build robust corporate structure capable of securing steady profits

III. Our Goal (Business Structure Reform)

Optimization of scale through business structure reform

Behavior modification

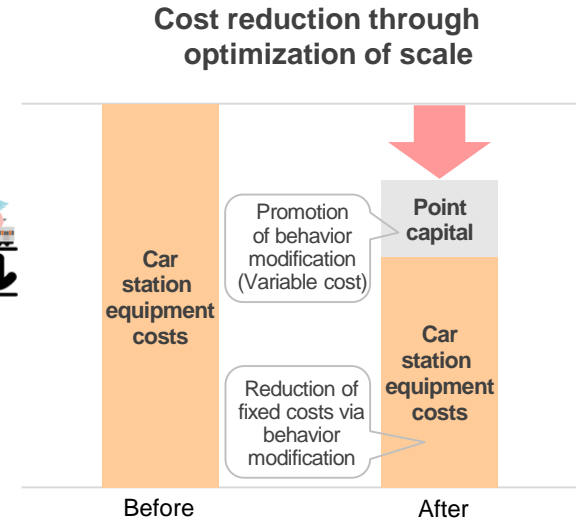
- ✓ Demand leveling out during rush hours
- ✓ Transition to mobile PASMO

Accelerate behavior modification with boarding points
(October 1, 2021 launch)

✓ **Points granted for taking off-peak train to avoid peak hours**

*Off-peak miles (Launching spring 2022)

✓ Point incentives for mobile PASMO users



Cost reduction

- ✓ Reduction of number of automatic ticketing machines and shrinking of commuter pass sales offices
- ✓ Reduction of cars and more efficient personnel assignment



Data acquisition for review of flexible fares/prices leading to further leveling off of demand

Promote behavior modification using advanced services and transform business model

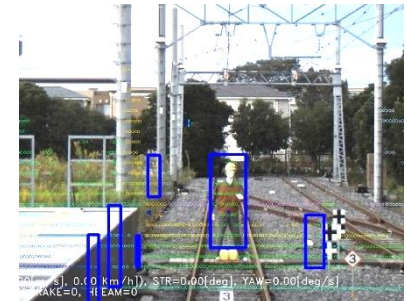
III. Our Goal (Business Structure Reform)

Automation and labor-saving efforts through introduction of new technologies

Auto driving on Tobu Daishi Line

- ✓ Testing underway for auto driving with no driver
- ✓ Conducted test in collaboration with manufacturer to detect obstacles in front of train with cameras and sensors mounted on train cars on training line

➤ **Launch operational tests on Tobu Daishi Line in or after FY2023**



▲ Photo taken with on-board camera

Remote - System for effective utilization of train data

- ✓ Accumulate running train data (boarding rate, driving speed, equipment status, etc.) in real time in the cloud
- ✓ Full-scale introduction to all 70000 series direct trains on Tokyo Metro Hibiya Line

➤ **Utilization of accumulated data: Labor savings through remote vehicle inspections and realization of condition-based maintenance (CBM)**

Utilization of real time data: Quick recovery from breakdowns

Integrate new technology with old technology to pursue further safety and efficiency

III. Our Goal (Business Structure Reform)

Business structure reform in real estate business

Promote improvement of portfolio value and new town development for expansion of profits

Improvement of portfolio value

■ Commercial facility at Tobu-Dobutsu-Koen Station West Exit (September 2021)

Facility development incorporating community feedback

- ✓ Installed public square and shared kitchen based on dialogue between Tobu Store/Muji and community
- ✓ Generating approx. 1/3 of power using solar panels



■ Complex in front of Iwatsuki Station (July 2021)

Town development offering comfortable living for multiple generations

- ✓ Opened rental condominium for younger generation and housing for elderly with service based on concept of living with pets
- ✓ Installed dog park to encourage interaction between multiple generations



New town development

■ Development of west exit of Ikebukuro Station

- ✓ Building open Sunken Garden at center of West Exit connecting above and below ground levels
- ✓ Schedule
Middle of FY2022: Urban planning proposal
End of FY2022: Urban planning decision



■ Mix-use development at Minami-Kurihashi (Opening May 2022)

Sustainable town development through industry-government-academia collaboration

- ✓ Changes in lifestyles and values=>Increased potential of suburban areas
- ✓ 5 companies signed agreement on town development collaboration/cooperation

[Business partners]

Industry: Tobu Railways, Toyota Housing Corporation, and AEON RETAIL Co., Ltd.

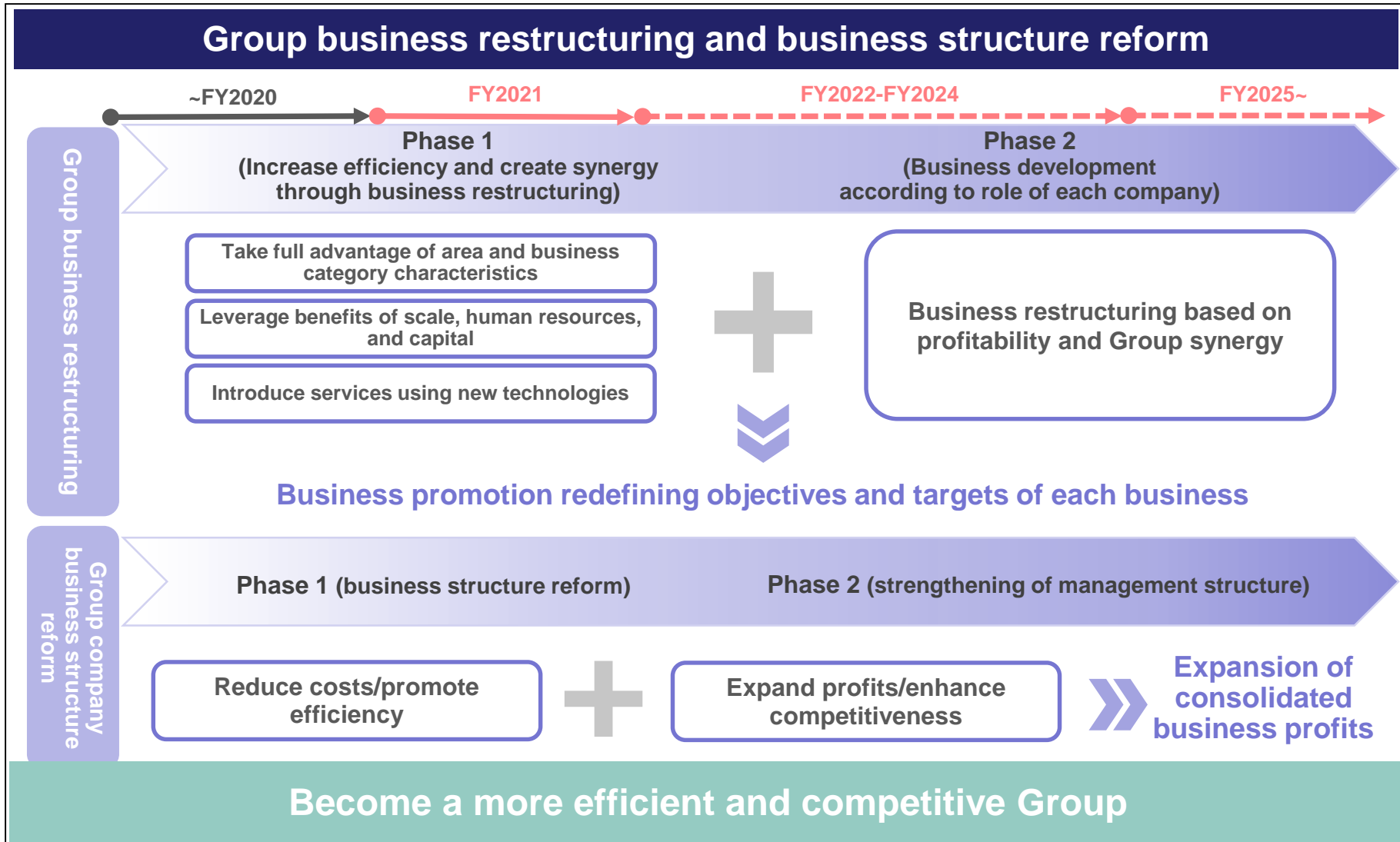
Government: Kuki City

Academia: Waseda University



Further cultivate business domain and consider new businesses

III. Our Goal (Business Structure Reform)



III. Our Goal (Business Structure Reform)

Business structure reform in leisure business

Hotels

✓ Promoting selection and concentration of businesses based on 3 priorities, aiming to lower break-even point

1 Shrink and withdraw from banquet and wedding ceremony division

- Combine banquet and wedding ceremony divisions of each hotel in Kinshicho and Utsunomiya and eliminate wedding sales division
- Eliminate banquet and wedding ceremony division of SENDAI KOKUSAI HOTEL

2 Streamline operations of beverage division

- Close directly managed beverage facility at Shibuya hotel and eliminate banquet division

3 Reduce fixed costs

- Reduce outsourcing fees by reviewing operations
- Optimize personnel through multi-tasking, external assignment, attrition, etc.

➡➡ **Base business on highly profitable lodging in aim of quickly achieving profitability**

TOKYO SKYTREE

✓ **Low-cost operations**

- QR code for tickets
- Introduction of ticketing machines
- Promotion of in-house operations, etc.

**Approx.
¥1.4 billion**
(compared to FY2019 costs)



TOBU TOP TOURS

✓ **Cultivation of business in non-travel fields**

- Expansion of contracted services business utilizing proposal capabilities

✓ **Change of format of face-to-face sales**

- Review operations at stores with counters

Quickly achieve profitability by thoroughly reducing costs and reviewing profit structure

III. Our Goal (Business Structure Reform)

Business structure reform in retail distribution business

TOBU Shoji: FamilyMart

New business format introducing automatic payment system

- ✓ Potential reduction of approx. 100 hours in weekly shifts
Iwatsuki Station store opened in October 2021
- ⇒ **Selling products requiring license (tobacco) nationwide for first time**



Introduction of self-checkout registers

- ✓ Aim for labor-savings in store operations
→ Target self-checkout register usage of 20% (currently 8.5%)
- ✓ To be installed in 8 locations in FY2021 (introduced at 27 of 34 stores)

➤ **Improved convenience and labor savings via new system**

Tobu Department Stores

Streamlining of organization

Promotion of specialty tenants (addressing changes in customer buying behavior)

- ✓ General furniture and interior production company Takumi Otsuka (Opened in July 2021)
- ✓ Digital home electronics specialty store Nojima, which offers consulting by its own staff (Opened in August 2021)



Development of new business format with employees in their 20s and 30s

- ✓ Independent editing project nicodeli plus, in which employees handle everything from planning to operations. Opened in April 2021

➤ **Develop structure to generate profits even under difficult circumstances**

Promote labor savings and efficiency in aim of improving profitability

III. Our Goal (Achieving Sustainable Growth)

Creating continuous profits for Tobu Group

Tobu Group



- ✓ Coordinating role connecting Group services to local communities and people
- ✓ Creation of environment in which time, assets, etc. can be shared



- ✓ Create cooperative environment
- ✓ Create quality of life
- ✓ Create comfort and richness of spirit

- E.g.)
- Provision of services in coordination with local authorities
 - Maximization of benefits of using Group services utilizing TOBU POINT

Continuous creation of profits for Group

Solve social problems coordinating with local communities and local authorities

Continuous development of local community



Local communities

✓ People

- Increase in nonresident population
- Increase in permanent residents
- Settlement by multiple generations

➤ Solid sense of cooperative environment, comfort, and quality of life

✓ Continuous economic development

- Increase spending among families (grandchildren, etc.)
- Utilize child-rearing women in work force

Create area where people want to continue to live and visit with whole line overflowing with comfort and quality of life

Realize society in which Tobu Group and communities grow and thrive together

III. Our Goal (Achieving Sustainable Growth)

Improvement of employee skills and capabilities

Development of mechanism for creating new businesses

- ✓ Cooperation with startups aiming to realize innovation
- ✓ Internal recruiting program aiming for both individual growth and enhancement of organizational strength
- ✓ Promotion of DX aiming to strengthen planning capabilities



Promotion of diversity to address diversifying needs

- ✓ Realization of flexible work styles aiming to promote women's advancement
- ✓ Human resource promotions incorporating diverse knowledge and values

Further promotion of employee health aiming to strengthen management foundation

- ✓ Enhancement of employee health measures
- ✓ Application for recognition as large enterprise with outstanding health and productivity management

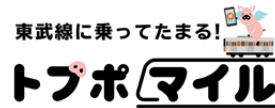
Create organization that increases Group creativity and tie it into expanding profits

III. Our Goal (Achieving Sustainable Growth)

Organization of line utilizing TOBU POINT

Expansion of appealing services

- ✓ Capture railway users addressing changes in demand trends
- ✓ Promotion of railway use in collaboration with commercial facilities
- ✓ Expansion of point circulation, circulation within Group



Acquisition of new members

Strengthening of membership organization

TOBU POINT app members



150,000 people
(Oct. 31, 2021)
3x growth since October

Next service expansion
(Point mall, suburban MaaS...)

Strong organization of Tobu Railway lines

Combined analysis of movement and purchase data
(Utilization of integrated customer data platform)

Individualized approach to promote use of Group

E-mail, push notifications, coupons

Promotion of use with individualized service proposals



(E.g.)

- ✓ Delivery of Solamachi coupons to users of Oshiage Station
- ✓ Delivery of food coupons to evening users
- ✓ Delivery of local group coupons to Nikko travelers...



Strengthening of retail division through utilization of points



Strengthen approach to individuals in aim of expanding profits outside of railway business

III. Our Goal (Achieving Sustainable Growth)

Strategic tourism efforts in anticipation of recovery

TOKYO SKYTREE



✓ Enthusiastically invited domestic and foreign media at Tokyo Olympics and Paralympics

✓ PR as official supporter

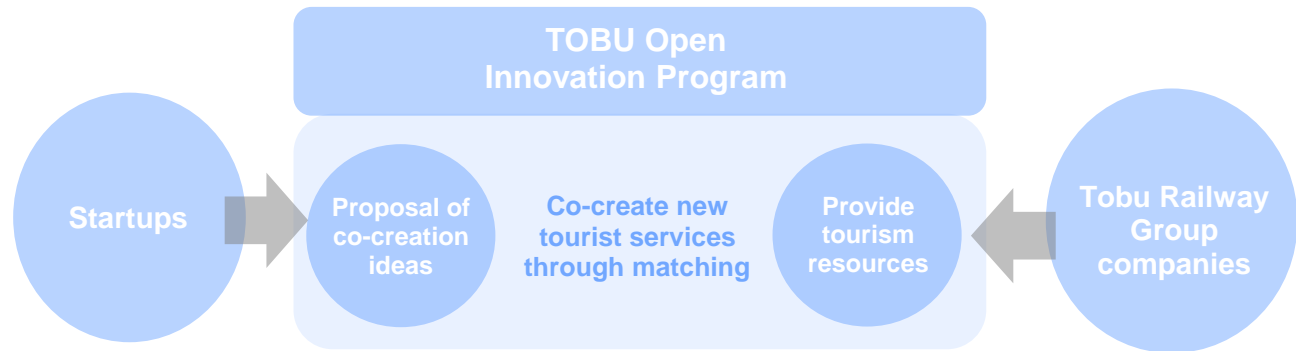
Continue efforts to make it a symbol in anticipation of recovery in inbound tourism

Utilization of open innovation

✓ Implementation of TOBU Open Innovation Program primarily targeting startups

✓ Call for co-creation ideas that promote tourism along the railway lines
Co-create new tourist services by matching them with tourism resources of the Group and supporting field tests

✓ Begin gathering ideas via website on November 11



Implement various efforts in aim of early recovery of tourism business

III. Our Goal (Achieving Sustainable Growth)

Convert Nikko area into international eco resort

Launch NIKKO MaaS to realize increased convenience and accessibility

- ✓ Launched on October 28, 2021
- ✓ Japan's first environmentally friendly tourism MaaS

Aim for sales of 500,000 tickets per year



Realize a seamless, environmentally friendly trip with only a smartphone

Clean tourist area attracting environmentally conscious travelers from Europe, US, Australia, etc.

- ✓ Convert limited express and railway north of Shimo-imaichi to 100% renewable energy (by FY2022)
- ✓ Increase renewable energy rate in Nikko area and brand it as eco resort
- ✓ Attract inbound tourists interested in eco efforts

Realize 100% carbon-free power usage by Group within area



Establish environmentally friendly tourist area in harmony with history, culture, and nature

III. Our Goal (Achieving Sustainable Growth)

Introduction of new limited express to drive tourism and carbon neutrality in Nikko area



Concept

Connect & Updatable
Spacia keeps connecting you with that person and that time

New limited express Spacia: To begin service in FY2023

Create new demand

- ✓ Promote tourist demand by introducing higher quality limited express
- ✓ Provide comfortable and exciting space
- ✓ Improve appeal and image of Nikko area

Reduce environmental impact

- ✓ Reduce CO₂ emissions up to around 40%*¹ and boldly promote conversion of Nikko area into international eco resort
- ✓ Contribute to 46% reduction*² of CO₂ emissions by railway in 2030

*1. Compared to 100 series Spacia *2. Compared to FY2013

Keep shining as new symbol of international eco resort Nikko

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.