

FY2020 2nd Quarter Financial Results

— Held on November 9, 2020 —

Keio Corporation
京王電鉄株式会社

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Yasushi Komura

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

Yoshitaka Minami

I. FY2020 2nd Quarter Results

1. Performance Summary
2. FY2020 2nd Quarter Results
3. Consolidated Financial Position

1. Performance Summary

FY2020 2nd Quarter Results

- Results have been recovering gradually since the lifting of the state of emergency, but revenue has been down in each segment except other businesses due to COVID-19, so operating revenues were down 1,382 hmy year on year.
- The operating loss came to 164 hmy, and the net loss attributable to owners of parent was 135 hmy.

FY2020 Full-Year Earnings Forecasts

- Calculated based on the assumption that the most recent trends in the business environment will continue.
- We expect operating revenues of 3,250 hmy, an operating loss of 250 hmy, and a net loss attributable to owners of parent of 280 hmy.
- We plan an annual dividend of 40.0 yen per share (down 12.5 yen from the previous year).

2. FY2020 2nd Quarter Results

- Impact of COVID-19 was significant in 1st quarter (Apr-Jun) due in part to declaration of state of emergency.
- Results recovering gradually since lifting of state of emergency, but down year on year in 1st half (Apr-Sep).

(Units: ¥ hundred million)

	FY2020 1st quarter result (Apr-Jun)	FY2020 2nd quarter result (Jul-Sep)	FY2020 1st half (Apr-Sep)	YoY change
Operating Revenues	591	791	1,382	-795
Operating Profit	-125	-39	-164	-404
Ordinary Profit	-128	-30	-158	-389
Profit Attributable to Owners of Parent	-107	-27	-135	-294
EBITDA	-39	47	8	-408
Depreciation and Amortization	84	86	171	-4

I. FY2020 2nd Quarter Results

2. FY2020 2nd Quarter Results

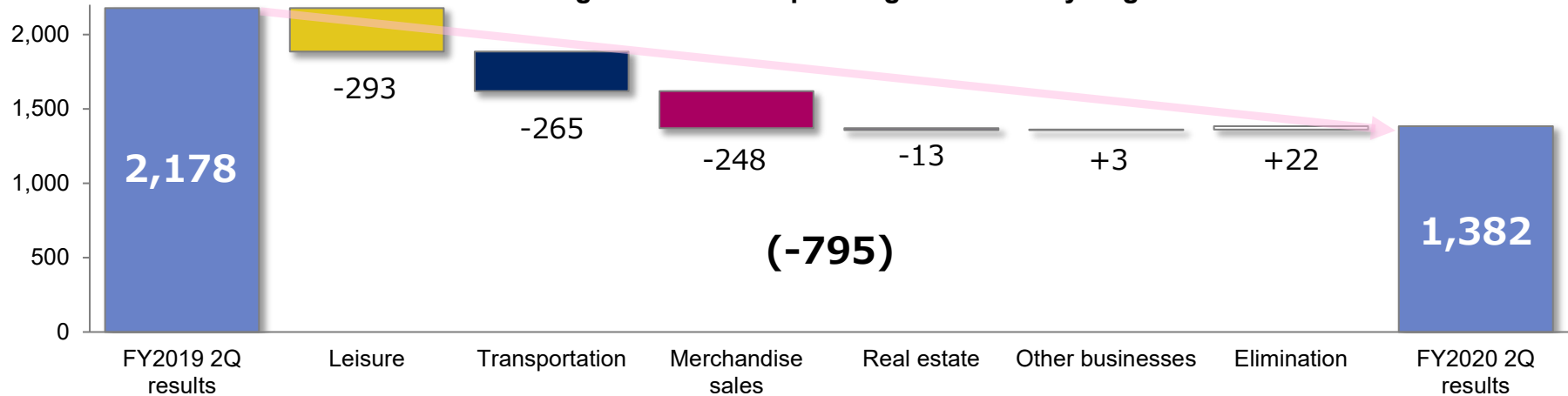
(Operating Revenues / Operating Profit Change Factors)

■ Operating revenues down 795 hmy year-on-year owing to decreased revenue in each segment except other businesses.

■ Operating profit down 404 hmy year-on-year owing to decreased profit in all segments.

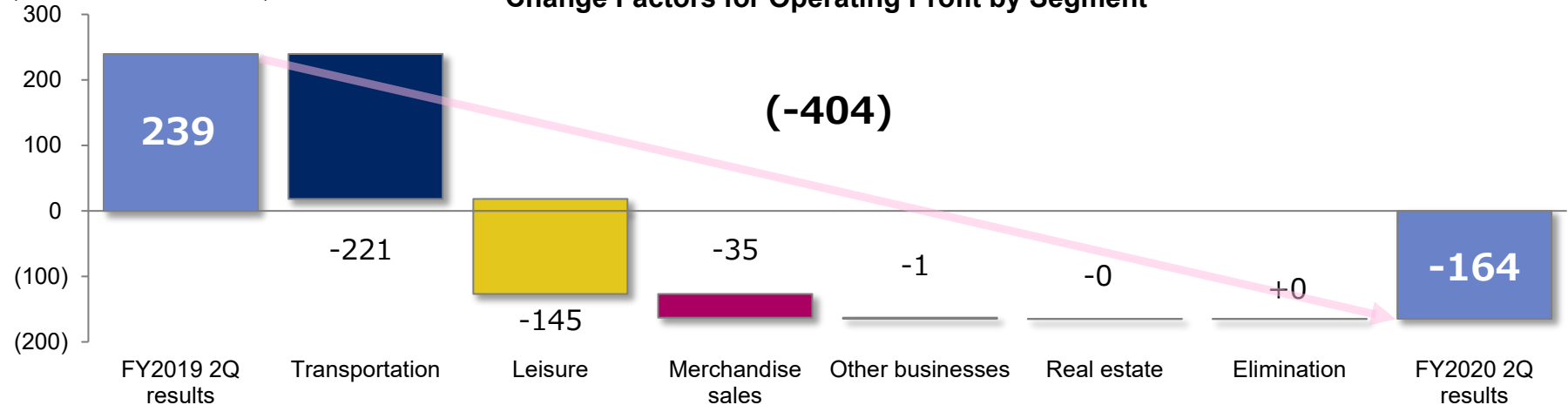
(Units: ¥ hundred million)

Change Factors for Operating Revenues by Segment



(Units: ¥ hundred million)

Change Factors for Operating Profit by Segment



3. Consolidated Financial Position

- In addition to issuance of 300 hmy in commercial paper (140 hmy redeemed out of 440 hmy total) and 400 hmy in corporate bonds*, cash on hand increased through borrowings.
- Equity ratio stayed around 40%, **for highly sound financial position.**

(Units: ¥ hundred million)

	FY2019 result	FY2020 2nd quarter result	Change
Total Assets	8,766	9,165	398
Liabilities	5,032	5,630	598
Net Assets	3,734	3,534	-200
Interest-Bearing Debt	3,295	4,075	780
Equity Ratio	42.6%	38.6%	-4.0P

*Obtained AA rating from Japan Credit Rating Agency

II. Current Situation and FY2020 Full-Year Earnings Forecasts

1. Most Recent Trends in Main Businesses
2. Consolidated Earnings Forecasts
3. Earnings Forecasts by Segment and Assumptions
(Reference) Railways Transportation Results

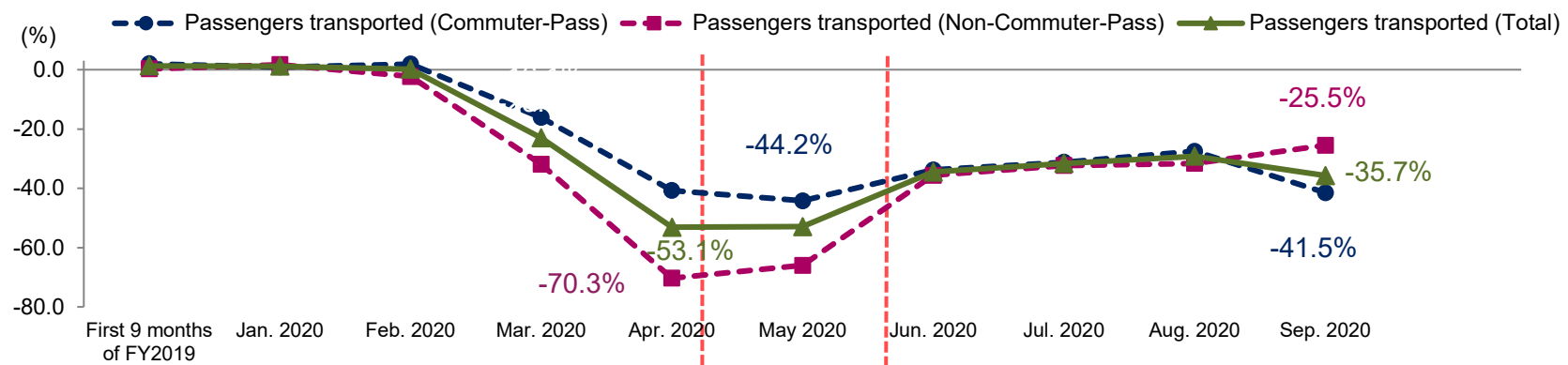
1. Most Recent Trends in Main Businesses

■ Gentle recovery since lifting of state of emergency.

YoY trend in railways business

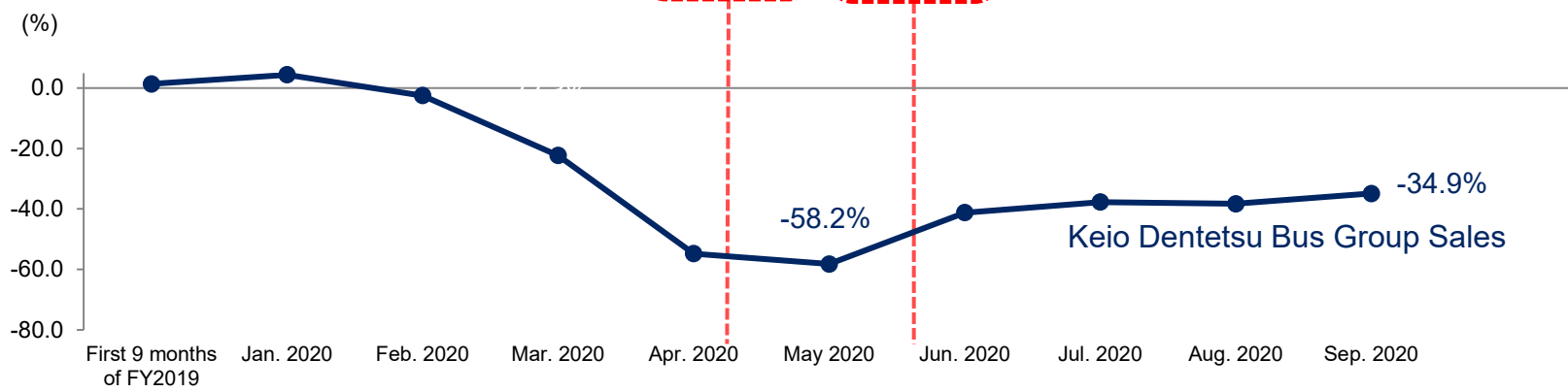
(Passengers transported)

*September data includes decrease due to adverse impact of last minute purchasing of commuter passes prior to tax hike in previous year.



YoY trend in bus services

(Sales)



Apr 7 Declaration of state of emergency (7 prefectures)

May 25 Lifting of state of emergency (nationwide)

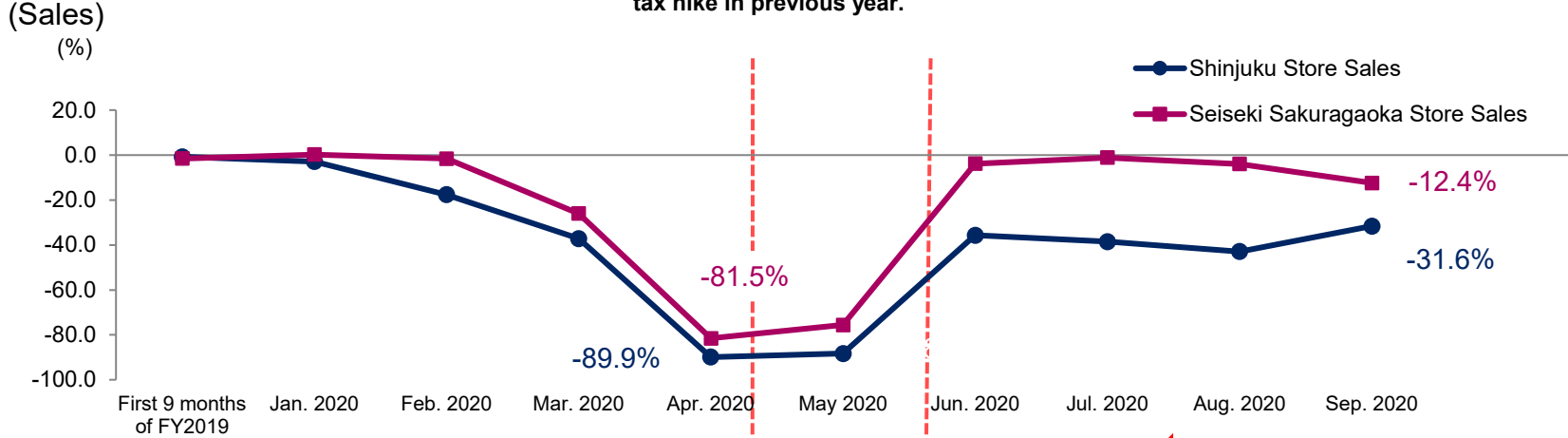
Keio Dentetsu Bus Group Sales

1. Most Recent Trends in Main Businesses

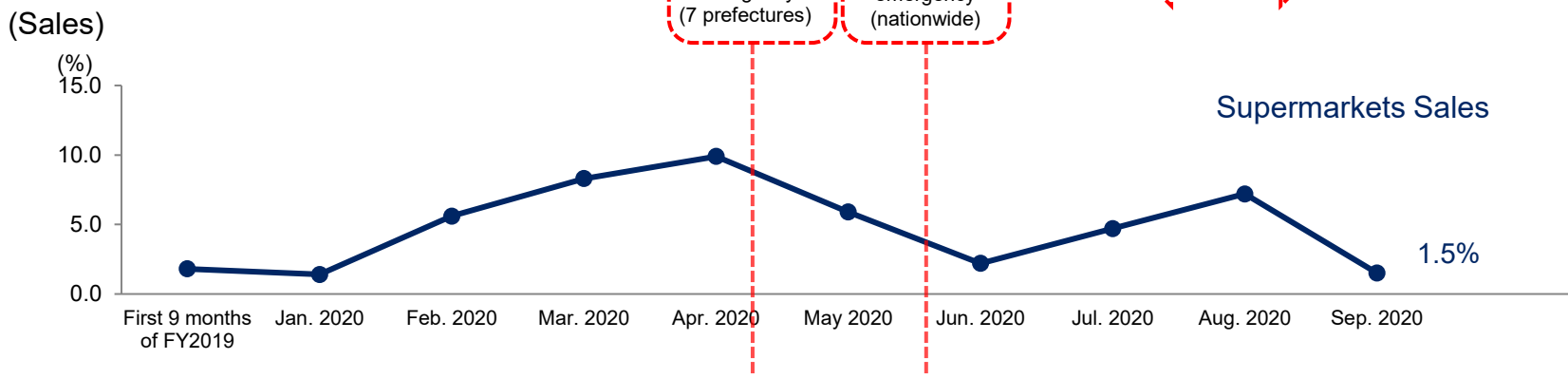
- In department stores business, impact continued at Shinjuku store due to infection trends in Tokyo, but Seiseki Sakuragaoka store showed relatively steady recovery.
- Sales in supermarkets business higher than previous year's level driven by daily commodities.

YoY trend in department stores

*September data includes decrease due to adverse impact of last minute purchasing prior to tax hike in previous year.



YoY trend in retail stores



Apr 7
Declaration of
state of
emergency
(7 prefectures)

May 25
Lifting of the
state of
emergency
(nationwide)

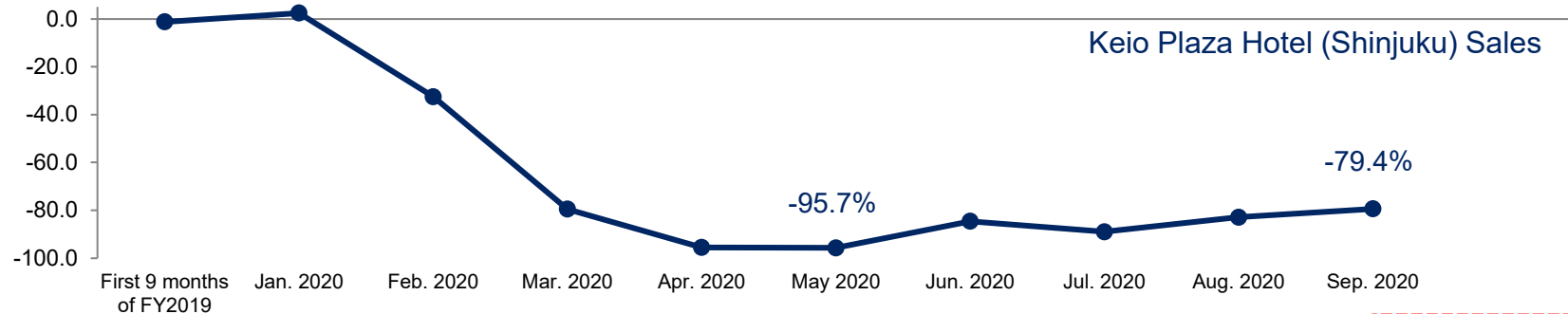
New positive cases
increase in Tokyo

1. Most Recent Trends in Main Businesses

- Difficult circumstances have continued most recently due to sharp decline in number of foreign tourists to Japan, but we will address changes in environment in 2nd half and beyond.

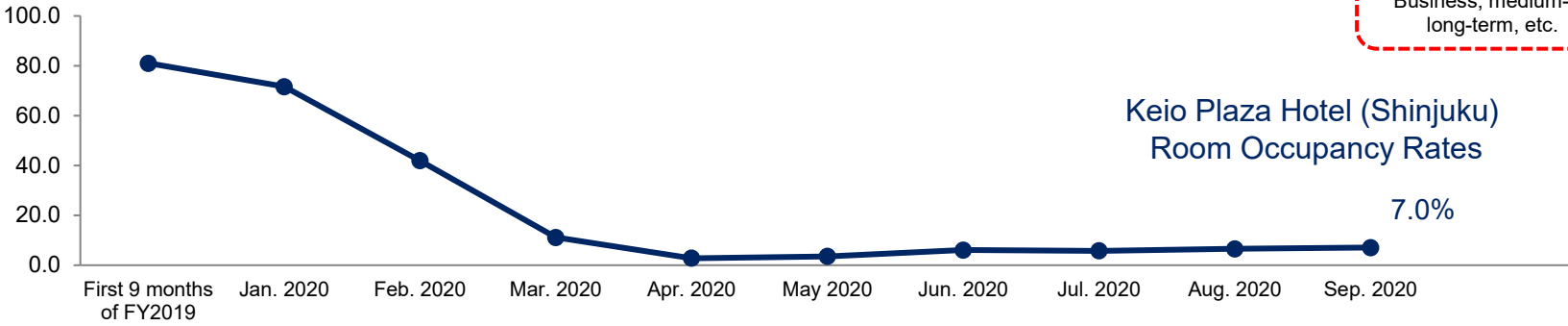
YoY trend in hotels business

(Sales)
(%)



Room Occupancy Rate Trends in hotels business

(%)



2. Consolidated Earnings Forecasts

- Calculated based on assumption that most recent trends in business environment will continue.
- Expecting operating revenues of 3,250 hmy, operating loss of 250 hmy, and net loss attributable to owners of parent of 280 hmy.

(Units: ¥ hundred million)

	FY2019 result	FY2020 forecast	YOY change
Operating Revenues	4,336	3,250	-1,086
Operating Profit	360	-250	-610
Ordinary Profit	346	-230	-576
Profit Attributable to Owners of Parent	178	-280	-458
EBITDA	722	104	-618
Depreciation and Amortization	358	349	-9
Capital Expenditures	566	414	-152

3. Earnings Forecasts by Segment and Assumptions

- Assuming most recent trends in business environment will continue.
- Inbound demand not expected to recover during FY2020.
- Non-essential, non-urgent expenses to be carefully reviewed group-wide to cut around 137 hmy in full-year expenses.

(Units: ¥ hundred million)

	FY2020 Full-Year Earnings Forecasts (YoY change)				Assumptions
	Operating Revenues (Change)		Operating Profit (Change)		
Transportation	906	(-390)	-178	(-311)	Passengers transported down 20-30% in both railways and bus services
Merchandise sales	1,291	(-330)	-12	(-56)	Gradual recovery of domestic consumption to continue (Department stores) Shut-in demand to set in and come into equilibrium (Supermarkets)
Real estate	464	(+10)	91	(-0)	
Leisure	338	(-402)	-189	(-232)	Difficult situation to continue, but results to gradually recover by seizing opportunities such as Go To campaign (Hotels) Keio Plaza Hotel (Shinjuku) room occupancy rates to be in 20% range as of end of year and around 60% in Sapporo area
Other businesses	647	(-23)	46	(-11)	
Total	3,250	(-1,086)	-250	(-610)	

(Reference) Railways Transportation Results

(Units: Thousands of People, ¥ million)

		FY2019 result	FY2020 forecast	Change (%)	
Passengers Transported	Commuter-Pass	404,751	291,038	- 113,713	(- 28.1)
	(Business)	312,585	243,465	- 69,120	(- 22.1)
	(Student)	92,166	47,573	- 44,593	(- 48.4)
	Non-Commuter-Pass	267,814	170,665	- 97,149	(- 36.3)
	Total	672,565	461,703	- 210,862	(- 31.4)
Passenger Revenues	Commuter-Pass	35,866	26,701	- 9,165	(- 25.6)
	(Business)	32,356	24,926	- 7,430	(- 23.0)
	(Student)	3,510	1,775	- 1,735	(- 49.4)
	Non-Commuter-Pass	44,801	28,161	- 16,639	(- 37.1)
	Total	80,668	54,863	- 25,805	(- 32.0)

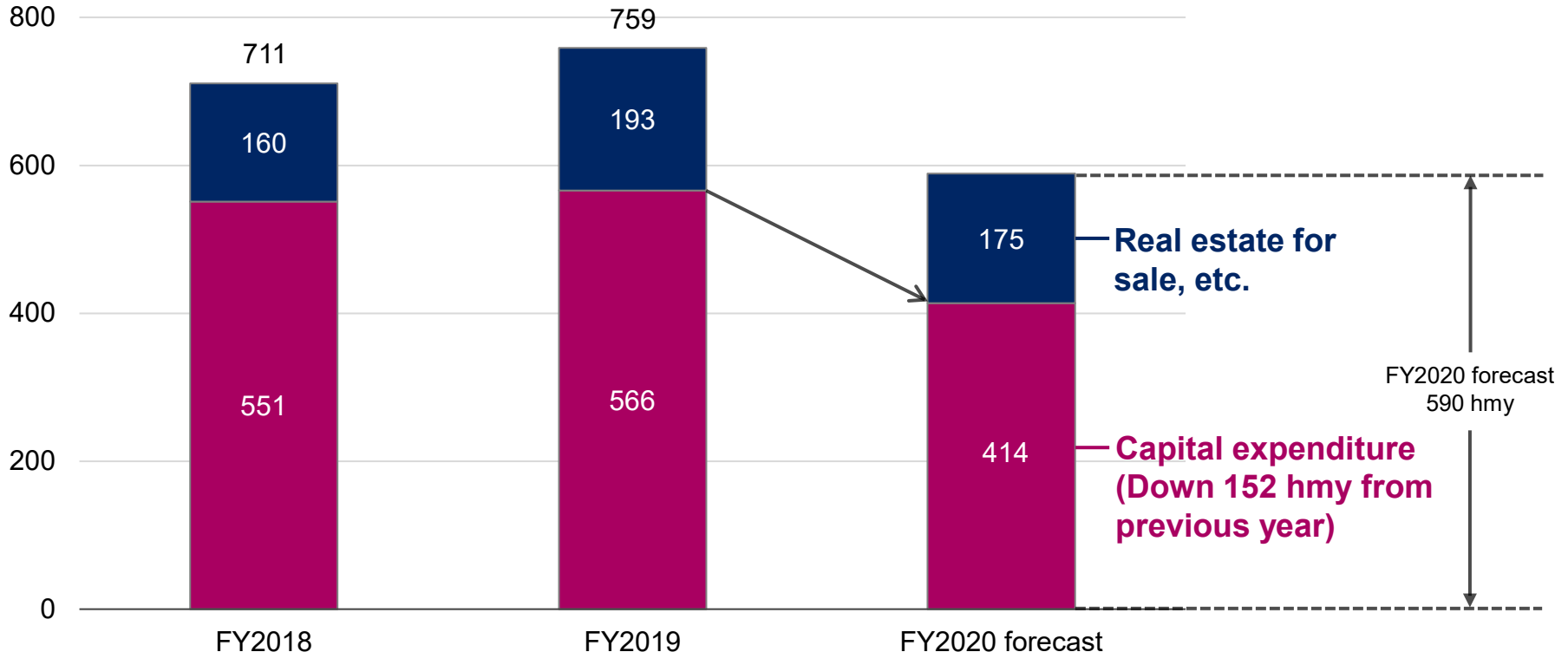
III. Investments and Dividends

1. Investment Forecast
2. Dividend Forecast

1. Investment Forecast

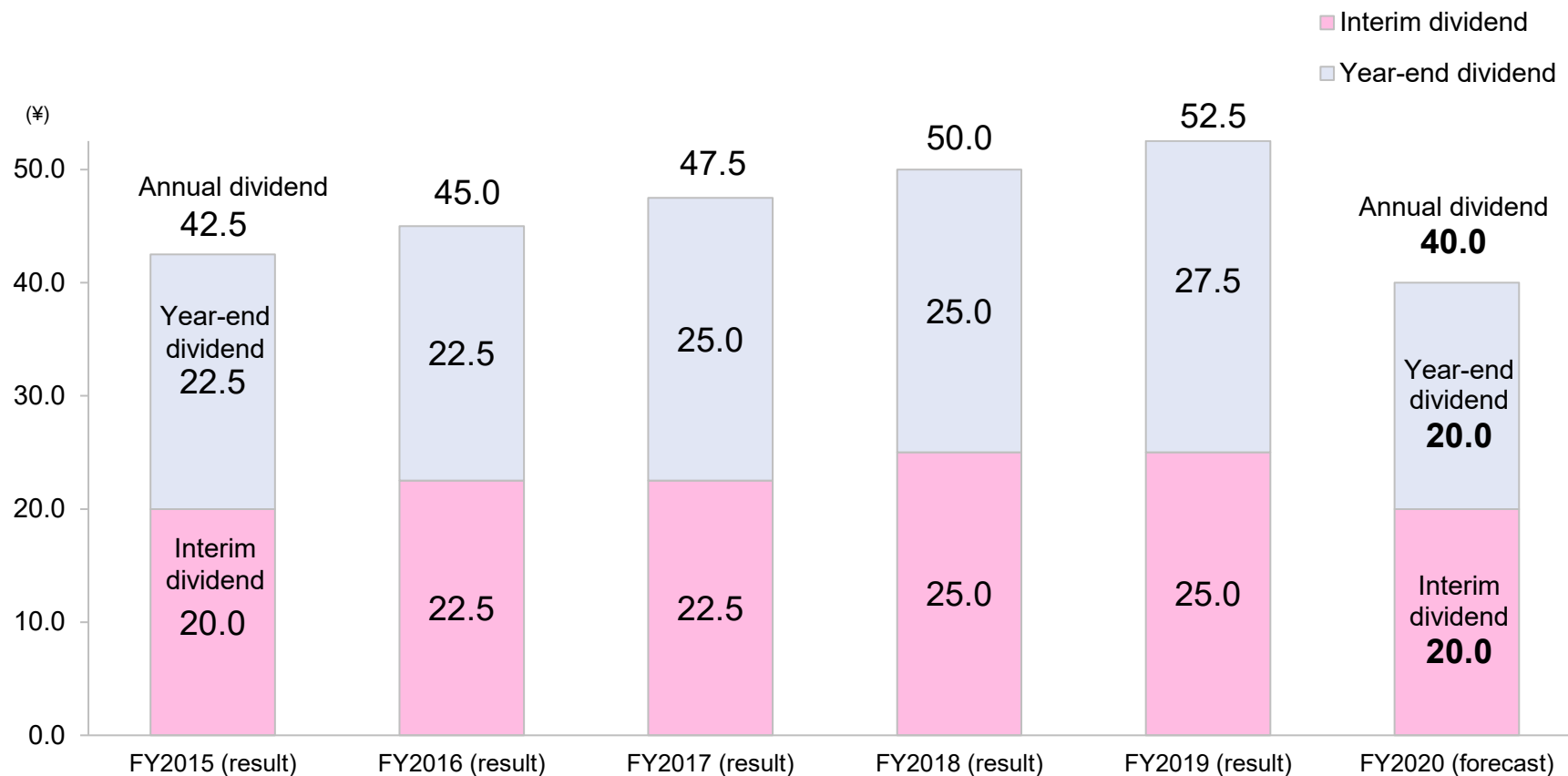
- **Capital expenditures of 414 hmy (down 152 hmy from previous year).**
- Will continue to invest in real estate for sale, etc. expected to contribute early to profits.
- Provide necessary support to existing businesses in preparation for post-COVID-19 environment, and if new investment opportunities are discovered, consider investing even if not in plan.

(Units: ¥ hundred million)



2. Dividend Forecast

■ Annual dividend per share will be 40.0 yen (down 12.5 yen from previous year).



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

IV. Our COVID-19 Response

1. Action Policy
2. Phase 1 Initial Response
3. Phase 2 Actions Throughout FY2020
4. Phase 3 Preparing for Post-COVID-19 Situation

1. Action Policy

Spread of COVID-19 has severely impacted performance

Phase 1 (Initial Response)

Protect customers, employees, etc. in response to declaration of state of emergency

Phase 2 (Actions Throughout FY2020)

Implement various measures to restore performance in FY2020 while promoting processes to gain control (of COVID-19 situation)

Social lives and values could change drastically as result of COVID-19

Phase 3 (Preparing for Post-COVID-19 Situation)

Establish new strategies addressing changes in aim of sustainable growth

2. Phase 1 Initial Response

Spread of COVID-19 has severely impacted performance

Rapid decline in number of foreign tourists to Japan
Sluggish domestic consumer spending due to voluntarily staying at home



Substantial decline in revenue in transportation, merchandise sales, and leisure businesses

Top priority on safe and reliable business operations

Phase 1 Initial Response

Secure lifelines

Operate railways, bus services, and other important social infrastructure businesses as well as retail stores and other businesses essential for daily life with proper measures to prevent spread of infection and secure daily life of customers

Strengthen crisis management system

Some changes made to operational organization (General Affairs/Crisis Management Dept.) to ensure swift response to serious crises affecting business management such as spread of COVID-19

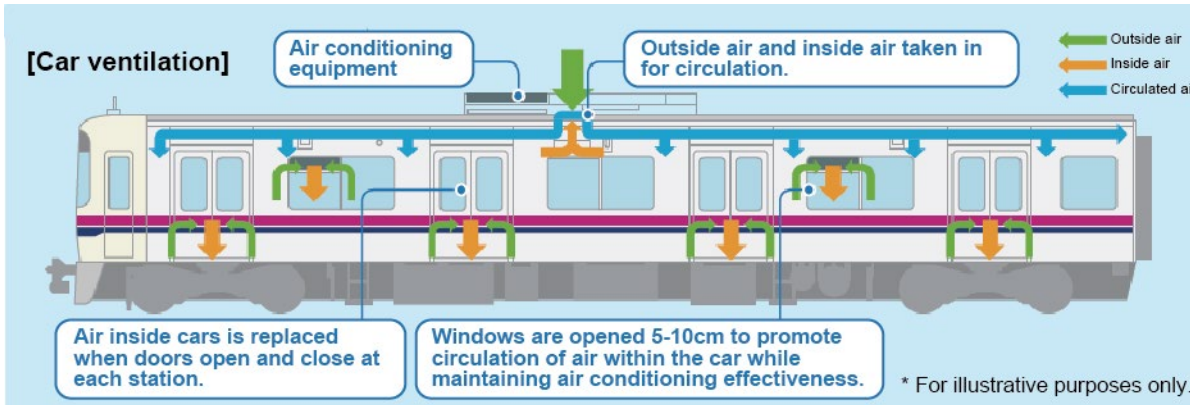
Fundraising

Cash on hand increased (850 hmy) through swift fundraising to ensure readiness to respond to immediate capital requirements

2. Phase 1 Initial Response (Phase 1 Initiatives)

Railways Initiatives to provide customers with peace of mind

- Open windows for car ventilation and use air conditioning to bring in outside air.



- Use antiviral/antibacterial treatment on all cars on Keio Line and Inokashira Line.



Initiatives at retail stores

- Suspend sales of unpackaged deli and bakery products and sell in individual packaging.



Initiatives in lifestyle support services (mobile sales)

- Post signs requesting mask wearing and social distancing, disinfect shopping baskets and handles on refrigerated showcases, etc.



3. Phase 2 Actions Throughout FY2020

Implement various measures for recovery

Reduction of nonessential, nonurgent costs

Thoroughly reduce nonessential, nonurgent expenses such as advertising and reduce cash outflow

Reduction of capital expenditures

Reduce capital expenditures by 152 hmy compared to previous year by carefully reviewing content

Safety and reliability

Provide reliable services
Quickly and constantly address safety and hygiene on railways, bus services, etc.

Measures to increase revenue

Focus on keeping customers, implementing ideas at every job site
Steadily seize opportunities such as Go To campaign, and continue working toward recovery

3. Phase 2 Actions Throughout FY2020 (Phase 2 Initiatives)

Initiatives based on customer usage trends in train operations

- Actively promote staggered working hours and other off-peak usage to avoid congestion.
Provide rush hour customer usage status on our website.
- Revise Keio Line timetable on Oct. 30.
 - Increase number of Keio Liners on weekday evenings (6pm-8pm)
 - Convert 2 special weekday morning Keio Liners to regular operations
 - Reduce time spent on local trains waiting for express trains to pass between 10 and 11 pm, reduce time required to get to Chofu, etc.



Keio Dentetsu Bus Group initiatives

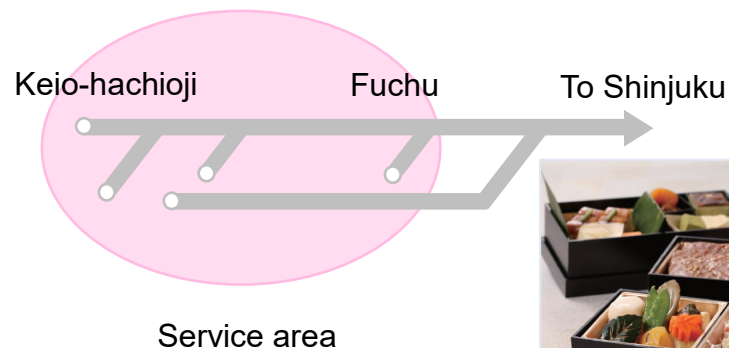
- Work on efficient highway bus operations based on demand and sell products planned in-house such as winery tours on charter buses based on recovery trend in pleasure demand from Go To campaign.



Implement efficient operations based on demand

Launch of Keio Taxi food delivery service

- Expand service to Keio Plaza Hotel Hachioji, Ukai Chikutei, Hachioji Ukai-tei, etc. starting on Oct. 1.



3. Phase 2 Actions Throughout FY2020 (Phase 2 Initiatives)

Hold Autumn in Hokkaido Expo at Keio Department Store Sept. 2-15 while implementing measures to prevent spread of COVID-19

- Hold while implementing sufficient measures to prevent spread of COVID-19 based on customer feedback and situation at trading partners impacted by decrease in tourism demand and product exhibitions, etc.
- Main measures to prevent viral spread.
 - Install entry/exit gates at venue and restrict entry/distribute numbered tickets during busy times
 - Reduce number of stores by around 30%, close rest areas, and increase width of passageways
 - Focus on take-out products, have only 1 eat-in store (usually 3)
 - Sell products from Hokkaido Expo via Keio online shop as well



Disinfectant and notice of entry restrictions at entrance

Revitalization of lodging/tourism demand with Go To campaign

- **Room occupancy rates slowly improving** at hotels, primarily hotels outside of Tokyo where campaign was begun early.
- **Transaction amounts recovering** in Travel Services as well with addition of Tokyo arrivals and departures on Oct. 1.
- Go To campaign plans for Keio Group hotels introduced on Keio website to coordinate within Group and capture demand.



Introduction on Keio website

3. Phase 2 Actions Throughout FY2020 (Phase 2 Initiatives)

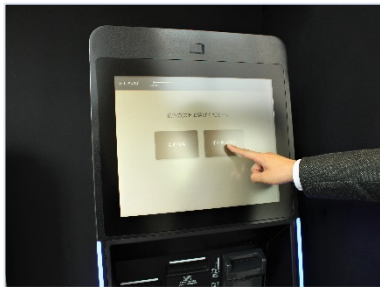
Implement services at hotels addressing new lifestyles

■ Lodging

- Improve flexibility of lodging plans, including day use and extended stays.
- Convert some guest rooms into rental offices.
- Launch contactless self check-in.



Private rental office at Keio Prelia Hotel Sapporo Bed, couch, etc. removed and replaced with special office furniture and equipment.



Self check-in at Keio Prelia Hotel Sapporo

■ Restaurant (Buffet restaurant)

Further improve safety, peace of mind, and taste by providing new menu, implementing thorough measures to prevent viral spread, etc.



Requests for customers at Keio Prelia Hotel Sapporo

Resume operations at Keio Plaza Hotel (Shinjuku) Glass Court

Provide new buffet style with thorough measures for safety and peace of mind, maintaining concept of freshly cooked dishes, dynamically appealing to the five senses, and all you want of your favorite items.



Glass Court buffet

3. Phase 2 Actions Throughout FY2020 (Phase 2 Initiatives)

Implement services at hotels addressing new lifestyles

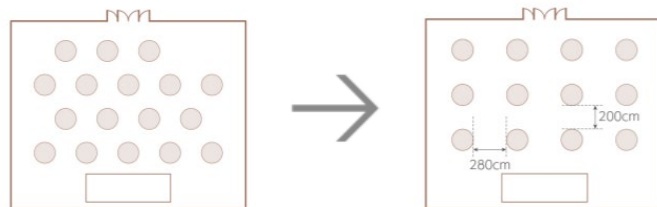
■ Banquet

Propose wide range of uses for banquet halls, including thorough measures to prevent viral spread and support for remote meetings.



Keio Plaza Hotel (Shinjuku)
banquet hall

<Layout for biggest capacity> <Recommended layout>



Keio Plaza Hotel (Shinjuku)
Example layout for social distancing



New wing of Takayama Green
Hotel, Ohrinkaku banquet hall

Initiatives at members-only satellite office KEIO BIZ PLAZA

■ Increased number of booths

Increased number of booths, which are quiet places to concentrate and in high demand from customers, from 9 to 17 and added desk partitions to tables to provide comfortable working environment.

■ Mutual use of Keio Plaza Hotel Tama

Selling KBP Day Use plan allowing KEIO BIZ PLAZA customers to use guest rooms at Keio Plaza Hotel Tama and Workation plan allowing Keio Plaza Hotel Tama guests to use KEIO BIZ PLAZA.



Booths

IV. Our COVID-19 Response

4. Phase 3 Preparing for Post-COVID-19 Situation (Envisioned Post-COVID-19 Environment)

Social lives and values could change drastically as result of COVID-19

Changes in social lives

Decrease in demand for conventional transportation is unavoidable

- Fewer opportunities to travel and shift to mobile-oriented lifestyle with spread of social distancing
- Various online options such as telecommuting expected to take root
- Declining trend in base population to continue

Changes in business style

Safety and security first values and work styles and lifestyles with increased flexibility

- Transition to telecommuting, small offices, and distributed offices from large, one-floor offices in downtown areas
- Work styles and lifestyles created on individual basis as limitations of time and location are removed

Changes in spending styles

Increased importance of e-commerce with mostly digital-based customer contact

- Form of consumption will shift further from physical stores to e-commerce
- Meanwhile, what used to be normal shopping at physical stores will become precious diversion

Changes in markets

Arrival of new investment opportunities

- Various investment markets will become more securitized in response to needs related to fundraising, portfolio changes, etc.
- Shift from urban concentration to decentralized model with rural areas and suburbs (real estate prices will also change)

4. Phase 3 Preparing for Post-COVID-19 Situation (Recognition of Medium- to Long-Term Challenges)

Establish new strategies addressing changes in aim of sustainable growth

Creation of new transportation demand

- Create demand during off-peak hours
- Promote travel within sphere of life
- Promote compact cities
- Address new work styles (satellite office, etc.)
- MaaS initiatives

Review of service standard addressing “new normal” post-COVID-19

- Flexible timetables based on lifestyles
- Enhancement of home delivery and e-commerce
- Promotion of IT in customer contact points

Review of revenue structure for post-COVID- 19 environment

- Review of cost structure/operations
- Optimize products and services according to demand

Strengthening of profit drivers

- Strengthen real estate
- Expand profit in BtoB domain

Steady promotion of future-oriented businesses

- Construction of grade and elevated sections along Keio Line
- Redevelopment project in Shinjuku Station area

Bring Keio Group together for active efforts in aim of giving shape to and promoting strategies within management plan for next year and beyond

V. Reference Material

1. FY2020 2nd Quarter Results
2. Overview by Segment
3. Segment Information: Transportation
4. Segment Information: Merchandise Sales
5. Segment Information: Real Estate
6. Segment Information: Leisure
7. Segment Information: Other Businesses
8. Consolidated Balance Sheets and Consolidated Statements of Cash Flows
9. Remaining a Sustainable Company

1. FY2020 2nd Quarter Results

(Units: ¥ hundred million)

	FY2020 2nd Quarter Earnings		
	FY2019 2Q result	FY2020 2Q result	Change (%)
Operating Revenues	2,178	1,382	- 795 (- 36.5)
Operating Profit	239	- 164	- 404 (—)
Ordinary Profit	230	- 158	- 389 (—)
Profit Attributable to Owners of Parent	159	- 135	- 294 (—)
EBITDA	417	8	- 408 (- 97.9)
Depreciation and Amortization	175	171	- 4 (- 2.6)
Capital Expenditures	152	116	- 35 (- 23.4)

Note: EBITDA is operating profit + depreciation and amortization + amortization of goodwill

2. Overview by Segment

(Units: ¥ hundred million)

	Operating Revenues			Operating Profit		
	FY2019 2Q results	FY2020 2Q result	Change (%)	FY2019 2Q results	FY2020 2Q result	Change (%)
Transportation Total of 16 companies	675	409	- 265 (- 39.4)	114	- 106	- 221 (—)
Merchandise Sales Total of 8 companies	820	571	- 248 (- 30.3)	25	- 10	- 35 (—)
Real Estate Total of 6 companies	208	194	- 13 (- 6.7)	49	49	- 0 (- 0.9)
Leisure Total of 10 companies	388	94	- 293 (- 75.6)	33	- 111	- 145 (—)
Other Businesses Total of 12 companies	257	260	3 (1.4)	16	14	- 1 (- 10.7)
Elimination	- 170	- 148	22 —	- 0	- 0	0 —
Consolidated Total of 49 companies	2,178	1,382	- 795 (- 36.5)	239	- 164	- 404 (—)

*Results from Keio Corporation and Keio Juuki Seibi are recorded under multiple business segments.

*Keio Bus Higashi Co., Ltd., Keio Bus Minami Co., Ltd., and Keio Bus Chuo Co., Ltd. were merged as of October 1, 2020, and the name was changed to Keio Bus Co., Ltd.

3. Segment Information: Transportation

(Units: ¥ hundred million)

	FY2020 2nd Quarter Earnings		
	FY2019 2Q result	FY2020 2Q result	Change (%)
Operating Revenues	675	409	- 265 (- 39.4)
(Railways)	441	269	- 171 (- 38.8)
(Bus Services)	188	118	- 69 (- 37.1)
(Taxi Services)	61	38	- 23 (- 37.9)
(Other)	12	10	- 2 (- 18.0)
(Elimination)	- 29	- 28	1 (—)
Operating Profit	114	- 106	- 221 (—)
(Railways)	85	- 63	- 149 (—)
(Bus Services)	25	- 32	- 58 (—)
EBITDA	223	- 2	- 226 (—)
Depreciation and Amortization	109	104	- 5 (- 4.6)
Capital Expenditures	64	62	- 2 (- 3.8)

3. Segment Information: Transportation

Railways Transportation Results

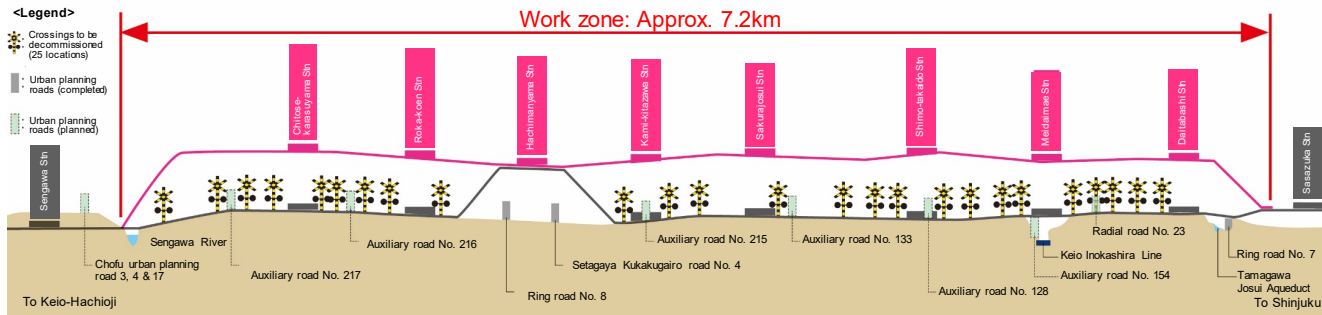
(Units: Thousands of People, ¥ million)

		FY2020 2nd Quarter Results		
		FY2019 2Q result	FY2020 2Q result	Change (%)
Passengers Transported	Commuter-Pass	212,689	134,619	- 78,070 (- 36.7)
	(Business)	160,081	118,071	- 42,010 (- 26.2)
	(Student)	52,608	16,548	- 36,060 (- 68.5)
	Non-Commuter-Pass	139,226	78,167	- 61,059 (- 43.9)
	Total	351,915	212,786	- 139,129 (- 39.5)
Passenger Revenues	Commuter-Pass	18,655	12,666	- 5,988 (- 32.1)
	(Business)	16,643	12,060	- 4,582 (- 27.5)
	(Student)	2,012	605	- 1,406 (- 69.9)
	Non-Commuter-Pass	23,404	12,719	- 10,684 (- 45.7)
	Total	42,059	25,385	- 16,673 (- 39.6)

3. Segment Information: Transportation Initiatives This Year

Drive Forward on Construction of Grade and Elevated Sections Along Keio Line

- Elevating roughly 7.2km section of Keio Line between Sasazuka and Sengawa stations and removing grade crossings in 25 places.
- Purchasing land and building elevated sections in FY2020.



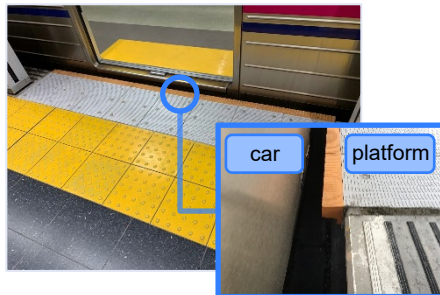
Construction progress

Platform Safety

- Install platform doors and perform work to reduce gap between platform and car.



Installation of platform doors (Tobitakyu Station)



Installation of rubber to prevent falls (Shinjuku, Chofu, and Tobitakyu Stations)

Service Improvements

- Shinjuku Station renovation (Keio New Line ticket gate)
- Sengawa Station renovation



New elevator outside ticket gate



New ticket gate at store exit

4. Segment Information: Merchandise Sales

(Units: ¥ hundred million)

	FY2020 2nd Quarter Earnings		
	FY2019 2Q result	FY2020 2Q result	Change (%)
Operating Revenues	820	571	- 248 (- 30.3)
(Department Stores)	439	214	- 224 (- 51.2)
(Retail Stores)	252	248	- 3 (- 1.4)
(Retail Stores for Books)	29	28	- 1 (- 3.8)
(Shopping Centers)	73	63	- 9 (- 13.4)
(Other)	59	45	- 14 (- 24.7)
(Elimination)	- 33	- 28	5 (—)
Operating Profit	25	- 10	- 35 (—)
(Department Stores)	2	- 33	- 36 (—)
(Retail Stores)	4	8	4 (105.3)
EBITDA	45	8	- 37 (- 82.3)
Depreciation and Amortization	19	18	- 1 (- 8.2)
Capital Expenditures	12	8	- 4 (- 34.2)

4. Segment Information: Merchandise Sales Initiatives This Year

Reopening of 1st floor at Frente Sasazuka after renovation

- 7 new stores opened on 1st floor based on concept of a place to relax and be oneself.
- In addition to opening new fruit, fish, and meat specialty stores, Sakana (an everyday dish store) was relocated near the entrance next to the ticket gate, and the SEIJO ISHII sales floor was expanded in the aim of becoming a commercial complex even more suited to everyday use and increasing profitability.



Frente Sasazuka entrance



Illustration of front of Sakanaya Shun fish store



5. Segment Information: Real Estate

(Units: ¥ hundred million)

	FY2020 2nd Quarter Earnings		
	FY2019 2Q result	FY2020 2Q result	Change (%)
Operating Revenues	208	194	- 13 (- 6.7)
(Land and Building Leasing)	184	181	- 3 (- 1.7)
(Development for Selling by Lots)	75	54	- 21 (- 27.7)
(Other)	13	9	- 3 (- 28.3)
(Elimination)	- 65	- 51	14 (—)
Operating Profit	49	49	- 0 (- 0.9)
(Land and Building Leasing)	54	53	- 1 (- 2.9)
(Development for Selling by Lots)	6	2	- 4 (- 60.9)
EBITDA	74	74	0 (0.4)
Depreciation and Amortization	22	23	0 (3.1)
Capital Expenditures	29	5	- 24 (- 81.9)

5. Segment Information: Real Estate Initiatives This Year

Initiatives in ReBITA renovated homes business

- Upper income market performing well, owing in part to increased demand for enriching time at home. Number of people coming for showings at Opus Arisugawa has returned to pre-COVID-19 levels. Proposing lifestyles for enjoying oneself without going out.
- Sales also favorable at RENOA Kita-akabane, a large condominium complex with 147 units. New time share store and other facilities opened on 1st floor to foster connections with community. Move-ins to start in October.



Opus Arisugawa
Location: Minami-Azabu,
Minato-ku, Tokyo



RENOA Kita-akabane
Location: Ukima, Kita-ku,
Tokyo

THE SHARE HOTELS development and new services

- KAIKA Tokyo, location No. 8 of THE SHARE HOTELS (renovated hotels that share new local appeal), held its grand opening on Jul.15.
- Day use plans and other plans supporting telecommuting sold at existing locations (some locations excluded).
- Selected as No. 1 “Glad I Stayed There” hotel chain in 2019 Jalan Hotel Chain Rankings.
(Less than 15,000 yen for couples/spouses)

THE SHARE HOTELS (8 locations 460 rooms)

Name	No. of rooms	Opening date
HATCHi Kanazawa	68	March 2016
LYURO Tokyo Kiyosumi	53	March 2017
HakoBA Hakodate	65	May 2017
KUMU Kanazawa	47	August 2017
RAKURO Kyoto	56	May 2018
TSUGU Kyoto Sanjo	49	May 2019
KIRO Hiroshima	49	September 2019
KAIKA Tokyo	73	March 2020

*Each dormitory bed counted as one room. KAIKA Tokyo pre-opening held in March 2020.

6. Segment Information: Leisure

(Units: ¥ hundred million)

	FY2020 2nd Quarter Earnings		
	FY2019 2Q result	FY2020 2Q result	Change (%)
Operating Revenues	388	94	- 293 (- 75.6)
(Hotels)	274	90	- 183 (- 66.9)
(Travel Services)	78	6	- 71 (- 91.0)
(Advertising Services)	56	33	- 22 (- 39.7)
(Other)	34	18	- 16 (- 46.9)
(Elimination)	- 55	- 55	- 0 (—)
Operating Profit	33	- 111	- 145 (—)
(Hotels)	31	- 93	- 124 (—)
EBITDA	56	- 87	- 143 (—)
Depreciation and Amortization	23	24	0 (4.1)
Capital Expenditures	27	18	- 9 (- 34.4)

6. Segment Information: Leisure Initiatives This Year

Opening of new Ohrinkaku wing at Takayama Green Hotel

- In April 2020, Takayama Green Hotel was made a consolidated subsidiary.
- New Ohrinkaku wing with guest rooms, restaurants, and banquet halls opened on June 17, 2020.

Takayama Green Hotel



Opening date: July 1973

Location: Takayama City, Gifu

No. of rooms: 189

(Ohrinkaku: 101, Tenryokaku: 88)

Adjoining facilities: Restaurants, banquet halls, large communal bath, etc.

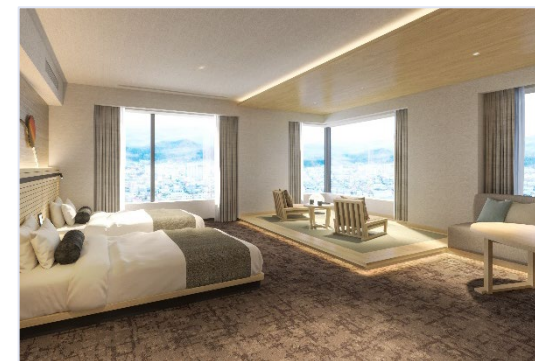


Dining Marche Green Court buffet-style restaurant



Left: New Ohrinkaku wing

Right: Tenryokaku



Guest room in new Ohrinkaku wing (premiere Japanese-Western hybrid suite)

7. Segment Information: Other Businesses

(Units: ¥ hundred million)

	FY2020 2nd Quarter Earnings		
	FY2019 2Q result	FY2020 2Q result	Change (%)
Operating Revenues	257	260	3 (1.4)
(Building Maintenance)	115	116	1 (1.2)
(Railway Car Maintenance)	40	36	-3 (-9.2)
(Construction)	66	67	0 (0.8)
(Other)	44	41	-2 (-5.2)
(Elimination)	-9	-1	7 (—)
Operating Profit	16	14	-1 (-10.7)
EBITDA	18	17	-1 (-7.0)
Depreciation and Amortization	2	2	0 (22.6)
Capital Expenditures	0	1	1 (316.9)

8. Consolidated Balance Sheets and Consolidated Statements of Cash Flows

Consolidated balance sheets

(Units: ¥ hundred million)

	FY2019 result	FY2020 2nd quarter result	Change	Change factors
Total Assets	8,766	9,165	398	Expansion of cash on hand, etc.
Liabilities	5,032	5,630	598	Issuance of commercial paper and corporate bonds, etc.
Net Assets	3,734	3,534	- 200	Recording of net loss attributable to owners of parent, etc.
Total Liabilities and Net Assets	8,766	9,165	398	
Interest-Bearing Debt	3,295	4,075	780	

Note: Interest-bearing debt is loans payable + commercial paper+ bonds payable.

















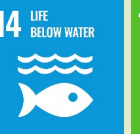




Consolidated statements of cash flows


(Units: ¥ hundred million)

	FY2019 result	FY2020 2nd quarter result	Change	Notes
Net Cash Provided by (used in) Operating Activities	300	- 14	- 315	Decrease in profit before income taxes, etc.
Net Cash Provided by (used in) Investing Activities	- 209	- 197	12	
Net Cash Provided by (used in) Financing Activities	- 85	694	779	Revenue from issuance of corporate bonds, etc.
Cash and Cash Equivalents at End of Period	584	900	316	

9. Remaining a Sustainable Company

- Work on priority themes in safety, society, environment, and governance and promote medium-term goals and action plan.
- Adopt an approach based on sustainable development and contribute to sustainable development of society through business activities.

CSR	Priority Themes	Related SDGs
Safety	Preventing accidents	  
	Disaster mitigation measures	
	Safety measures/measures against age-related deterioration	
Society	Improving customer convenience and comfort	       
	Dialog with customers	
	Creating a railway line for the lifestyles of multiple generations	
	Contributing to local communities	
	Partnering with local communities and governments	
	Utilizing human resources and creating pleasant workplaces	
Initiatives for shareholders, investors, business partners, etc.		
Environment	Aiming for a low-carbon society	      
	Aiming for a society that exists in harmony with nature	
Governance	Corporate governance	  
	Compliance	
	Risk management	
	Information security	



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

