

Annual Report 2023



TOKYO SKYTREE TOWN 10th anniversary event
Kabuki Performance at the top of TOKYO SKYTREE

©TOKYO-SKYTREE TOWN



TOBU RAILWAY CO., LTD.

Management Philosophy and Policy

(1) Tobu Group Management Philosophy

The Tobu Group has set forth the concepts of “dedication,” “enterprising spirit” and “affinity,” as the corner stone for its management.

Dedication: The Tobu Group will contribute to materializing an affluent society based on the profound awareness that all of its businesses are supported by society.

Enterprising spirit: The Tobu Group will keep taking up challenges with a pioneering spirit to pave the way to a new era through constant self-improvement without complacency.

Affinity: The Tobu Group will contribute to the evolution of society by promoting its business as well as the welfare of its employees based on the concept of congeniality among people and harmony with the environment.

(2) Tobu Group Management Policy

The Tobu Group will operate diversified and composite businesses on the basis of safety and security, including “transportation,” “leisure,” “real estate” and “retail distribution” as a corporate group contributing to the development of the areas along its railway lines through businesses that closely support customers’ daily lives.

We will provide innovative and inventive services of high quality based on the customer’s viewpoint, thereby aiming to create attractive destinations full of energy along the Tobu lines, providing the residents with a comfortable lifestyle.

Tobu Group will fulfill its corporate social responsibility through achieving sustainable growth along with local communities, as a corporate group that supports customers’ lives by promoting ecofriendly management while constantly generating profit from its business operations.

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Attention regarding forward-looking statements

The reader is advised that this report contains forward-looking statements, including statements relating to the Company’s future policies and strategies, and estimates of future business development. As opposed to statements of historical fact, these constitute estimates or projections made by the Company’s management on the basis of facts known to them as of the time of writing, and actual results may therefore differ substantially from such statements, due to a wide variety of possible risk factors. Page 12 contains a list of the principal categories of risk to which the Company’s business operations are subject.

Message from the President



In fiscal 2022, the economy showed a gradual recovery as social and economic activities resumed while still taking steps to prevent the spread of infection amid the easing of restrictions on movement that were implemented in response to the COVID-19 pandemic.

In fiscal 2023, while further resumption of social and economic activities is expected, we will actively make efforts to meet customer demand in conjunction with changes in their working styles and lifestyles. We will also do our best to support society and promote further regional development, centering on the social infrastructure that is the railway business.

Since fiscal 2022, the Group has been promoting a medium-term business plan that covers three years. The three priority strategies of the plan are business structure reform and restructuring of the business promotion system, expanding profitability through a new business model, and expanding revenue by promoting businesses that address social challenges as needs.

In light of the recent changes in the business environment, we will strive to achieve our numerical targets as soon as possible by steadily implementing business structure reform and restructuring of the business promotion

system while flexibly implementing measures to expand revenue by taking advantage of the recovery trend in the business environment, aiming to get back on the path to the next stage of growth.

In regard to business structure reform and restructuring of the business promotion system, we are working to strengthen our management structure and improve productivity by working on such efforts as a fundamental review of our business in conjunction with the changes in the business environment and reducing costs and manpower through the utilization of digital technology.

As for expanding profitability through a new business model and expanding revenue by promoting businesses that address social challenges as needs, we will go beyond refining our existing businesses to develop new businesses, tying this into the next stage of growth.

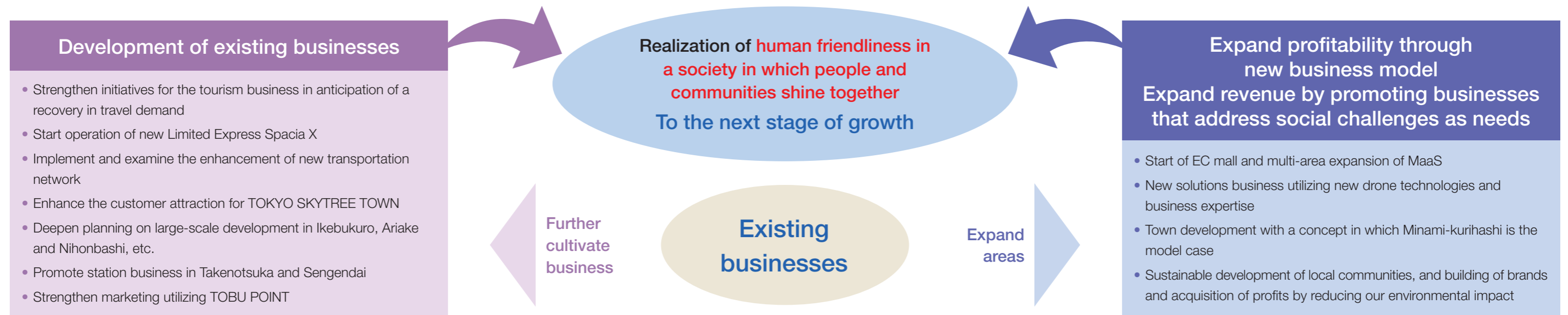
In addition, we will seize the opportunity presented by the recent increase in environmental awareness to create new businesses that address the demand for environmental protection, promote decarbonization of our assets, capture new profit-earning opportunities, and curb costs through energy conservation. In the Nikko area in particular, we will advance our decarbonization initiatives in cooperation with the local community based on the NIKKO MaaS for eco-friendly tourism. At the same time, we will enhance the area’s branding as an eco-resort with the new limited express train Spacia X, which will be put in service in July.

Furthermore, in order to address the increasingly dire situation of a declining birthrate and aging population, the Group is working to improve the environment and enhance programs to make it easier to raise children. We will introduce a program that helps employees develop their careers while raising children and support them in their activities after returning to work from childbirth or childcare. We will also provide a flexible, safe, and comfortable work environment that suits the individual life stages of employees so they can maintain a high level of satisfaction while working.

While leveraging the characteristics and management resources of our railway lines, we will continue to create new value in the future by solving social issues and realizing human friendliness in a society in which people and communities shine together based on mutual support among families and local community members as we aim to become a corporate group that is indispensable to society.

Yutaka Tsuzuki
President and Representative Director

Promotion of the Medium-Term Business Plan

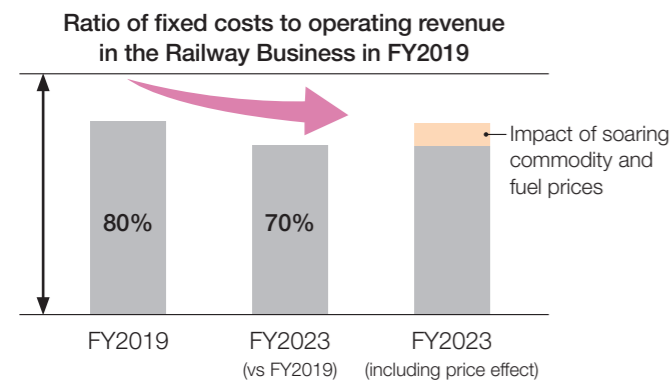


Business structure reform and restructuring of business promotion system (strengthening of management base)

Business Structure Reform and Restructuring of Business Promotion System Main initiatives of the past

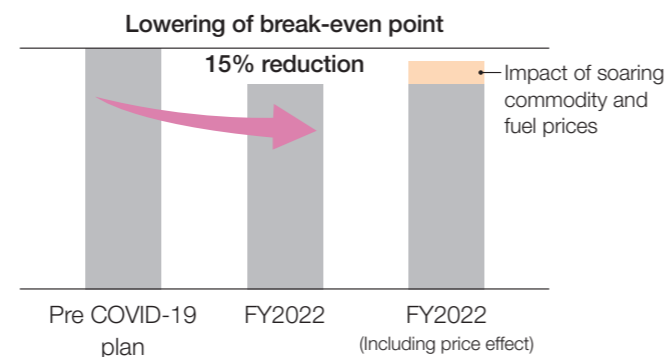
Reduce railway fixed cost ratio

Reduced personnel, rolling stock, and power consumption by around 10% Aiming to achieve fixed cost ratio reduction target early by FY2023 (roughly 70% with FY2019 business environment as reference)



Lower the break-even point of hotel business about 15%

Promote selection and concentration of businesses, reduction of fixed costs, etc. Early achievement of target figure (roughly 15% reduction) in FY2022

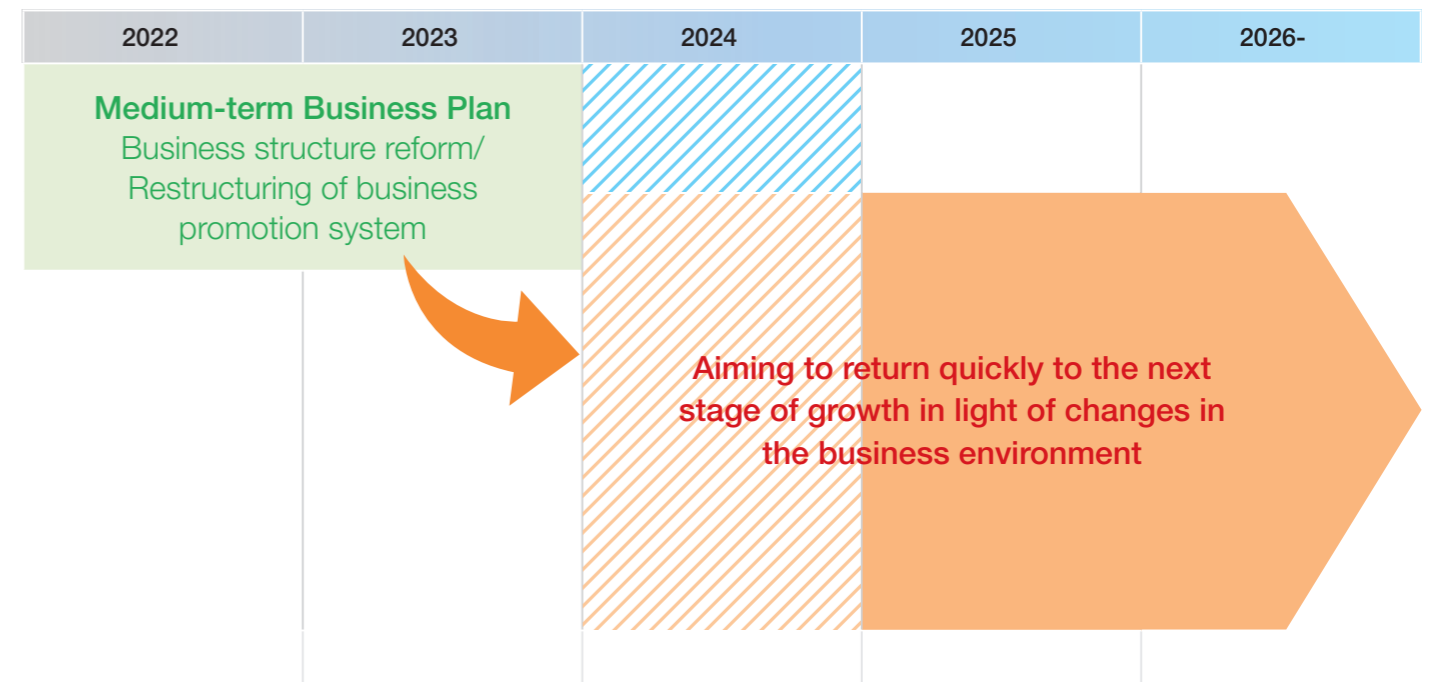


*Full year basis after opening of hotels in FY2020

Reduce personnel at head office by 30%

Achieved reduction of personnel at Tobu Railway Head Office in existing businesses by the end of FY2022 through productivity improvements, etc. Allocated personnel to future growth areas such as the tourism business

Positioning of FY2023 Plan



Policy for FY2023 initiatives

- ✓ Achieve numerical targets early by steadily implementing business structure reform and restructuring of business promotion system
- ✓ Implement measures flexibly to increase earnings in response to the recovery trend in the business environment

Our Current Situation

The Tobu Group consists of TOBU RAILWAY CO., LTD. and its subsidiaries and affiliates. The core business of the parent company founded in 1897 is operating a network of private railway lines that extends across Tokyo, Chiba, Saitama, Tochigi, and Gunma prefectures of the Kanto region.

The main lines, which originate in Asakusa, eastern Tokyo, extend to Saitama, Tochigi, Gunma, and Chiba prefectures, including the trunk lines (the TOBU SKYTREE Line (Isesaki Line), Nikko Line, and the TOBU URBAN PARK Line (Noda Line)) and branch lines. They can be broadly divided into the TOBU SKYTREE Line (the southern portion of the Isesaki Line) and the TOBU URBAN PARK Line (Noda Line), which primarily serve commuters and students, and the Nikko Line and northern portion of the Isesaki Line that primarily serve tourists and businesses. The Tojo Line mainly carries commuters and students. Development in areas along the line has been proceeding smoothly.

In addition to the main railway business, the Tobu Group engages in the development businesses outlined in the following paragraphs.

In our leasing business, particularly in areas alongside our railway lines, the Group is leasing a large number of sites for such purposes as stores, office buildings, houses, and warehouses. In particular, in TOKYO SKYTREE TOWN this includes the commercial facility TOKYO Solamachi® and the office facility TOKYO SKYTREE EAST TOWER®.

In addition, spaces inside our station buildings are leased or utilized for business purposes, and stations and railway cars are used for advertising.

In our subdivision business, we are engaged in the sale and development of homes and land, and the independent and joint construction and sale of condominium units.

In the leisure business, the parent company directly manages the Courtyard by Marriott Tokyo Ginza Hotel and the Tobu Hotel Levant Tokyo in the center of Tokyo, and in developing its leisure business, the Company works in close corporation with each of its member companies.

(Group Companies)

The transportation business consists of fixed-route and long-distance bus services, taxi services, freight trucking, and other services.

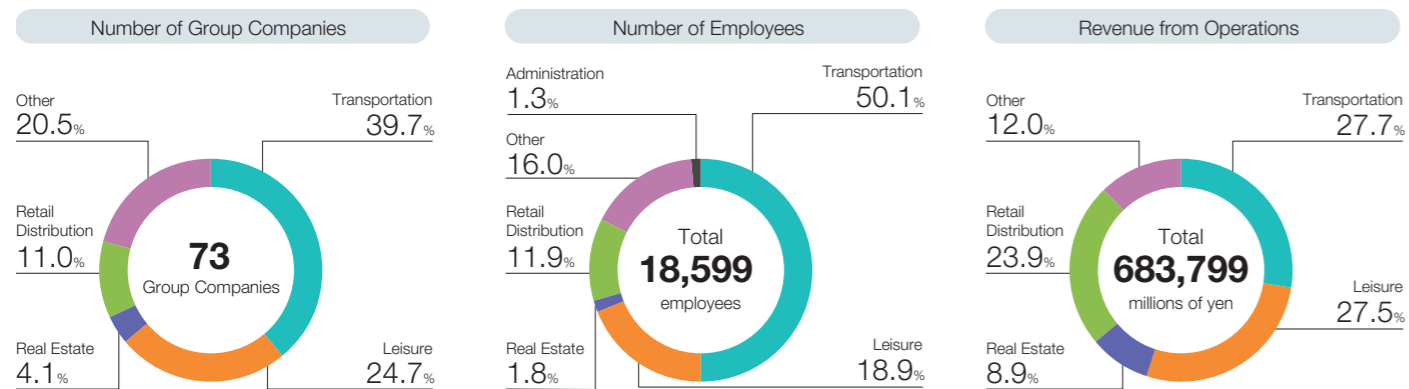
In addition to TOKYO SKYTREE™, we operate the Tobu Zoological Park and TOBU WORLD SQUARE. Group companies manage enterprises in such fields as travel, city and resort hotels, inns, skiing facilities, golf courses, sports clubs, ropeways, and sightseeing vessels.

We are involved in real estate leasing, real estate brokerage, and the car parking lot and bicycle parking lot businesses.

There are Tobu department stores in Ikebukuro, Funabashi, Utsunomiya, Ohtawara and Tochigi, and we own TOBU STORE CO., LTD., which operates a chain of supermarkets.

Other businesses include construction, building and facility management, construction materials supply, and heating supply systems.

Basic Indicators

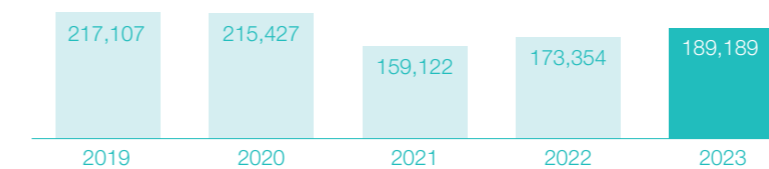


*Figures above are before elimination of inter-company transactions.

Review of Operations

Transportation

Sales by Sector (¥ million)



In our railway operations, our top priority is ensuring safety, peace of mind, and comfortable living, and we are promoting various initiatives so that more customers will choose our railway lines.

In terms of safety, we promoted elevation projects near Takenotsuka Station, between Shimizukoen and Umesato, near Tokyo Skytree Station, and near Kasukabe



SPACIA X

Station. We also signed an enforcement agreement with the Tokyo Metropolitan Government to begin an elevation project near Oyama Station. In addition, as a platform safety measure, we began using platform doors at Takenotsuka Station, Dokkyodaigakumae (Soka Matsubara) Station, and Koshigaya Station.

In terms of sales, we worked on promotions for the new SPACIA X limited express train in preparation for the launch of service.

At the same time, in order to build a system capable of securing stable profits even in a harsh business environment, we steadily implemented the previously formulated business structure reforms and reduced fixed costs.

In the bus and taxi business, TOBU BUS CENTRAL CO., LTD. consolidated management resources by such means as integrating offices to provide optimal service to customers and ensure stable bus business operations.

Overall, revenue from operations in the transportation business came to ¥189,189 million (up 9.1% year on year), and operating income came to ¥19,381 million (up 64.7%) owing primarily to a recovery in pleasure use with the elimination of restrictions on movement and continued work on reducing fixed costs.

Transportation (31 firms)

Railway: The Company; Jomo Electric Railway Co., Ltd.*
 Bus and taxi: ASAHI Motor Corporation*, TOBU BUS CO., LTD.*
 Freight: TOBU TRANSPORTATION CO., LTD.*,
 TOBU DELIVERY CO., LTD.*

25 other firms

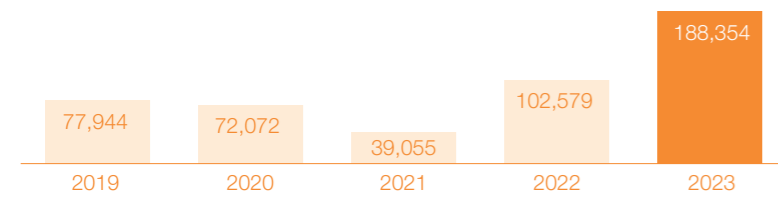


Elevation project in area around Tokyo Skytree Station

Notes: *Consolidated Subsidiary
 TOBU RAILWAY CO., LTD. is counted multiple times in the above segment breakdown.

Leisure

Sales by Sector (¥ million)



Wooden Roller Coaster Regina II (Due)



TOKYO SKYTREE 10th anniversary event

In the SKYTREE business, we made efforts at TOKYO SKYTREE® to increase visitor numbers and improve customer service. In addition to the existing advance ticket sales, we introduced same-day online reservations and extended the operating hours of the observation deck on busy days to alleviate congestion during admission.

In the hotels business, we steadily captured rapidly recovering demand at hotels from the easing of immigration restrictions and declining COVID-19 infections nationwide.

In the travel business, travel demand has yet to fully recover. Amidst this, TOBU TOP TOURS CO., LTD. promoted the solutions business leveraging the logistics know-how and venue setup and operations capabilities cultivated in the travel business. At the same time, it sought to increase revenue by expanding beyond travel sales into handling various viral prevention measures and certification work for municipalities.

In the amusement parks and tourism business, we held a collaborative project with a popular anime show and the grand reopening of the wooden roller coaster Regina II (Due) after its renovation at Tobu Zoological Park.

Overall, revenue from operations in the leisure business came to ¥188,354 million (up 83.6% year on year), and operating income came to ¥19,470 million (compared to an operating loss of ¥1,072 million the previous year) owing to a recovery from the drop in the previous year and expansion of revenue in the travel business.

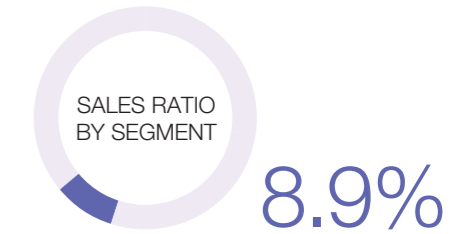
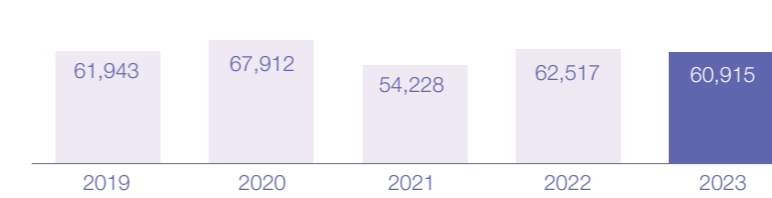
Leisure (26 firms)

Amusement parks and tourism: Tobu Leisure Planning Co., Ltd.*
 Sports: Tobu Kogyo Co., Ltd.*
 Travel: TOBU TOP TOURS CO., Ltd.*
 Hotels: The Company; Tobu Hotel Management Co., LTD.*
 SKYTREE business: TOBU TOWER SKYTREE Co., Ltd.*
 20 other firms

Notes: *Consolidated Subsidiary
 TOBU RAILWAY CO., LTD. is counted multiple times in the above segment breakdown.

Real Estate

Sales by Sector (¥ million)



TOBU icourt



Solafuru Park

In the TOKYO SKYTREE TOWN business, we implemented customer attraction measures year-round at TOKYO SKYTREE TOWN® for the 10th anniversary. In addition, we did a full floor renovation at Tokyo Solamachi® for the first time since its opening, and worked on attracting even more customers, including by opening Solafuru Park on the 5th floor. Moreover, we revitalized the Asakusa-TOKYO SKYTREE TOWN area by such means as expanding part of TOKYO mizumachi® to include a dedicated racquet sports facility, PADEL in TOKYO mizumachi.

In the real estate leasing business, we completed work on Solaie I'll Koshigaya-Gamo, a new rental condominium supporting demand for working from home by introducing workspaces in the rooms, and sought to attract individuals from outside the rail line, focusing on single-person households working in Tokyo. We also worked to increase revenue, including by opening the new TOBU icourt commercial facility in the Dokkyodaigakumae area.

In the real estate subdivision business, we launched sales of condominiums called "Solaie Gran Nagareyama Otaka no Mori (Season Square)" and "Solaie Terrace (East)" to improve value along the railway and increase the resident population.

Overall, revenue from operations in the real estate business came to ¥60,915 million (down 2.6% year on year) due mainly to a lower number of condominiums sold, and operating income came to ¥13,681 million (down 12.3%) due mainly to an increase in the electricity rate.

Real estate (4 firms)

Real estate leasing: The Company; TOBU REAL ESTATE CO., LTD.*
 Real estate subdivision: The Company
 SKYTREE TOWN: The Company; TOBU TOWN SOLAMACHI CO., LTD.*

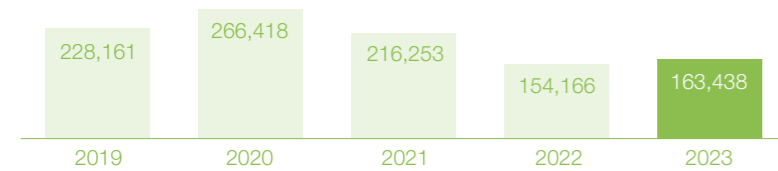
1 other firm

Notes: *Consolidated Subsidiary
 TOBU RAILWAY CO., LTD. is counted multiple times in the above segment breakdown.

Financial Review (Consolidated)

Retail Distribution

Sales by Sector (¥ million)



In the department stores business, TOBU DEPARTMENT STORE CO., LTD. brought in a combination of three brands, including the 100 yen shop DAISO, to the Ikebukuro store to attract next-generation customers, a first for a department store.

In the supermarkets business, TOBU STORE CO., LTD. opened the new Harumi-Sanchome store, its second in the coastal area where redevelopment is progressing.

Furthermore, as part of business structure reform, we restructured the Group's business, integrating retail operations and trading functions, to enhance competitiveness and establish a framework for business expansion through new business development.

Overall, revenue from operations in the retail distribution business came to ¥163,438 million (up 6.0% year on year), and operating income came to ¥2,602 million (compared to an operating loss of ¥4,022 million the previous year) owing primarily to a recovery in the department stores business from the downturn of the previous year caused by temporary closings.

Retail distribution (9 firms)

Department stores: TOBU DEPARTMENT STORE CO., LTD.*; TOBU UTSUNOMIYA DEPARTMENT STORE CO., LTD.*

Supermarket: TOBU STORE Co., Ltd.*

6 other firms

Other

Overall, revenue from operations in other businesses came to ¥81,902 million (up 4.4% year on year), while operating income came to ¥2,646 million (down 22.7%) due mainly to soaring material prices.

Other (16 firms)

Construction: TOBU CONSTRUCTION Co., Ltd.*; Tobu Yachida Construction Co., Ltd.*

Other businesses: Tobu Building Management Co., Ltd.*

13 other firms

Notes: *Consolidated Subsidiary

(1) Revenue from operations

Revenue decreased in the real estate business due to a review of lease contracts and a decrease in the number of condominiums sold. On the other hand, the social innovation business expanded in the travel business, pleasure and commuting use recovered in the transportation business, domestic travel demand and foreign tourism demand recovered in the leisure business, and department stores recovered from the operating restrictions of the previous year, resulting in increased revenue. As such, revenue from operations came to ¥614,751 million (up 21.5% year on year).

(2) Operating income

Operating income came to ¥56,688 million (up 129.2% year on year) owing to higher revenues in the transportation, leisure, and retail distribution businesses, despite an increase in power and utility costs due to soaring resource prices, as well as an increase in repair costs that had been kept down the previous year.

(3) Ordinary income

Non-operating income came to ¥5,323 million (down 55.3% year on year) due primarily to recording subsidy income from employment adjustment and the absence of compensation received in the travel business recorded the previous year.

Non-operating expenses came to ¥7,196 million (down 22.0% year on year) owing to the absence of compensation expenses paid in the travel business, which was recorded in the previous year, and reduced interest expenses from repayment of interest-bearing debt, bringing ordinary income to ¥54,815 million (up 100.0%).

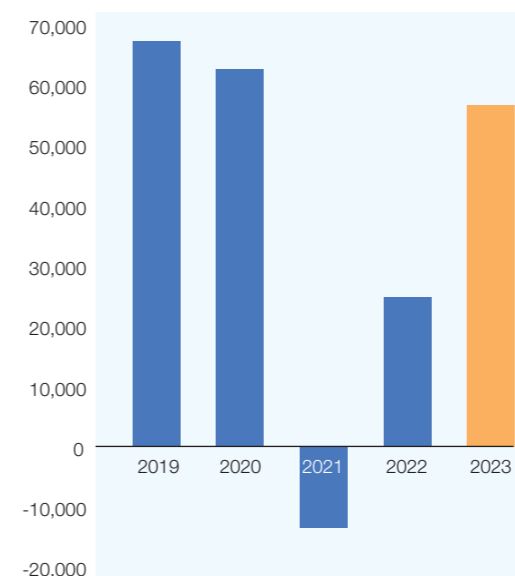
(4) Profit attributable to owners of parent

Extraordinary income came to ¥8,735 million (up 189.5% year on year). This was primarily a result of an increase in proceeds from contribution for construction.

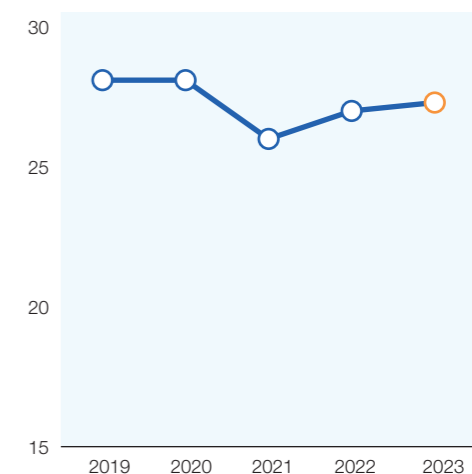
The extraordinary loss came to ¥18,391 million (up 181.9% year on year). This was primarily a result of an impairment loss on properties for which profitability declined and an increase in the loss on reduction of non-current assets.

As a result of the above, income before income taxes of ¥45,159 million was recorded (up 88.9% year on year). After the deduction of income taxes, net income came to ¥29,148 million (up 116.1% year on year). After deducting loss attributable to non-controlling interests, profit attributable to owners of parent came to ¥29,179 million (up 116.9% year on year).

Operating Income (Millions of yen)



Shareholders' Equity Ratio (%)



* Shareholders' Equity Ratio equals net assets attributable to shareholders' as a percentage of total assets.

Approach to Sustainability and Sustainability Initiatives

The Group's approach to sustainability and its sustainability initiatives are described below.

Note that forward-looking statements within this document are based on our judgment as of the time of publishing the Securities Report (June 23, 2023).

(1) Governance and risk management related to sustainability in general

The Group's business foundation is the areas along its extensive railway network. We believe that achieving sustainable development of society centered on railway lines is, more than ever, the most important issue for the Group.

In the business environment surrounding the Group, we are faced with various social issues, including social changes brought on by the COVID-19 pandemic, progression of the low birth rate and aging society, and environmental problems such as global warming and waste disposal. It is crucial that we develop a new business model and solve these issues.

Since its establishment in 1897, the Group has worked on solving social issues through its business and has itself grown while playing a role in the sustainable development of society.

While leveraging the characteristics and management resources of our railway lines, we will continue to create new value in the future by solving social issues and realizing human friendliness in a society in which people and communities shine together based on mutual support among families and local community members as we aim to become a corporate group that is indispensable to society.

Based on this approach, we have identified materiality (material issues) and established a process for creating sustainable social development and enhancement of corporate value by solving these issues (value creation process). The details are provided below.

Identified Material Issues

- (1) Continuous development of local community
- (2) Corporate governance contributing to corporate value creation
- (3) Improvement of skills and capabilities of diverse employees
- (4) Reduction of environmental impact through further improvement of environmental superiority
- (5) Ensuring of safety and reliability, the backbone of all the Group's businesses

Value Creation Process

We will create value for realization of human friendliness in a society in which people and communities shine together.

The material issues we identify are deliberated at the Management Meeting. They are also deliberated and

evaluated by the Governance Committee, which is chaired by an independent outside director. The committee chair reports to the Board of Directors, detailing the contribution of these material issues to corporate governance.

The Governance Committee meets twice a year to receive activity plans, activity reports, and recommendations from the chairpersons of the Crisis Management Committee, Compliance Committee, Information Security Committee, Environmental Promotion Committee, and other committees that contribute to sustainability and to deliberate and evaluate them before reporting to the Board of Directors.

(2) Key sustainability items

The key sustainability items at the Group identified through the above governance and risk management are described below.

- Climate change
- Human capital / diversity
- Information security
- Compliance

The Group's approach to sustainability and its sustainability initiatives related to each item are described below.

(i) Climate change

1. Governance and Risk Management

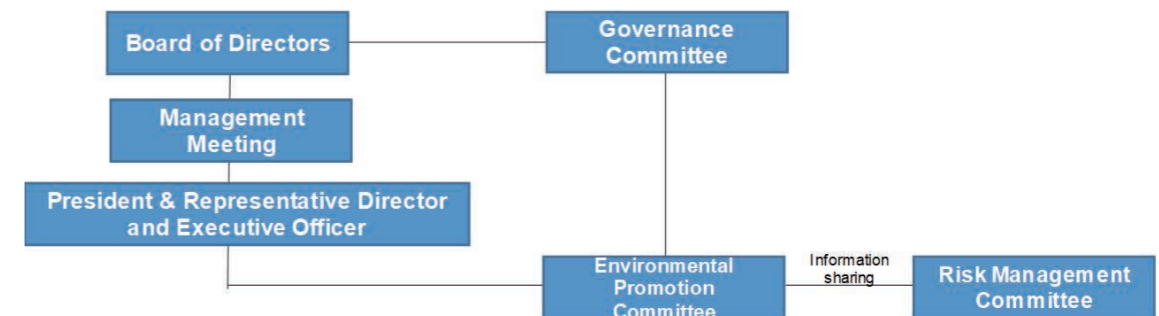
The Tobu Group is further improving its high level of environmental advantage, particularly in its railway business, to reduce environmental burden and climate change risks. In addition, the Tobu Group promotes environmental conservation activities, such as waste reduction, and initiatives to reduce risks from natural disasters in all business fields. In this way, it strives to help bring about a sustainable society and strike a balance between corporate growth and such activities.

In order to promote these efforts, the Tobu Group has established an Environmental Promotion Committee. The committee is chaired by the Director in charge of the Corporate Planning Division and comprised of division Heads, and Executive Officers in charge of departments and offices concerned with environmental management, and General Managers thereof. The committee discusses and evaluates risks and opportunities resulting from climate change (hereinafter "climate change risks, etc.").

In the Governance Committee, comprised of Representative Directors, Outside Directors and Audit & Supervisory Board Members and chaired by an Outside Director, the chairperson of the Environmental Promotion Committee provides activity plans, activity reports and suggestions concerning climate change risks, etc. Under the Governance Committee, a governance system has been established concerning initiatives to tackle climate

change risks, etc. in which the above details are deliberated, evaluated and reported to the Board of Directors.

The Tobu Group perceives initiatives concerning climate change risks, etc. to be an important matter in its crisis management and shares information on these initiatives with the Risk Management Committee and has established a system for their appropriate management.



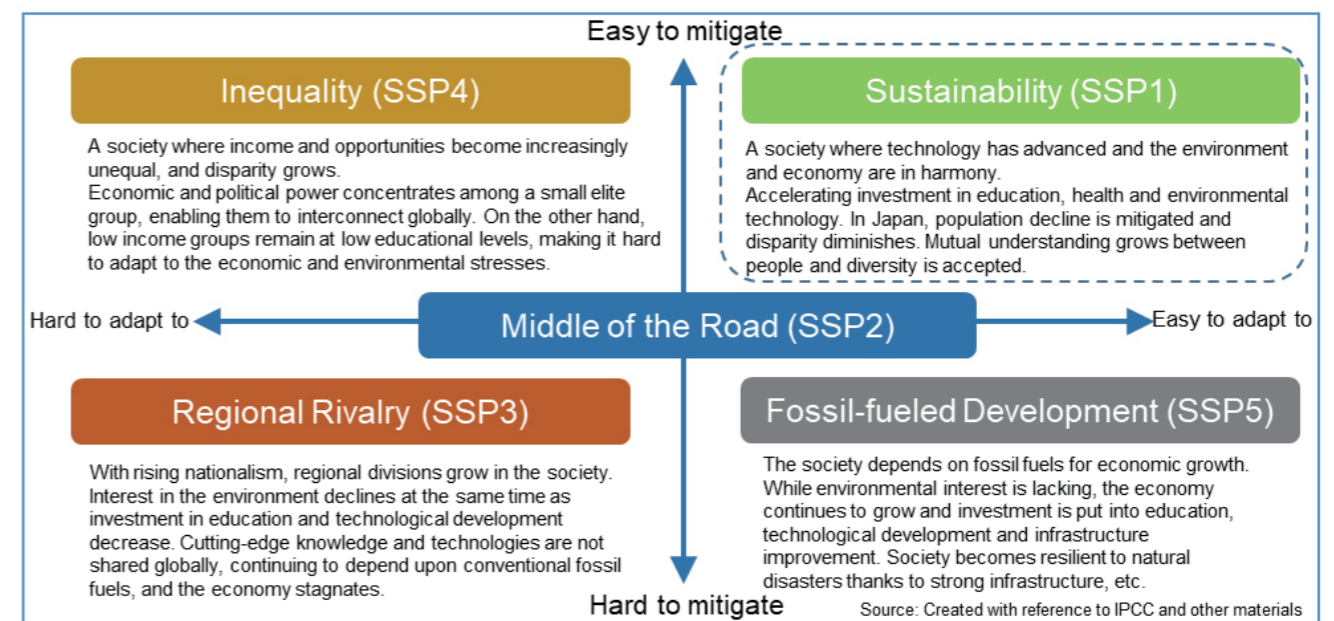
2. Strategy

(1) Scenario Analysis

The Tobu Group has conducted an analysis of the effects of climate change on its railway business, which has the greatest financial impact on its consolidated results. From among the Shared Socioeconomic Pathways (SSP)

scenarios used in the field of climate change research, provided by the National Institute for Environmental Studies, we compared the SSP1 (sustainability; less than 2°C warming scenario) and SSP3 (regional rivalry; 4°C warming scenario) to analyze the risks and opportunities in each society as well as the impact on revenue.

Shared Socioeconomic Pathways (SSP) Scenarios



Approach to Sustainability and Sustainability Initiatives

For both SSP1 and SSP3, we classified the effects of climate change on our railway business as “physical risks” (such as destruction caused by flooding, heavy storms and other abnormal weather) and “transition risks and opportunities” (such as strengthened regulations and new technologies resulting from the transition to a low carbon economy, and market and reputation changes resulting from changes in consumer preferences and behaviors). Details on how we conducted our analysis are provided below.

(2) Physical Risks

We analyzed the financial impact of flood risks resulting from increased abnormal weather on our railway business’ facilities and equipment. For this analysis, we used a flood risk assessment model*1 and a climate forecast database*2 to evaluate the extent of the physical impact flooding would have on our individual railway business assets (station buildings, tracks, electrical facilities, etc.). Based on past weather data, we calculated the cost of damage which would be caused by the occurrence of a once-in-a-century-level disaster on all of our train lines. We also roughly calculated the impact on revenue which would occur in the event a disaster resulted in disruptions to transit operations.

As a result, with regard to the impact of flood risks on our entire railway business, we found that for both SSP1 and SSP3, there would be a risk of the cost of damage becoming greater than present, but the cost of damage would be relatively less for SSP1. Accordingly, the Tobu Group recognizes that realizing a sustainable society and keeping the increase in temperature under 2°C is also important from the perspective of reducing the risk of flooding in the operation of its businesses.

The Tobu Group is also engaging in measures to reduce damage from natural disasters, including strengthening facilities by reinforcing slopes and bridges and elevating transformer substations, etc., and formulating a vehicle evacuation plan. Together with initiatives to reduce our environmental burden, we will be working to reduce our risks going forward.

(3) Transition Risks and Opportunities

In SSP1 there is a risk of energy and material procurement costs increasing, and in turn of our financial burden increasing, due to factors such as the introduction of a carbon tax and strengthened regulations to promote decarbonization. At the same time, The Tobu Group perceives the development of clean energy technologies and the growth of other next-

generation technologies, particularly existing measures being implemented by the Tobu Group such as MaaS and automated train operation experiments, to be opportunities. In addition to the possibility of reducing costs related to railway operation and increasing operational efficiency, it has been predicted that the maintenance of the environmental advantage of railways will provide opportunities for increased revenue, such as a shift to railways away from alternate forms of transportation, etc.

(4) Impact on Revenue

As an element which should be taken into consideration in addition to physical risks and transition risks, we analyzed the impact of future demographic changes on railway revenue. The anticipated demographic trends for Japan are a decreasing birthrate, and an aging and declining population. However, in contrast with SSP1, a scenario in which society provides an improved environment for child rearing, SSP3 is expected to result in an even greater population decline due to factors such as economic stagnation.

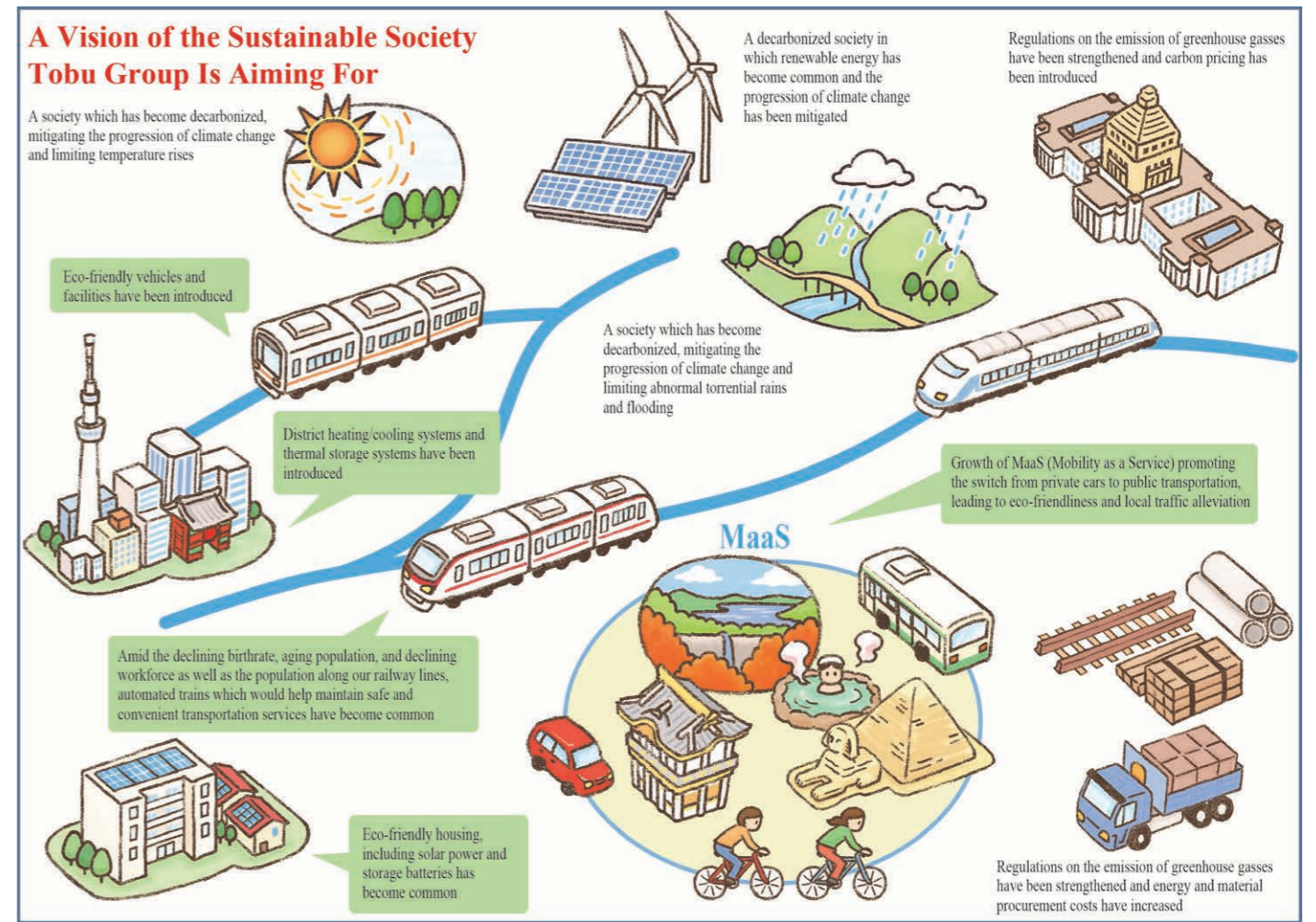
As a result, we found that between SSP1 and SSP3, SSP3 would result in a significantly greater decline in the railway income in fiscal 2050. Accordingly, the Tobu Group recognizes that realizing a sustainable society and keeping the increase in temperature under 2°C is also important from the perspective of securing future revenue in the operation of its businesses.

The Tobu Group will continue to aim for sustainable growth together with local communities and, based on the above, believes it important to seek to realize SSP1 in the operation of its businesses. Going forward, the Tobu Group will continue to promote a variety of initiatives concerning climate change.

For more information about the risks and opportunities extracted via the above scenario analysis as well as assessments and measures for each, please see the reference material attached herewith.

3. Indices and Targets

The Tobu Group perceives the reduction of its environmental burden, through means such as further improving its environmental advantage, as a key issue to resolve. The Tobu Group expects to achieve a reduction of approximately 50% reduction in CO₂ emissions from its railway business by fiscal 2030 (compared with fiscal 2013). In order to do so, it is implementing a variety of initiatives to reduce its environmental burden, such as switching to energy-saving vehicles as well



as the optimization of the number of vehicles in the Tobu Group’s possession; switching to LED lighting in its stations and vehicles, etc.; and switching to highly efficient power transformers.

Of particular note, the Tobu Group is positioning the Nikko-Kinugawa area as “International Eco Resort Nikko,” and is aiming for zero CO₂ emissions from its business activities in this area. As part of this, from April 2022, the Tobu Group has replaced the equivalent amount of electricity used for railroad transportation in the Nikko-Kinugawa area, as well as for express trains running from central Tokyo to the area, with electricity derived from renewable energy sources, thereby achieving net zero CO₂ emissions for railway transportation in the area.

In order to achieve net zero CO₂ emissions by 2050, the Tobu Group will continue to promote initiatives to reduce its environmental burden.

- FY2022 greenhouse gas emissions

Scope 1	128,683 t-CO ₂
Scope 2	378,521 t-CO ₂

(ii) Human capital / diversity

The Group aims to realize human friendliness in a society in which people and communities shine together, with the regions along our extensive railway network as our business base. The human resources required to make that happen are those who can think and act on their own initiative based on the principles of dedication, enterprising spirit, and affinity as set forth in the management philosophy of the Group, and who can create business models that connect city to city, people to city, and more.

Furthermore, to encourage the success of such human resources, it is necessary to cultivate both the ability to continuously refine things, such as safety technology, over the

Approach to Sustainability and Sustainability Initiatives

long term and the ability to create value through the provision of new products and services in a rapidly changing business environment.

This basic approach is reflected in our human resources development policy and internal environment development policy. We will continue to enhance the abilities and potential of our diverse employees with the aim of making sustainable improvements to our corporate value.

1. Strategy

The Group is currently promoting a medium-term business plan that covers the three years starting from fiscal 2022. The priority strategies of the plan are business structure reform and restructuring of the business promotion system, expanding profitability through a new business model, and expanding revenue by promoting businesses that address social challenges as needs. We seek to strengthen our management structure, improve productivity, and refine our existing businesses while at the same time nurturing new businesses to take us to the next stage of growth.

We have put together a human resources development policy that includes ensuring diversity in line with our medium-term business plan along with an internal environment development policy to realize it as set forth below. In the face of changes in the business environment, worsening labor shortages, the arrival of an era of centenarians, and changing individual career views, we are working to develop human resources who can contribute to the continuous improvement of corporate value.

<Human Resources Development Policy>

We will develop human resources who can think and act on their own, embodying the principles of the Tobu Group's management philosophy, to contribute to the sustainable growth of both our businesses and local communities.

a. Our ideal human resources

Human resources who will tie the cultivation of business opportunities to the sustainable growth of local communities through trust earned from further refining existing businesses and value creation through new ideas without fear of change

b. Competencies required of our human resources

- (a) [Safety and security] Earn trust in each Tobu Group business
- (b) [Self-awareness and autonomy] Achieve self-actualization and contribute to the organization by maximizing one's own abilities
- (c) [Dialogue and insight] Identify issues through dialogue with customers, employees, etc.
- (d) [Acceptance and change] Come up with new ideas that embrace diversity and needs
- (e) [Collaboration and co-creation] Create one-of-a-kind value by involving others

<Internal Environment Development Policy>

(Policy 1) Support for human resources development that promotes change in line with the times

We will support the development of human resources who can collaborate with those from other fields while developing their areas of expertise through the transmission of safety and technology as well as the development of human resources who can respond flexibly to changes in the corporate environment and create value.

(Policy 2) Development of a work style that allows people to work with peace of mind and continually demonstrate their abilities

Along with the promotion of diversity and inclusion, we will develop a work style in which each employee, regardless of individual attributes or life stage, can respect each other, work comfortably and safely, and maximize their abilities. Furthermore, we aim to provide further value to our employees by improving their job satisfaction through initiatives to maintain and promote their health.

2. Indicators and targets

At the Company, we utilize the indicators below for our human resources development policy, including ensuring the diversity of our human resources, as well as the internal environment development policy as set forth in "1. Strategy" above. The targets and results related to these indicators are provided below.

Indicator	Target	Result
Transition rate to re-employment	Maintain at level near 100%	89.3% (result from fiscal 2022)
Spousal maternity leave utilization rate	Maintain at level near 100%	95.5% (result from fiscal 2022)
Ratio of female hires among new graduates (compared to 10 years earlier)	Approx. 50%	16.7% (joining the Company in fiscal 2013) → 50.0% (joining the Company in fiscal 2023)
Hiring rate of employees with disabilities (Combined calculation for the Group)	Maintain at level above statutory hiring rate (2.3%)	3.37% (as of June 1, 2022)

(Reference indicators)

Name	Fiscal year under review				
	Percentage of women in management positions (%)	Paternity leave utilization rate (%)	Male/female wage gap (%)		
			All employees	Full-time employees	Part-time/fixed-term employees
TOBU RAILWAY CO., LTD.	3.3	31.8	80.6	73.8	273.2
TOBU STATION SERVICE Co., LTD.	0.0	14.3	92.7	92.7	—
ASAHI Motor Corporation	0.0	—	85.1	88.8	96.8
TOBU BUS CO., LTD	0.0	0.0	62.5	66.7	62.3
TOBU BUS WEST CO., LTD	0.0	85.7	99.0	95.8	103.1
TOBU BUS CENTRAL CO., LTD	0.0	66.7	90.6	87.0	95.5
Gunma Logistic Systems Co., Ltd	5.3	0.0	64.1	78.8	90.7
TOBU SPORTS Co., Ltd.	7.1	—	79.1	83.4	90.8
TOBU TOP TOURS CO., LTD.	9.3	25.0	65.1	65.2	66.7
TOPSTAFF, INC.	26.7	0.0	81.5	88.8	87.1
Tobu Hotel Management Co., Ltd.	15.3	75.0	71.4	70.7	73.5
KANAYA HOTEL Co., Ltd.	35.3	—	79.0	75.6	83.6
TOBU REAL ESTATE CO., LTD.	0.0	100.0	113.7	65.4	116.5
TOBU DEPARTMENT STORE CO., LTD.	18.1	0.0	65.4	70.4	72.5
TOBU UTSUNOMIYA DEPARTMENTSTORE CO., LTD.	15.5	—	71.8	74.8	102.5
TOBU STORE CO., LTD.	5.6	0.0	67.9	69.4	87.9
TOBU Keibi Support Co., Ltd.	9.1	—	87.6	83.5	88.9
Tobu Shoji Co., Ltd.	0.0	0.0	66.3	72.0	97.0
Tobu Foods Service Co., Ltd.	3.7	—	61.8	87.8	86.8
TOBU CONSTRUCTION Co., Ltd.	2.2	87.5	78.0	79.5	63.2
Tobu ryokuchi Co., Ltd	0.0	0.0	78.2	79.8	95.3
Tobu Building Management Co., Ltd.	0.0	14.3	72.8	79.9	89.9

(Notes) 1. The number of employees is calculated based on the number of working hours.

2. The difference in wages between male and female full-time employees is due to labor composition factors (service and age). There is no difference in the system based on gender when determining wage levels.

3. The difference in wages between male and female part-time and fixed-term employees is due to the fact that more female workers are engaged in jobs with higher wage levels.

4. "-" means that there are no applicable employees.

(iii) Information security

1. Corporate governance/risk management

As a corporate group that provides various services, including critical social infrastructure such as railways and radio towers, the Tobu Group uses many information systems. Cyber-attacks, unauthorized access, computer virus infection, or human tampering with these systems could seriously impair

their functions and disrupt business operations, which could impact our business performance and financial position. In order to ensure the stability and continuity of our business, the Group has implemented various information security measures to secure the functions of our information systems.

As a governance structure for information security management at the Company, we have established the

Approach to Sustainability and Sustainability Initiatives

Information Security Committee, chaired by the executive officer in charge of the ICT Promotion Department, to report on the implementation status and implementation plan of information security management. The proceedings of the Committee are reported to the Governance Committee.

In addition to establishing rules and regulations in accordance with the Information Security Policy and reviewing them in a timely manner, the Group monitors the status of information security initiatives by group companies and implements information security measures through a PDCA cycle. In addition, the Group regularly conducts training for group companies to raise awareness of information security among executives and employees.

To ensure the sustainability of our railway business, which is a critical infrastructure, we have established an environment in which critical systems related to railway operations are isolated from external networks and only authorized programs can be executed. Information security e-learning and hands-on training simulating targeted e-mail attacks are provided to all computer users, including officers. In addition, to address information security incidents such as increasingly sophisticated and complex cyber-attacks, we have a dedicated team, TOBU-CSIRT, which swiftly responds to emergency situations and engages in prevention activities during normal times. There is also a system in place whereby external experts continually monitor operational networks and notify the person in charge in the event that an abnormality is detected so that we can swiftly respond to incidents. Moreover, we conduct response drills based on scenarios that assume the occurrence of information security incidents within the Group. We also incorporate security clauses into our agreements with suppliers to ensure that we are ready to conduct prompt investigations in the event of an emergency.

(iv) Compliance

1. Corporate governance/risk management

The Tobu Group has established the Tobu Group Basic Policy on Compliance and is working to ensure thorough legal compliance and prevent misconduct by preparing a compliance manual that describes legal compliance and the creation of a sound workplace environment and by strengthening compliance education for all Group employees. We also seek to ensure compliance by such means as informing all Tobu Group employees about the internal whistleblowing system and promoting its use.

To build relationships with business partners and others, we have stipulated in our Compliance Manual that we will conduct fair, equitable, and transparent selection and transactions in accordance with laws and regulations and sound business practices. Through training and education, we are working to prevent bribery and corruption. In addition, the Group strictly manages insider information and ensures thorough prohibition of insider trading through education using e-learning and other means. Furthermore, the Group takes a firm stance against antisocial forces and works towards their exclusion. We hold the Tobu Group Liaison Council to strengthen the defense against antisocial forces within the Group and establish a system for sharing information and response measures.

Moreover, the Company has established a Compliance Committee chaired by the executive officer in charge of the General Affairs and Legal Department to promote compliance management, monitor, evaluate, and review the implementation status of compliance management, and report the proceedings of the committee to the Governance Committee, which is chaired by an outside director.

In April 2023, we announced our Declaration of Partnership Building with the aim of achieving co-existence and co-prosperity with our business partners. By promoting the initiatives of the declaration, we will contribute to the business continuity of and optimization of transactions with our business partners.

Corporate Governance

Basic Approach to Corporate Governance

We believe that it is important to establish a fair and transparent management structure in order to earn the trust of our shareholders and many other stakeholders as well as to achieve sustainable growth and improve our corporate value in the medium to long term. We will continue to further enhance our Board of Directors, executive officer system, and corporate auditor system and engage in the proactive disclosure of corporate information in a timely and appropriate manner. Furthermore, we will work to strengthen corporate governance by engaging in honest corporate activity based on corporate ethics and awareness of legal compliance.

Current Status of Corporate Governance

Corporate Governance Structure

The Company's Board of Directors consists of nine directors, including four outside directors. In addition to matters stipulated by law and the Articles of Incorporation, the Board of Directors makes decisions on specific management strategies, management plans, and other important management matters based on the Tobu Group Management Philosophy and Tobu Group Management Policy in accordance with the provisions of the Rules of the Board of Directors and supervises the execution of duties by each director.

The President and Representative Director chairs the Board of Directors, and ordinary meetings are held monthly, in principle. All fulltime directors attend these meetings, and the status of attendance by outside directors is provided in the business report.

Furthermore, we have introduced an executive officer system to clarify authority and responsibility for business execution. With regard to executive functions, we have developed a system where executive officers execute business operations according to the authority and responsibility established within the "Rules for Execution of Duties" under the control and supervision of the representative director. The executive officers are selected by the Board of Directors. In this way, we increase management mobility.

Election of Outside Directors

We have also appointed outside directors who play an important role in ensuring the efficiency and fairness of management. At meetings of the Board of Directors and other important meetings, our directors provide explanations of the execution of duties with outside directors in mind and reflect their objective opinions and suggestions in management of the Company. Moreover, outside directors contribute to the enhancement of corporate governance as members of the Nominating and Remuneration Committee, which is an advisory body of the Board of Directors that considers important matters related to nominations and remuneration, and play an important role in strengthening the independence and objectivity of functions of the Board of Directors. The Nominating and Remuneration Committee is comprised of three outside directors and two representative directors, and the chair of the Committee is selected from among the outside directors. The Committee reviews the adequacy of the proposal of nomination of director candidates, as well as the adequacy of the level of remuneration, organizing the Committee's opinion on these subjects, and report to the Board of Directors. All members attend every meeting.

Management Meeting and Meeting of Executive Officers

The Management Meeting, which consists of full-time directors, the heads of the Group business divisions, the Head of the Railway Business Division, the Head of the Life Service Creation Division, and other persons appointed by the President and Representative Director, and is attended by standing audit & supervisory board members, deliberates and decides on business execution delegated by the Board of Directors while also sharing important information concerning management.

At the meeting of executive officers, which is comprised of fulltime directors, all executive officers and standing audit & supervisory board members, reports are provided every quarter to directors on the status of execution of operations and progress on the management plan, and information is shared on management to review business development plans for the next year and other matters.

Internal control system

In an effort to ensure the reliability of the internal control system, establish corporate ethics, and ensure that its officers and its employees are fully aware of compliance, the Company has been promoting compliance management. This

Corporate Governance

consists primarily of setting out specific guidelines for day-to-day activities and developing training systems based on the Tobu Group Basic Policy on Compliance and establishing a Compliance Committee that meets regularly to provide support and guidance on effective compliance.

Governance Committee

Additionally, to further increase the effectiveness of corporate governance, we have established a Governance Committee, which is chaired by the President and Representative Director and consists of representative directors, outside directors and standing audit & supervisory board members. In response to reports on and suggestions concerning activity plans and activities from the chairs of the Compliance and Crisis Management committees, it engages in deliberations and evaluations, referring matters to the Board of Directors to strengthen the supervisory functions of the Board of Directors. The Governance Committee is chaired by an outside director.

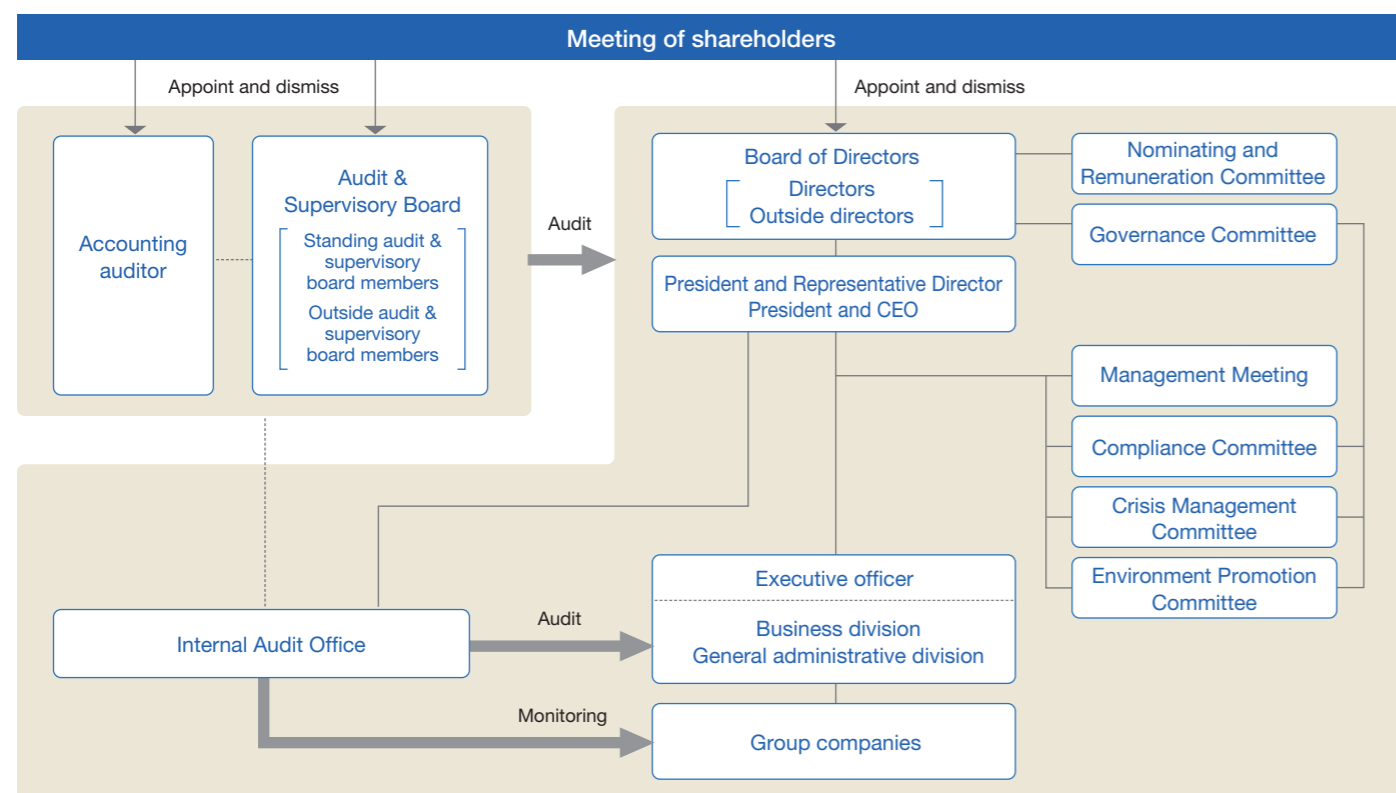
Group Company Audits

To ensure the proper operation of the Tobu Group under the Rules for Management of Group Companies, the Group business division that is specifically responsible for the management of subsidiaries and other companies manages

and supports the business execution of subsidiaries and other companies.

Additionally, to strengthen and enhance the function of monitoring group companies and further increase the effectiveness of the internal control system at the group level, we have prepared an integrated system within the Group business division. It consists of seven individuals of general manager rank or lower, auditing group companies and providing guidance for improvement based on those results.

Furthermore, our Internal Audit Office conducts internal audits of those monitoring activities. Group management policies are communicated and management information is shared by holding Tobu Group Corporate Meetings and other meeting on a regular basis in the aim of improving the corporate value of the Group. In addition, to raise the levels of fairness and transparency of the Group's management, the Company conducts regular investor relations events, such as results briefings for analysts and tours of facilities in areas served by our railway stations. It also provides extensive corporate information on its website and will continue to pursue a policy of openness in communications with investors and the general public in a prompt and appropriate manner.



Risks to which the Company's Business is Subject

Risks with the potential to significantly impact investment decisions have been broken down into four categories based on the status of the business and accounting as set forth in the Securities Report, namely risks impacting the business environment and business model, risks related to securing of safety and peace of mind, risks related to securing management resources, and risks related to corporate governance. The actions taken to prevent these risks from materializing are provided below.

Note that forward-looking statements within this document are based on our judgment as of the time of publishing the Securities Report (June 23, 2023).

(1) Risks impacting the business environment and business model

i. Changes in the law

In the railway business, permission to engage in railway operations must be obtained from the Ministry of Land, Infrastructure, Transport and Tourism with respect to each railway line and each category of railway-related business under Article 3 of the Railway Business Law. Under Article 16 of the Law, the initial setting and subsequent revision of fares by passenger transport operators must not exceed the upper limits approved by the Ministry. The Minister of Land, Infrastructure, Transport and Tourism conducts a review of whether or not such revisions exceed fair costs incurred as a result of efficient management and fair profits to approve them (fully-distributed cost method). Additionally, the railway operator must apply for permission to the Ministry each time it wishes to revise its fares within the approved upper limits.

Major changes are taking place in the socio-economic environment surrounding railways. Failure to reflect our costs in fares in a timely and appropriate manner despite thorough cost control measures could impact the business performance of the Company.

In addition, various laws, regulations, and controls are also applied to the various businesses of group companies engaged in non-railway businesses. Changes to these legal regulations could have an impact on the business performance and/or financial position of the Group.

ii. Rapid acceleration of population decline and aging of society due to drop in birth rate

The total fertility rate in Japan began declining in 2016, and the number of births also continues to drop. COVID-19 is expected to further accelerate this trend. Although there are regional differences, population decline and aging of society will continue in the coming years.

For that reason, the Group provides comfortable work and school commutes and appealing tourism transportation by improving convenience and speed, including seamless mutual through train operations. At the same time, the Group seeks to provide quality living environments and attract tourists. We are working to promote permanent residence and create a nonresident population.

However, as the Group's main market, especially for the railway business, is located along Tobu Railway lines,

if the decrease in the population of consumers and the low birth rate and aging society were to progress rapidly in these areas, that could have an impact on the business performance and/or financial position of the Group.

iii. Lifestyle changes

New lifestyles are taking root due to changes in work styles and daily routines arising from the current spread of COVID-19. We anticipate that needs will continue to change and diversify and do not expect things to return to the way they were before the COVID-19 pandemic.

For that reason, the Tobu Group will implement structural reform in order to secure profits even in the midst of a changing business environment. We will promote efficiency and labor savings by reviewing our business management structure and carrying out cost reduction measures. In addition, we aim to achieve sustainable development of our business by expanding our e-commerce business, working on digital marketing utilizing TOBU POINT, and promoting the provision of services that address the increase in demand for suburban living as a business opportunity.

However, if lifestyles that do not involve school commutation or travel for leisure were to take root, that could have an impact on the business performance and/or financial position of the Group.

iv. Changes in the competitive environment

The Group is engaged in a wide range of businesses in addition to the railway business. If the relationship between supply and demand were to worsen or competition were to intensify due to significant changes in the business environment or the emergence of new competing services and competitors in conjunction with rapid technological innovation, it could have an impact on the business performance and/or financial position of the Group.

For that reason, the Group will accurately identify changes in the business environment and customer needs and incorporate new technologies and external knowledge into our business while utilizing the know-how and digital technology cultivated by each group company. This will allow us to provide optimal services to our customers in a timely and flexible manner and to improve our services and productivity, which will help secure profits.

Risks to which the Company's Business is Subject

v. Pandemics and other public health crises

In the event of a pandemic or other public health crisis leading to lockdowns or people refraining from going out, the number of users, primarily in our transportation and leisure businesses, would decrease sharply, and this could have an impact on the business performance and/or financial position of the Group.

As such, the Group will continue to implement basic infection prevention measures for employees and work to ensure that our customers can use our services safely and securely by implementing business continuity plans and infection control measures as called for by the situation. We will continue to support society and keep up our business operations, especially in the railway business, which is one of the social infrastructures essential for securing stable lives for the citizens of Japan.

(2) Risks related to securing of safety and peace of mind

i. Securing of safety and peace of mind

The Group believes that the securing of safety and peace of mind is the most important thing when it comes to earning customer trust. As such, we take utmost care in that regard, but if a serious accident were to occur leading to long-term suspension of business operations, it could have an impact on the business performance and/or financial position of the Group.

Based on the belief that safety is the foundation of all business, the Group works to establish a safety management system with the top priority of ensuring the safety of customers. We also continue to invest in safety equipment and implement education and training as we endeavor to ensure safety and peace of mind.

ii. Impact of climate change, natural disasters, etc. on business operations and continuity

Details of risks related to business operation and maintenance arising from climate change are provided in "Approach to Sustainability and Sustainability Initiatives (2) Key sustainability items (i) Climate change."

iii. Impact of unforeseen accidents, disasters, and other incidents on business operation and maintenance

The Group is engaged in a wide range of businesses, including the railway business. However, if external factors such as unforeseen accidents, disasters, or outbreaks of terrorism or war were to cause a long-term suspension of business activities, it could have an impact on the business performance and/or financial position of the Group.

For that reason, the Tobu Group is working to enhance our crisis management system, including establishment of a business continuity plan in preparation for a large-scale

natural disaster or other emergency situation while also continuing to work on measures for securing safety, including development of infrastructure that is resistant to natural disasters and establishment of counter-terrorism measures.

iv. Management of personal information

The Group manages databases containing information on individual customers in each business. In the event of an information leak, the resulting compensation for damages, loss of credibility, etc. could impact the business performance and/or financial position of the Group.

For that reason, the Group exercises due care when handling information and manages it accordingly. This includes the establishment of in-house protection regulations on the acquisition and use of information, the development of a management system, employee education, and fully enforcing information management by related parties as well as strengthening the development and supervision of confidentiality when outsourcing information processing.

v. Information security measures

Details of risks related to information security are provided in "Approach to Sustainability and Sustainability Initiatives (2) Key sustainability items (iii) Information security."

(3) Risks related to securing management resources

i. Labor shortages

The Tobu Group requires a large labor force, including for our railway business. We expect the decrease in population and aging of society due to the low birth rate to progress at an even faster rate. If, as a result, labor costs soar and labor shortages arise due to hiring difficulties, it could have an impact on the business performance and/or financial position of the Group.

To secure human resources, we will endeavor to secure a safe and flexible working environment in which people can work comfortably. This includes the promotion and training of human resources with diverse knowledge and values, offering stable employment, responding to diversifying work styles, and enhancing benefits. Furthermore, we will work on improving productivity by such means as utilizing digital technology, including automatic operation, and build an efficient business management system.

ii. Soaring prices and shortages of raw materials and resources

The Tobu Group utilizes a large amount of infrastructure equipment, including in our railway business, and uses electricity and fuel to power the equipment. In addition, each business uses various raw materials. If the prices of raw

materials and resources soar or there are shortages due to the occurrence of natural disasters or the deterioration of situations overseas, it could have an impact on the business performance and/or financial position of the Group.

For that reason, the Group is working to reduce costs and build a sustainable society. This includes the introduction of high efficiency vehicles and equipment to contribute to energy conservation, reduction of energy consumption and greenhouse gas emissions through optimization and review of equipment, and timely procurement of raw materials and resources.

iii. Increase in interest-bearing debt balance and interest rate fluctuation

The Group primarily procures the funds necessary for ongoing capital expenditures in each business through the issuance of corporate bonds and borrowing from financial institutions. As such, it has a high interest-bearing debt balance due to investments for future growth. If interest rates rise further in the future, or if the rating agencies downgrade the Group's credit rating, this could increase the interest payment burden and worsen the Group's financing conditions, which could have an impact on the business performance and/or financial position of the Group.

For that reason, the Group is working on properly managing the consolidated interest-bearing debt balance to reduce it in light of the current rising interest rates and promoting diversification of fundraising methods in order to procure funds at the right time via the optimal method while taking medium- to long-term interest rates into account.

iv. Drop in portfolio value

The Group possesses assets necessary to engage in development of diverse businesses and investment securities such as stocks. Through thorough management of expenditures and implementation of structural reform, we aim to increase the profitability of our businesses and improve the value of our assets. We also verify the significance of investment securities to our portfolio and gradually shrink our holdings if dilution is likely in the medium to long term.

However, if an impairment loss or loss on valuation were to be recorded due to a significant drop in the market value of assets arising from a decline in cash flow generation or a substantial decline in the stock price, this could have an impact on the business performance and/or financial position of the Group.

(4) Risks related to corporate governance

i. Compliance

Details of risks related to compliance are provided in "Approach to Sustainability and Sustainability Initiatives (2) Key sustainability items (iv) Compliance."

ii. Human Rights

The Group has established a working environment and programs to eliminate difficulties and employs diverse human resources, but in the event of an infringement of human rights, the resulting social sanctions and loss of credibility could have an impact on the business performances and/or financial position of the Group.

For that reason, the Group has established a system for carrying out systematic and ongoing education on human rights. In addition to ensuring proper awareness among employees and deepening their understanding, we continue to work on developing a working environment in which employees can do their work enthusiastically as part of our ongoing efforts to ensure respect for human rights.

The above is a list of the principal categories of risk thought to apply to the business operations of the Group, but it is not intended to be an exhaustive list of all risks.

Five-Year Summary

(Years ended March 31, TOBU RAILWAY CO.,LTD. and Subsidiaries)

Consolidated

	Millions of Yen				
	2019	2020	2021	2022	2023
Operating revenues	¥ 617,543	¥ 653,874	¥ 496,326	¥ 506,023	¥ 614,751
Operating profit.....	67,295	62,653	(13,577)	24,732	56,688
Profit attributable to owners of parent.....	28,024	35,530	(24,965)	13,453	29,179
Net assets	469,276	473,969	453,103	459,219	480,575
Total assets	1,643,190	1,656,092	1,682,497	1,689,855	1,738,195
	Yen				
Basic earnings per share.....	¥132.65	¥168.84	(¥119.67)	¥64.49	¥140.06
Diluted earnings per share	—	—	—	—	—

Sales by Sector

	Millions of Yen				
	2019	2020	2021	2022	2023
Transportation	¥ 217,107	¥ 215,427	¥ 159,122	¥ 173,264	¥ 189,189
Leisure.....	77,944	72,072	39,055	108,311	188,354
Real estate	61,943	67,912	54,228	62,203	60,915
Retail distribution.....	228,161	266,418	216,253	136,640	163,438
Other	103,014	110,513	88,863	89,497	81,902

Non-Consolidated

	Millions of Yen				
	2019	2020	2021	2022	2023
Operating revenues	¥ 231,906	¥ 232,788	¥ 167,696	¥ 188,851	¥ 204,585
Operating profit.....	51,547	47,979	7,325	23,355	28,653
Net profit	30,850	27,071	(21,607)	16,044	16,407
Net assets	383,452	383,618	363,007	373,696	383,645
Total assets	1,559,584	1,560,929	1,571,092	1,577,048	1,601,122
	Yen				
Dividends per share of common stock.....	¥35	¥40	¥20	¥20	¥30

Consolidated Balance Sheet

March 31, 2022 and 2023

	Millions of Yen	
	2022	2023
Assets		
Current assets		
Cash and deposits	¥ 46,066	¥ 69,255
Notes and accounts receivable - trade	63,415	70,561
Contract assets.....	9,641	14,584
Short-term loans receivable.....	1,591	1,691
Land and buildings for sale in lots	19,517	19,235
Prepaid expenses	2,623	2,713
Other	24,820	28,507
Allowance for doubtful accounts.....	(201)	(459)
Total current assets	167,475	206,090
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	544,604	530,107
Machinery, equipment and vehicles, net.....	77,884	79,055
Land	637,237	636,409
Construction in progress	120,944	135,294
Other, net	14,814	12,981
Total property, plant and equipment	1,395,485	1,393,848
Intangible assets		
Contribution for utilities	1,570	1,446
Other	16,659	18,008
Total intangible assets.....	18,230	19,455
Investments and other assets		
Investment securities.....	62,310	73,614
Long-term loans receivable	89	83
Distressed receivables.....	872	975
Retirement benefit asset.....	7,563	5,969
Deferred tax assets.....	13,030	12,707
Other	26,318	26,583
Allowance for doubtful accounts.....	(1,522)	(1,132)
Total investments and other assets.....	108,664	118,801
Total non-current assets.....	1,522,380	1,532,105
Total assets	¥ 1,689,855	¥ 1,738,195

Consolidated Balance Sheet

March 31, 2022 and 2023

Liabilities	Millions of Yen	
	2022	2023
Current liabilities		
Notes and accounts payable - trade	¥ 42,769	¥ 51,922
Short-term borrowings.....	63,942	36,362
Current portion of long-term borrowings	52,911	83,143
Current portion of bonds payable.....	13,120	19,920
Accrued expenses	6,256	7,633
Accrued consumption taxes.....	8,011	5,294
Income taxes payable	8,333	12,101
Advances received.....	79,660	87,130
Contract liabilities	48,791	48,674
Provision for bonuses	2,299	2,608
Provision for allowance for loss on collection of gift certificates outstanding	4,363	4,332
Asset retirement obligations.....	526	563
Other.....	78,749	99,753
Total current liabilities.....	409,735	459,439
Non-current liabilities		
Bonds payable	155,080	158,160
Long-term borrowings.....	518,118	494,592
Long-term accounts payable to Japan railway construction, transport and technology agency	4,568	2,584
Deferred tax liabilities.....	7,839	9,961
Deferred tax liabilities for land revaluation.....	49,819	49,640
Provision for retirement benefits for directors (and other officers).....	959	975
Retirement benefit liability.....	45,387	43,997
Asset retirement obligations.....	3,738	3,664
Other.....	35,389	34,604
Total non-current liabilities	820,901	798,181
Total liabilities.....	1,230,636	1,257,620
Net assets		
Shareholders' equity		
Share capital	102,135	102,135
Capital surplus.....	51,364	51,958
Retained earnings	234,853	258,028
Treasury shares.....	(4,451)	(10,302)
Total shareholders' equity	383,902	401,820
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities.....	19,768	25,624
Revaluation reserve for land.....	46,808	47,593
Foreign currency translation adjustment	77	144
Remeasurements of defined benefit plans	2,010	(428)
Total accumulated other comprehensive income.....	68,664	72,933
Non-controlling interests.....	6,652	5,820
Total net assets	459,219	480,575
Total liabilities and net assets.....	¥1,689,855	¥1,738,195

Consolidated Statements of Income and Comprehensive Income

Years ended March 31, 2022 and 2023

Consolidated Statement of Income	Millions of Yen	
	2022	2023
Operating revenue	¥ 506,023	¥ 614,751
Operating expenses		
Operating expenses and cost of sales of transportation.....	368,588	440,959
Selling, general and administrative expenses.....	112,701	117,103
Total operating expenses	481,290	558,062
Operating profit	24,732	56,688
Non-operating income		
Interest income	21	35
Dividend income	1,618	1,845
Dividend income of insurance.....	438	443
Share of profit of entities accounted for using equity method	—	96
Subsidy income	4,729	914
Compensation income.....	2,514	—
Other.....	2,582	1,987
Total non-operating income	11,905	5,323
Non-operating expenses		
Interest expenses	5,822	5,655
Share of loss of entities accounted for using equity method.....	69	—
Compensation expenses	1,816	—
Other.....	1,522	1,541
Total non-operating expenses.....	9,231	7,196
Ordinary profit	27,406	54,815
Extraordinary income		
Gain on sale of non-current assets	1,136	224
Contribution received for construction.....	891	7,317
Gain on sale of shares of subsidiaries and associates	534	—
Other.....	454	1,192
Total extraordinary income	3,017	8,735
Extraordinary losses		
Loss on retirement of non-current assets	924	1,411
Loss on tax purpose reduction entry of non-current assets	883	7,302
Impairment losses.....	1,993	8,101
Loss on termination of retirement benefit plan	118	467
Extra retirement payments	1,580	409
Loss on temporary closure	406	—
Other.....	616	698
Total extraordinary losses.....	6,523	18,391
Profit before income taxes.....	23,900	45,159
Income taxes - current.....	8,638	15,175
Income taxes - deferred.....	1,774	835
Total income taxes	10,413	16,011
Profit.....	13,487	29,148
Profit (loss) attributable to non-controlling interests	34	(30)
Profit attributable to owners of parent.....	13,453	29,179

Consolidated Statements of Comprehensive Income	Millions of Yen	
	2022	2023
Profit.....	13,487	29,148
Other comprehensive income		
Valuation difference on available-for-sale securities	(324)	5,860
Foreign currency translation adjustment	56	66
Remeasurements of defined benefit plans, net of tax	(1,176)	(2,438)
Share of other comprehensive income of entities accounted for using equity method.....	0	0
Total other comprehensive income.....	(1,444)	3,488
Comprehensive income	12,043	32,636
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent.....	12,021	32,663
Comprehensive income attributable to non-controlling interests.....	22	(26)

Consolidated Statement of Changes in Equity

Previous Consolidated Fiscal Year
(April 1, 2021 to March 31, 2022)

	Millions of yen											
	Shareholders' equity					Accumulated other comprehensive income						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at beginning of period	¥102,135	¥50,864	¥225,891	¥(4,447)	¥374,444	¥20,080	¥47,222	¥21	¥ 3,186	¥70,510	¥ 8,149	¥453,103
Cumulative effects of changes in accounting policies.....			(730)		(730)							(730)
Restated balance.....	102,135	50,864	225,161	(4,447)	373,714	20,080	47,222	21	3,186	70,510	8,149	452,373
Changes during period.....												
Dividends of surplus.....			(4,174)		(4,174)							(4,174)
Profit attributable to owners of parent.....			13,453		13,453							13,453
Purchase of treasury shares.....				(10)	(10)							(10)
Disposal of treasury shares.....			(0)	6	5							5
Reversal of revaluation reserve for land.....			413		413							413
Change in ownership interest of parent due to transactions with non-controlling interests.....		500			500							500
Net changes in items other than shareholders' equity.....						(311)	(413)	56	(1,176)	(1,845)	(1,496)	(3,342)
Total changes during period.....	—	500	9,691	(3)	10,187	(311)	(413)	56	(1,176)	(1,845)	(1,496)	6,845
Balance at end of period	¥102,135	¥51,364	¥234,853	¥(4,451)	¥383,902	¥19,768	¥46,808	¥77	¥ 2,010	¥68,664	¥ 6,652	¥459,219

Consolidated Fiscal Year Under Review
(April 1, 2021 to March 31, 2022)

	Millions of yen											
	Shareholders' equity					Accumulated other comprehensive income						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at beginning of period	¥102,135	¥51,364	¥234,853	¥(4,451)	¥383,902	¥19,768	¥46,808	¥ 77	¥ 2,010	¥68,664	¥6,652	¥459,219
Cumulative effects of changes in accounting policies.....					—							—
Restated balance.....	102,135	51,364	234,853	(4,451)	383,902	19,768	46,808	77	2,010	68,664	6,652	459,219
Changes during period.....												
Dividends of surplus.....			(5,218)		(5,218)							(5,218)
Profit attributable to owners of parent.....			29,179		29,179							29,179
Purchase of treasury shares.....				(5,906)	(5,906)							(5,906)
Disposal of treasury shares.....			(0)	55	55							55
Reversal of revaluation reserve for land.....			(784)		(784)							(784)
Change in ownership interest of parent due to transactions with non-controlling interests.....		593			593							593
Net changes in items other than shareholders' equity.....						5,856	784	66	(2,438)	4,268	(831)	3,437
Total changes during period.....	—	593	23,175	(5,851)	17,918	5,856	784	66	(2,438)	4,268	(831)	21,355
Balance at end of period	¥102,135	¥51,958	¥258,028	¥(10,302)	¥401,820	¥25,624	¥47,593	¥144	¥ (428)	¥72,933	¥5,820	¥480,575

Consolidated Statement of Cash Flows

Years ended March 31, 2022 and 2023

	Millions of Yen	
	2022	2023
Cash flows from operating activities		
Profit before income taxes.....	¥ 23,900	¥ 45,159
Depreciation.....	55,570	53,354
Impairment losses.....	1,993	8,101
Loss on termination of retirement benefit system.....	118	467
Loss on temporary closure.....	406	—
Special extra retirement payments.....	1,580	409
Amortization of goodwill.....	385	385
Share of loss (profit) of entities accounted for using equity method.....	69	(96)
Increase (decrease) in allowance for doubtful accounts.....	(68)	(131)
Increase (decrease) in provision for bonuses.....	225	308
Increase (decrease) in retirement benefit liability.....	(4,593)	(2,110)
Increase (decrease) in provision for retirement benefits for directors (and other officers).....	42	16
Increase (decrease) in provision for allowance for loss on collection of gift certificates outstanding.....	129	(30)
Interest and dividend income.....	(1,635)	(1,880)
Interest expenses.....	5,822	5,655
Contribution received for construction.....	(1,321)	(7,644)
Loss on retirement of non-current assets.....	1,020	1,854
Loss on tax purpose reduction entry of non-current assets.....	883	7,302
Decrease (increase) in notes and accounts receivable - trade and contract assets.....	(21,971)	(12,088)
Decrease (increase) in inventories.....	6,875	(3,427)
Increase (decrease) in trade payables.....	6,522	9,153
Other, net.....	(1,386)	11,857
Subtotal.....	74,570	116,614
Interest and dividends received.....	1,624	1,892
Interest paid.....	(5,802)	(5,557)
Payments associated with temporary closure loss.....	(224)	—
Payments for special extra retirement payments.....	(1,580)	(409)
Income taxes paid.....	(1,735)	(11,423)
Net cash provided by (used in) operating activities.....	66,851	101,115
Cash flows from investing activities		
Net decrease (increase) in short-term loans receivable.....	(245)	277
Long-term loan advances.....	(29)	(20)
Proceeds from collection of long-term loans receivable.....	2	5
Purchase of short-term and long-term investment securities.....	(46)	(3,054)
Proceeds from sale and redemption of short-term and long-term investment securities.....	719	263
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation.....	853	—
Purchase of property, plant and equipment and intangible assets.....	(53,984)	(57,262)
Proceeds from sale of property, plant and equipment and intangible assets.....	2,417	335
Proceeds from contribution received for construction.....	18,347	8,163
Payments of guarantee deposits.....	(187)	(862)
Proceeds from refund of guarantee deposits.....	757	1,233
Other, net.....	429	(1,788)
Net cash provided by (used in) investing activities.....	(30,964)	(52,711)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings.....	(9,370)	(27,580)
Proceeds from issuance of commercial papers.....	100,000	88,000
Redemption of commercial papers.....	(100,000)	(88,000)
Proceeds from long-term borrowings.....	39,370	61,424
Repayments of long-term borrowings.....	(56,379)	(54,717)
Proceeds from issuance of bonds.....	21,000	23,000
Redemption of bonds.....	(21,120)	(13,120)
Net decrease (increase) in treasury shares.....	(3)	(5,851)
Dividends paid.....	(4,184)	(5,223)
Repayments of accounts payable to Japan railway construction, transport and technology agency.....	(2,448)	(2,098)
Dividends paid to non-controlling interests.....	(5)	(3)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation.....	(1,010)	(207)
Other, net.....	(854)	(907)
Net cash provided by (used in) financing activities.....	(35,005)	(25,285)
Effect of exchange rate change on cash and cash equivalents.....	57	69
Net increase (decrease) in cash and cash equivalents.....	938	23,188
Cash and cash equivalents at beginning of period.....	44,947	45,885
Cash and cash equivalents at end of period.....	¥ 45,885	¥ 69,074

Corporate Directory

Board of Directors and the Statutory Auditors (As of July 1, 2023)

Chairman and Representative Director

Yoshizumi Nezu

President and Representative Director

Yutaka Tsuzuki

Director

Yoshimi Yokota

Atsushi Shigeta

Takao Suzuki

Outside Director

Mitsuyoshi Shibata

Takaharu Ando

Noriko Yagasaki

Masanori Yanagi

Standing Audit & Supervisory Board Member

Tomoya Sugiyama

Tatsuo Yoshida

Outside Audit & Supervisory Board Member

Yuzaburo Mogi

Shuji Fukuda

Nobuhide Hayashi

Investor Information (As of March 31, 2023)

TOBU RAILWAY CO., LTD.

Registered Office:

1-2 Oshiage 1-chome, Sumida-ku,

Tokyo 131-8522, Japan

<https://www.tobu.co.jp/en/>

Head Office:

18-12 Oshiage 2-chome, Sumida-ku,

Tokyo 131-8522, Japan

Date of Establishment:

November 1897

Number of Employees:

3,346

Common Stock:

¥102,135 million

Number of Shareholders:

67,299

Principal Shareholders:

Name	Number of Shares Held (Thousands)	Percentage of Total Shares in Issue
The Master Trust Bank of Japan, Ltd. (trust account).....	32,312	15.62
Custody Bank of Japan, Ltd. (trust account).....	11,225	5.42
Fukoku Mutual Life Insurance Company.....	5,235	2.53
STATE STREET BANK WEST CLIENT- TREATY 505234.....	4,642	2.24
Mizuho Bank, Ltd.	3,877	1.87
Nippon Life Insurance Company.....	3,187	1.54
JP MORGAN CHASE BANK 385781.....	2,728	1.31
Saitama Resona Bank, Limited.....	2,371	1.14
STATE STREET BANK AND TRUST COMPANY 505103.....	2,048	0.99
East Japan Railway Company.....	2,024	0.97

Securities Traded:

Common Stock

Tokyo Stock Exchange (Prime Market)

Annual Meeting of Shareholders:

The annual meeting of shareholders is normally held in June.

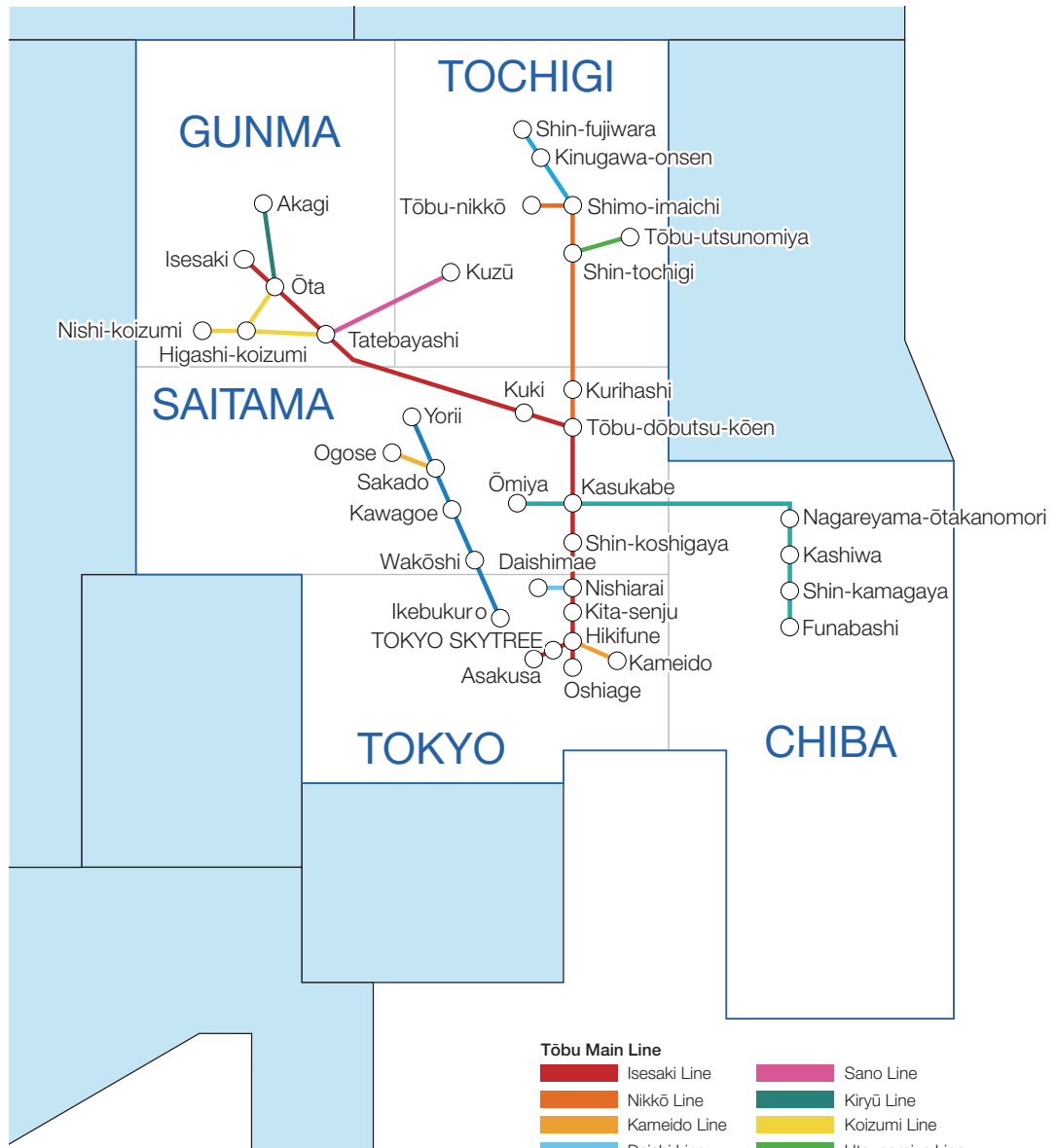
Transfer Agent and Registrar:

Sumitomo Mitsui Trust Bank, Limited

4-1, Marunouchi 1-chome, Chiyoda-ku,

Tokyo 100-8233, Japan

Tobu Railway Lines (major stations only)



* The Isesaki Line between Asakusa/Oshiage Station and Tōbu-dōbutsu-kōen Station is nicknamed "TOBU SKYTREE Line"
 * The Noda Line is nicknamed "TOBU URBAN PARK Line"