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April 30, 2025

Company name:	TOBU RAILWAY CO., LTD.
Name of representative:	Yutaka Tsuzuki, President and Representative Director (Securities code: 9001; Tokyo Stock Exchange Prime Market)
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Notice Concerning Action to Implement Management that is Conscious of Cost of Capital and Stock Price

TOBU RAILWAY CO., LTD. (the “Company”) hereby announces that the Company, at the Board of Directors meeting held today, resolved to pursue initiatives to implement management that is more conscious of the cost of capital and the stock price toward enhancing the Tobu Group’s corporate value.

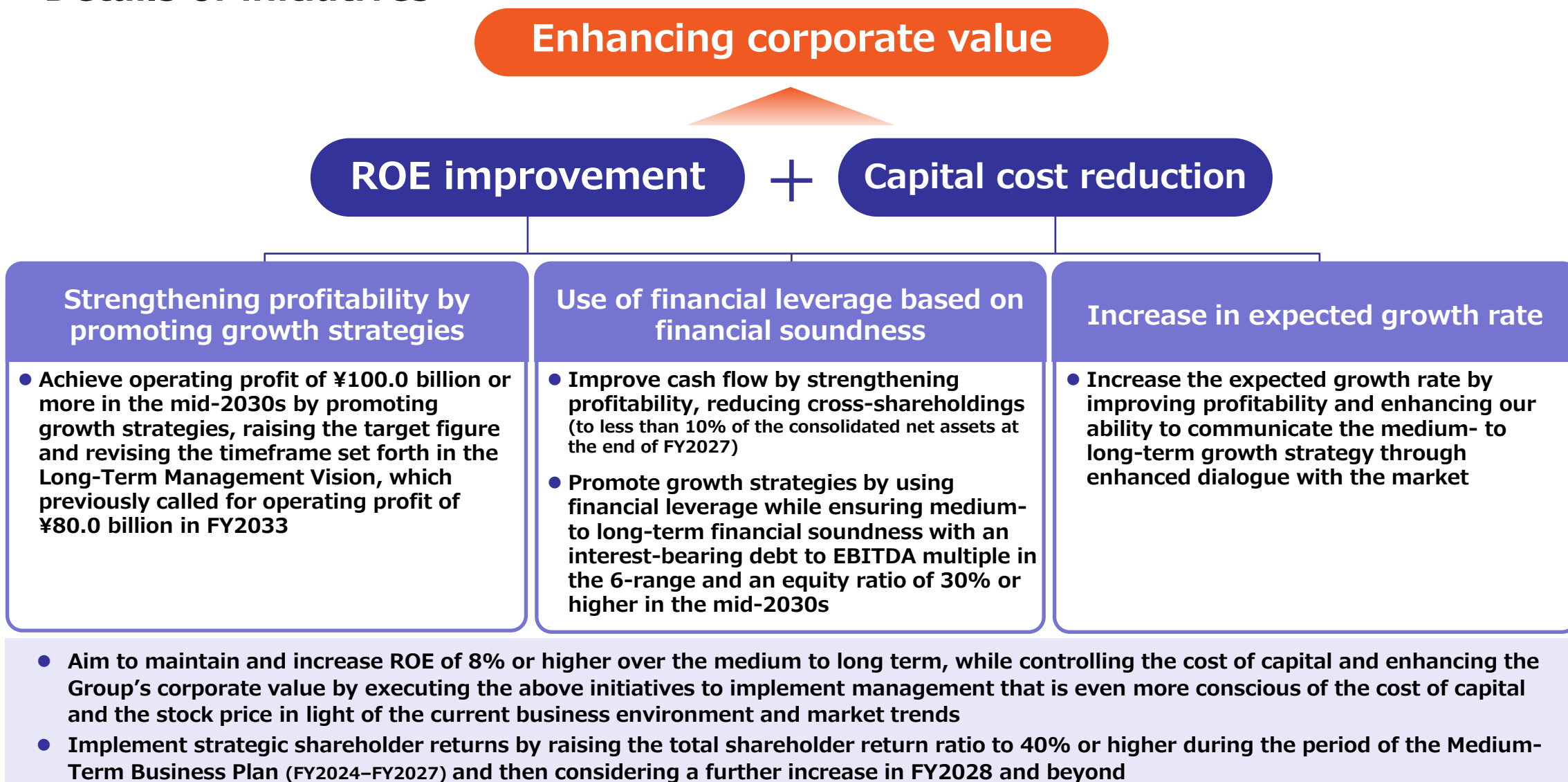
For details, please see the attachment, “Notice Concerning Action to Implement Management that is Conscious of Cost of Capital and Stock Price.”

Notice Concerning Action to Implement Management that is Conscious of Cost of Capital and Stock Price

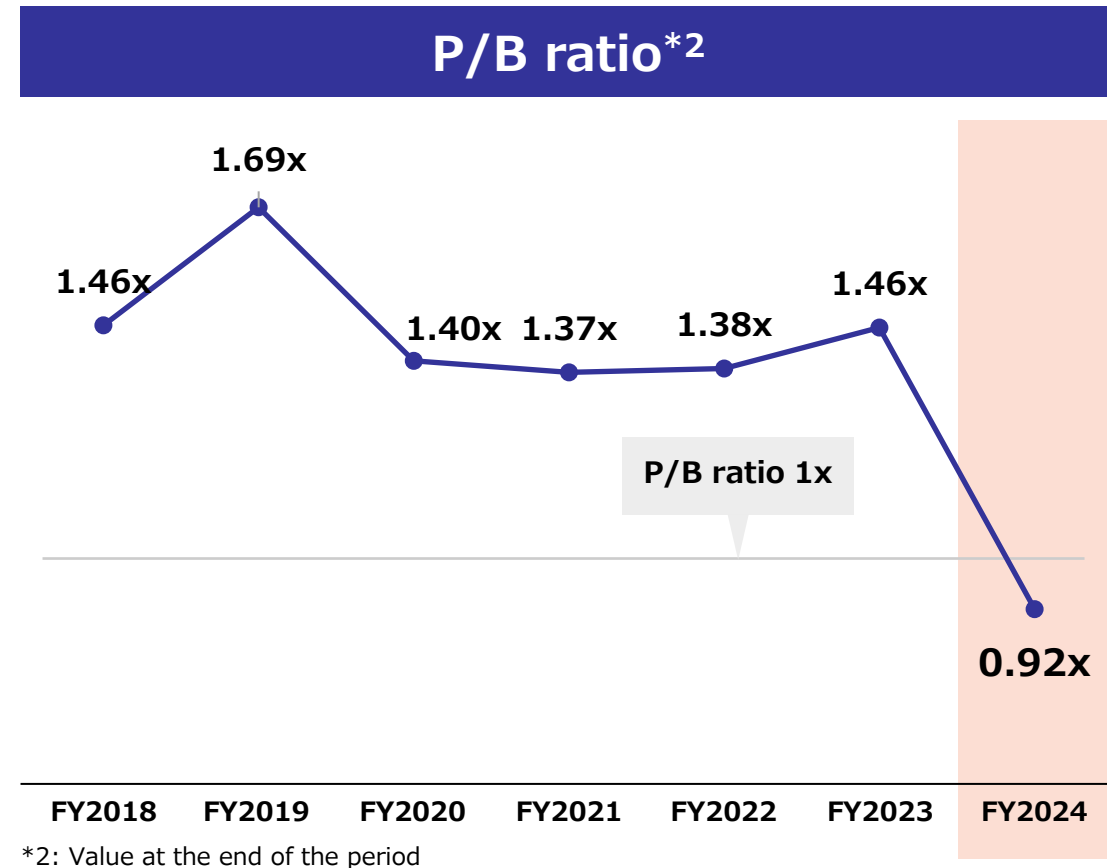
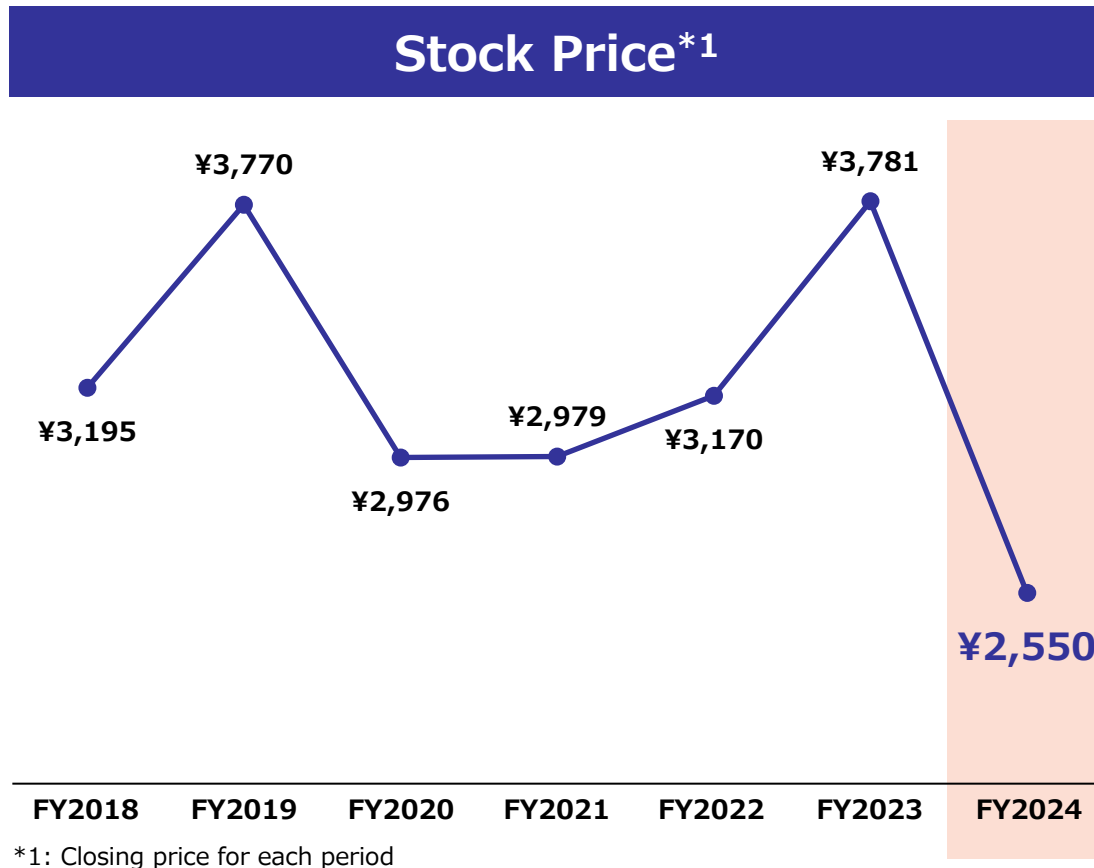
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TOBU RAILWAY CO., LTD.

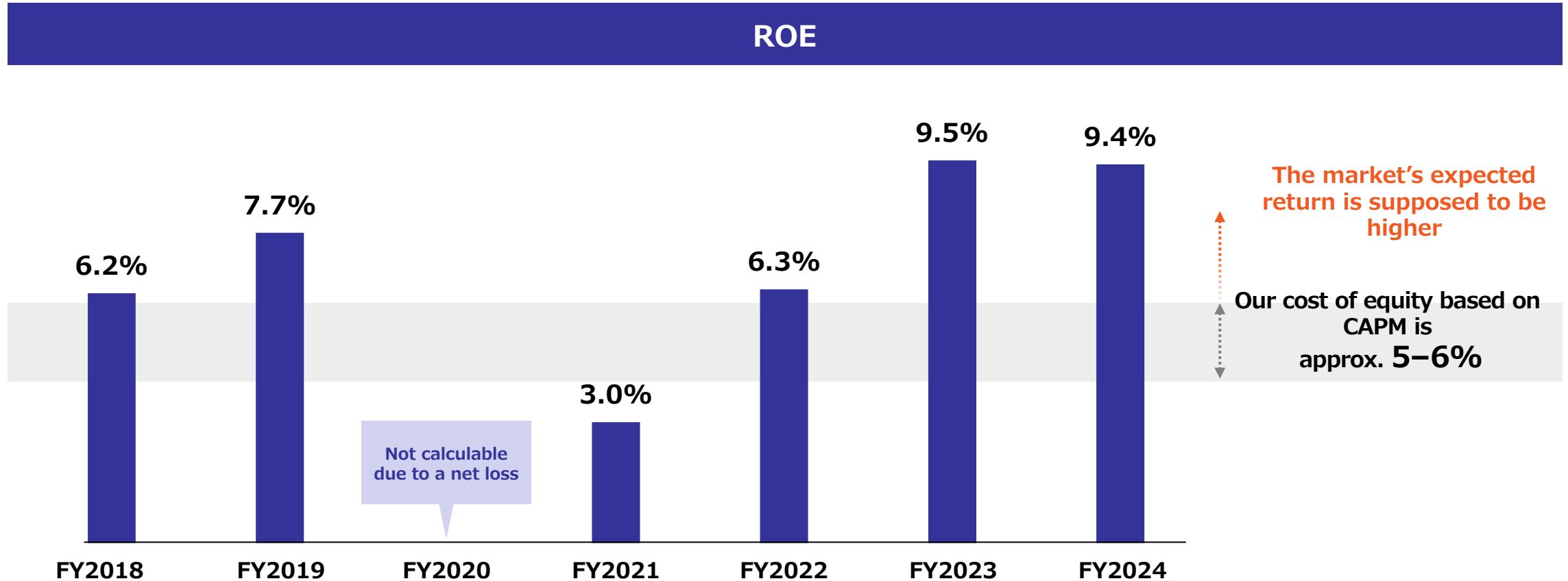
■ Details of initiatives



II. Development of Financial Indicators and Assessment of Current Status (1) (stock price)

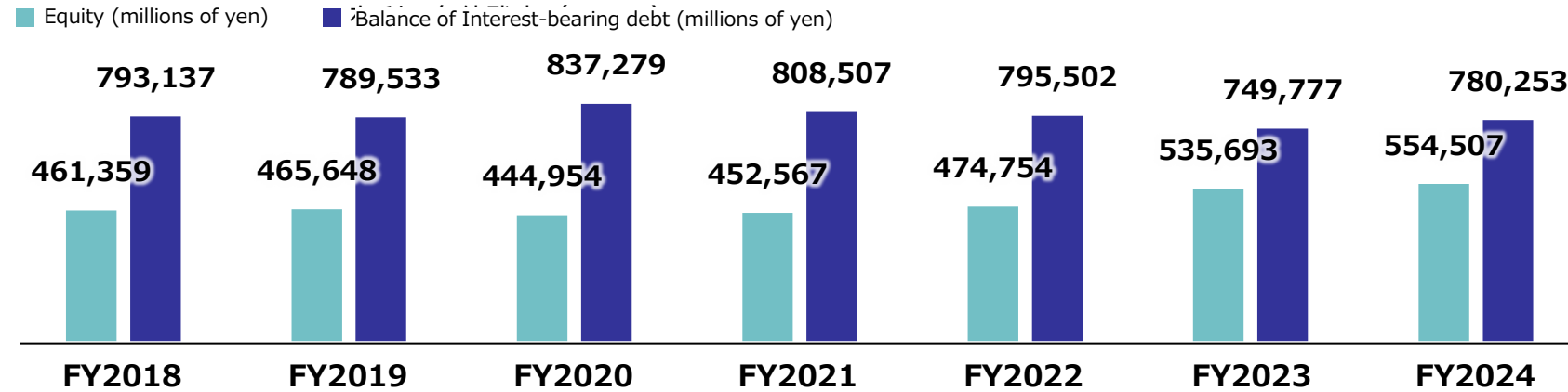


- Stock price and P/B ratio were both at low levels in the most recent FY2024
- P/B ratio was below 1x in FY2024 partly due to low growth targets and the failure to fully communicate the Group's growth strategy
- Must implement concrete measures to increase corporate value in the medium to long term

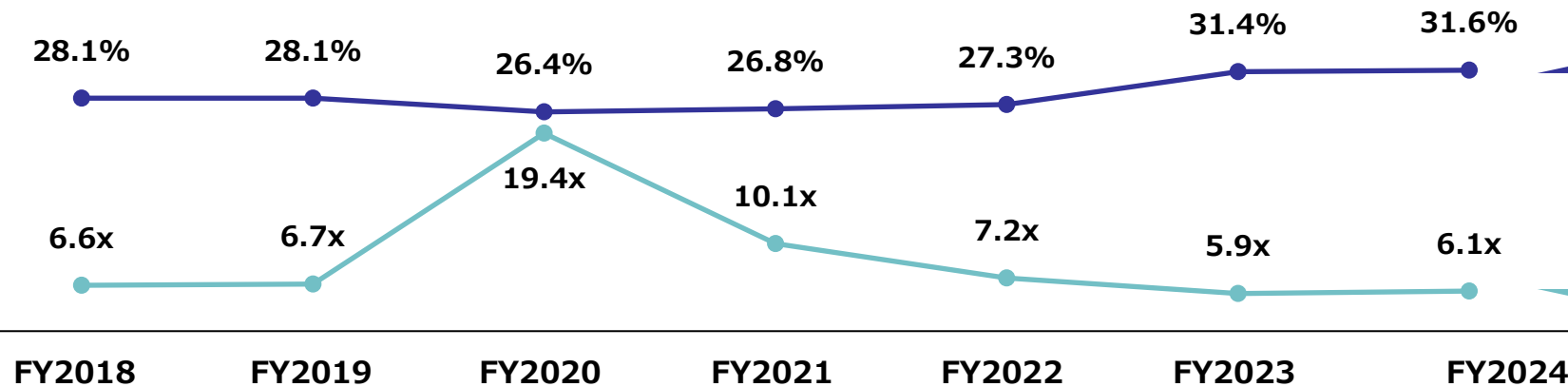


- Our cost of equity based on CAPM is approximately 5–6%
- We believe that the market's expected return is higher than the above
- We must ensure ROE that exceeds the market's expected return over the medium to long term

II. Development of Financial Indicators and Assessment of Current Status (3) (financial soundness)



Interest-bearing debt has settled at approx. ¥750.0 to 840.0 billion

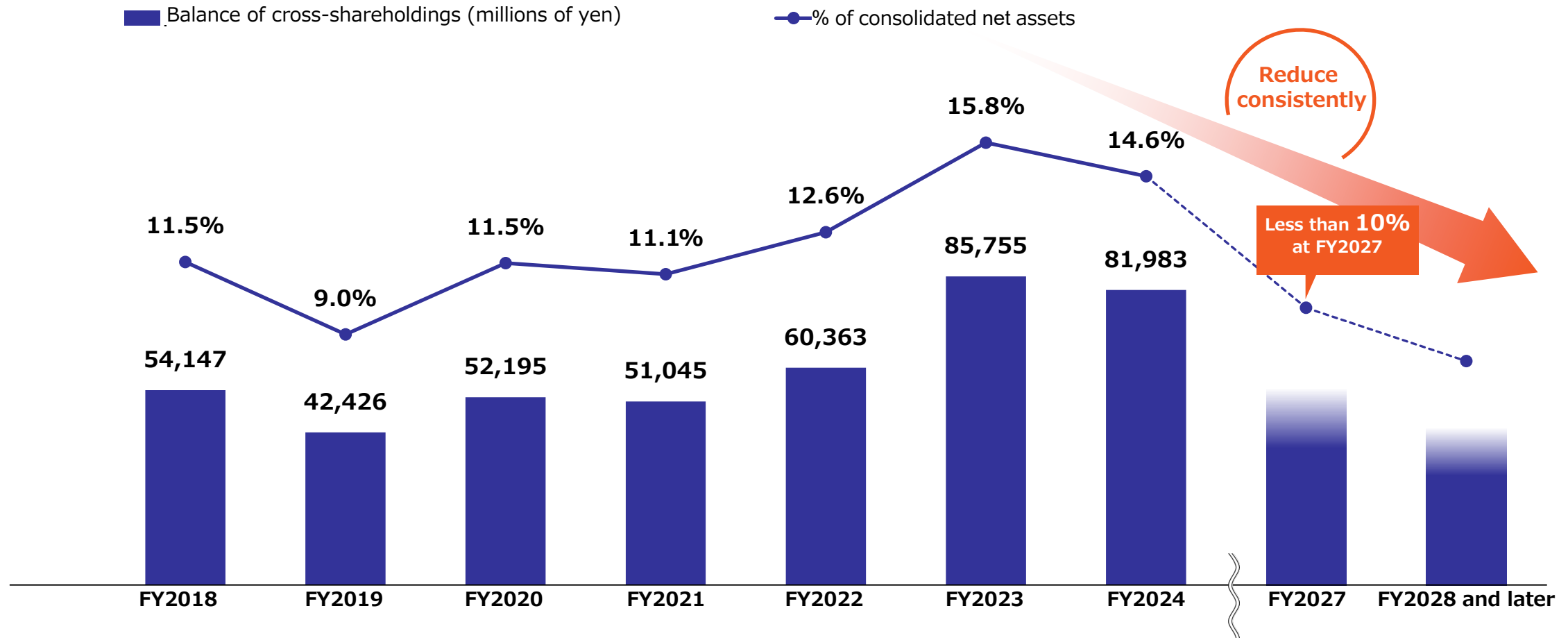


Equity ratio
Consistently improving

Interest-bearing debt to EBITDA multiple
Steadily improving due to increasing EBITDA

- Financial soundness is steadily improving, with the balance of interest-bearing debt hovering at approximately ¥750.0 to 840.0 billion
- Equity ratio is consistently increasing; interest-bearing debt to EBITDA multiple is steadily improving as well
- We will maintain financial soundness over the medium to long term, balancing growth investment and shareholder returns

III. Cross-shareholdings and Plan for Sale



- In FY2024, we sold approximately ¥10.0 billion in cross-shareholdings, which accounted for 14.6% of consolidated net assets at the end of FY2024
- We will reduce the percentage of consolidated net assets to less than 10% at the end of FY2027, and will continue to reduce thereafter

IV. Review of Medium- and Long-term Financial Targets (1) (management conscious of profitability and cost of capital)

■ Key management indicators and projected values

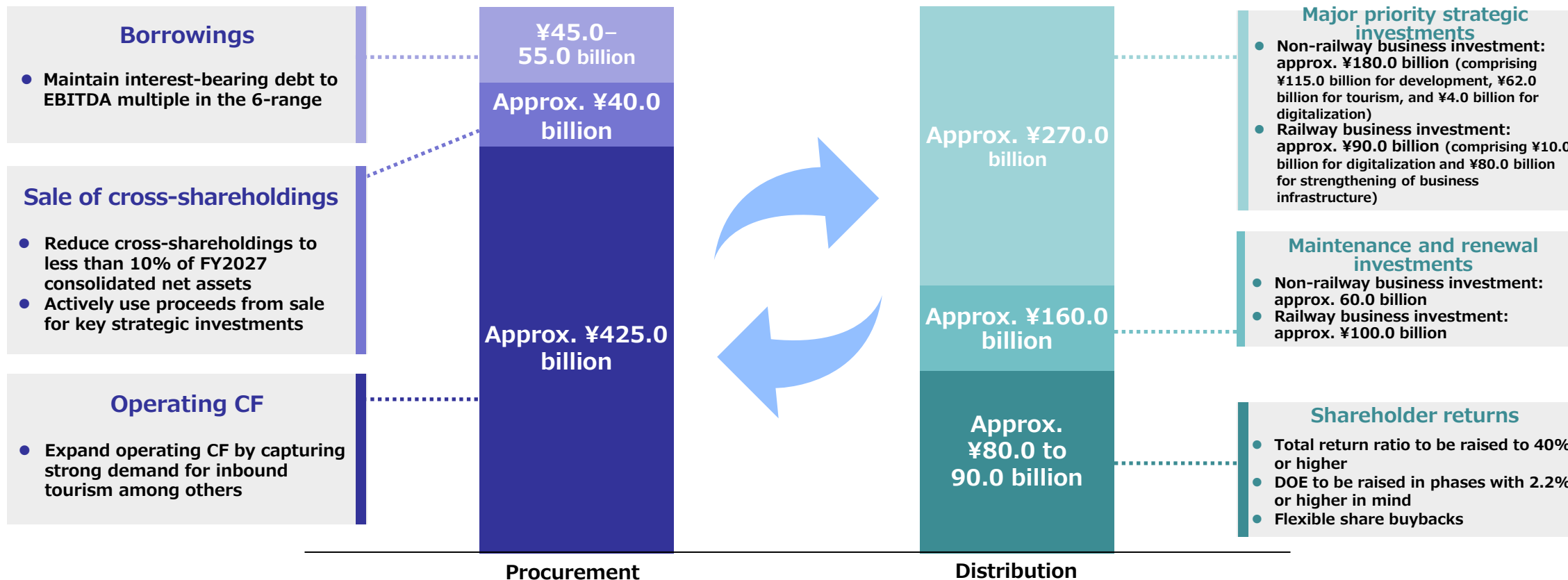
	Before	After
Profitability	<div>Operating profit</div> <div>FY2027 ¥74.0 billion</div> <div>FY2033 ¥80.0 billion</div> <div>Increase profit in the non-railway businesses by capturing growth markets, particularly tourism, in light of changes in the operating environment</div>	<div>Operating profit</div> <div>FY2027 ¥74.0 billion</div> <div>mid-2030s ¥100.0 billion+</div> <div>Accelerate investment in growth areas (tourism and area development) and expand leisure, real estate, and new businesses.</div>
Management conscious of cost of capital	<div>ROE</div> <div>Period of the Medium-Term Business Plan (FY2024–FY2027)</div> <div>Approx. 8%</div> <div>Manage assets and liabilities with an awareness of the cost of capital by allocating funds from the sale of assets (such as cross-shareholdings) to growth investments and shareholder returns</div>	<div>ROE</div> <div>Until the mid-2030s Maintain and increase 8%+</div> <div>Aim to maintain and increase the rate of 8% or higher over the medium to long term, while controlling the cost of capital and enhancing corporate value</div>

IV. Review of Medium- and Long-term Financial Targets (2) (shareholder returns and financial soundness)

■ Key management indicators and projected values

Before		After		
		Until FY2027		From FY2028
Shareholder returns	<div>Total return ratio</div> <div>Period of the Medium-Term Business Plan (FY2024–FY2027)</div> <div>30%+</div> <div>Enhance shareholder returns through flexibly combining dividends and share buybacks, while balancing them with growth investments and financial soundness with future performance in mind</div>	<div>Total return ratio</div> <div>Period of the Medium-Term Business Plan (FY2024–FY2027)</div> <div>40%+</div>	<div>DOE</div> <div>Period of the Medium-Term Business Plan (FY2024–FY2027)</div> <div>Increase in phases with 2.2%+ in mind</div>	<div>FY2028 and beyond</div> <div>Consider further increase</div>
	<div>Interest-bearing debt to EBITDA multiple</div> <div>FY2027</div> <div>6x range</div> <div>Control interest-bearing debt in anticipation of large-scale investment in the Ikebukuro West Exit redevelopment while investing for further growth</div>	<div>Achieve a total return ratio of 40% or higher through dividends and share buybacks during the period of the Medium-Term Business Plan, and further increase the ratio in FY2028 and beyond</div>		
Financial soundness		<div>Interest-bearing debt to EBITDA multiple</div> <div>Until the mid-2030s</div> <div>6x range</div>		<div>Equity ratio</div> <div>Until the mid-2030s</div> <div>30%+</div>
		<div>Maintain financial soundness by improving profitability, increasing cash flow, and flexibly using funds from the sale of cross-shareholdings and borrowings to sustain the interest-bearing debt to EBITDA multiple and the equity ratio over the medium to long term</div>		

Cash allocation (for period of the Medium-Term Business Plan)



Implement cash allocation to improve capital efficiency while maintaining financial soundness