Consolidated Financial Statements

Tokyu Corporation
and Consolidated Subsidiaries

For the year ended March 31, 2023
With Independent Auditor's Report

Consolidated Balance Sheet

Tokyu Corporation and Consolidated Subsidiaries

As of March 31, 2023

	Millions of yen	
Assets	2023	2022
Current Assets		
Cash and deposits (Note 7 *3)	¥ 69,342	¥ 52,275
Trade notes and accounts receivable (Note 7 *1)	160,746	146,286
Contract assets	12,566	7,316
Merchandise and products	9,140	10,548
Land and buildings for sale (Notes 7 *3 and *6)	109,622	77,352
Work in progress	3,113	3,223
Raw materials and supplies	8,789	8,580
Other current assets	50,562	48,825
Allowance for doubtful accounts	(1,584)	(1,388)
Total current assets	422,300	353,019
Non-current Assets		
Property, plant and equipment		
Buildings and structures, net (Notes 7 *3 and *4)	812,185	830,275
Rolling stock and machinery, net (Notes 7 *3 and *4)	81,853	82,300
Land (Notes 7 *3, *4 and *8)	723,020	700,592
Construction in progress	190,205	150,684
Others, net (Notes 7 *3 and *4)	23,429	23,711
Total property, plant and equipment	1,830,693	1,787,563
Intangible assets (Note 7 *3)	38,674	35,617
Investments and other assets		
Investment securities (Notes 7 *2, *3 and *7)	226,392	204,855
Net defined benefit asset	10,382	9,327
Deferred tax assets	20,071	22,538
Other assets	65,598	66,561
Allowance for doubtful accounts	(100)	(300)
Total investments and other assets	322,344	302,982
Total non-current assets	2,191,712	2,126,163
Total Assets	¥ 2,614,012	¥ 2,479,182

See notes to consolidated financial statements.

Consolidated Balance Sheet

Tokyu Corporation and Consolidated Subsidiaries

As of March 31, 2023

	Millions of yen	
	2023	2022
Liabilities		
Current Liabilities		
Trade notes and accounts payable (Note 7 *3)	¥ 100,887	¥ 88,029
Short-term borrowings (Notes 7 *3 and *4)	423,036	384,876
Commercial papers	30,000	–
Current portion of bonds payable	25,000	10,000
Income taxes payable	5,832	13,497
Contract liabilities	43,148	39,401
Provision for bonuses	11,502	10,875
Advances received	10,159	18,979
Other current liabilities	119,489	102,662
Total current liabilities	769,056	668,321
Long-Term Liabilities		
Bonds payable	320,000	300,000
Long-term borrowings (Notes 7 *3 and *4)	489,483	500,880
Deferred tax liabilities	15,336	14,734
Deferred tax liabilities from land revaluation (Note 7 *8)	4,881	4,881
Allowance for loss on redemption of gift certificates	1,929	1,865
Liabilities for retirement benefit	42,760	43,122
Long-term guarantee deposits received	137,754	134,918
Other long-term liabilities	48,417	49,986
Total long-term liabilities	1,060,563	1,050,388
Special Legal Reserves		
Urban railways improvement reserve (Note 7 *5)	5,020	7,530
Total Liabilities	1,834,639	1,726,240
Net Assets		
Shareholders' Equity:		
Common stock	121,724	121,724
Capital surplus	123,329	133,683
Retained earnings	471,348	454,484
Treasury stock	(17,329)	(39,614)
Total shareholders' equity	699,074	670,278
Accumulated Other Comprehensive Income		
Net unrealized gains (losses) on investment securities	15,698	16,762
Deferred gains (losses) on hedges	1,151	89
Land revaluation reserve (Note 7 *8)	5,196	5,229
Foreign currency translation adjustment	13,968	7,017
Remeasurements of defined benefit plans	5,531	3,589
Total accumulated other comprehensive income	41,546	32,689
Non-Controlling Interests	38,751	49,974
Total Net Assets	779,372	752,942
Total Liabilities and Net Assets	¥ 2,614,012	¥ 2,479,182

See notes to consolidated financial statements.

Consolidated Statement of Income

Tokyu Corporation and Consolidated Subsidiaries

For the Year Ended March 31, 2023

	Millions of yen	
	2023	2022
Operating Revenue (Note 8 *1)	¥ 931,293	¥ 879,112
Operating expenses		
Operating expenses and cost of sales related to transportation (Notes 8 *3 and *6)	668,869	639,344
Selling, general and administrative expenses (Notes 8 *2 and *3)	217,819	208,223
Total operating expenses	886,689	847,568
Operating Profit	44,603	31,544
Non-operating profit		
Interest income	415	313
Dividend income	1,057	948
Share of profit of entities accounted for using equity method	9,382	5,091
Other non-operating profit	6,297	10,940
Total non-operating profit	17,153	17,294
Non-operating expenses		
Interest expenses	8,493	8,361
Other non-operating expenses	5,894	5,478
Total non-operating expenses	14,387	13,840
Ordinary Profit	47,369	34,998
Extraordinary gains		
Gains on sale of property, plant and equipment (Note 8 *4)	399	14,473
Subsidies received for construction	5,672	1,374
Gain on reversal of urban railways improvement reserve	2,510	2,510
Gain on sale of investment securities	1,489	1,162
Gain on sale of transferable development air rights	–	2,800
Other	649	1,169
Total extraordinary gains	10,720	23,489
Extraordinary losses		
Tax purpose reduction entry of land contribution for construction	4,302	1,193
Loss on retirement of property, plant and equipment	889	2,268
Impairment losses (Note 8 *5)	6,544	25,129
Extra retirement payments	2,893	44
Other	2,074	2,820
Total extraordinary losses	16,704	31,455
Profit before Income Taxes	41,385	27,032
Income taxes – current	12,325	16,600
Income taxes – deferred	1,999	228
Total income taxes	14,324	16,829
Profit	27,061	10,203
Profit attributable to non-controlling interests	1,065	1,420
Profit attributable to owners of parent	¥ 25,995	¥ 8,782

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Tokyu Corporation and Consolidated Subsidiaries

For the Year Ended March 31, 2023

	Millions of yen			
		2023		2022
Profit	¥	27,061	¥	10,203
Other comprehensive income				
Net unrealized gains (losses) on investment securities		(396)		(3,005)
Deferred gains (losses) on hedges		(0)		–
Foreign currency translation adjustment		5,563		5,704
Remeasurements of defined benefit plans, net of tax		1,893		4,930
Share of other comprehensive income of entities accounted for using equity method		3,984		2,121
Total other comprehensive income (Note 9)		11,045		9,751
Comprehensive Income	¥	38,106	¥	19,955
Total comprehensive income attributable to:				
Comprehensive income attributable to owners of parent	¥	34,885	¥	16,456
Comprehensive income attributable to non-controlling interests		3,220		3,499

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Tokyu Corporation and Consolidated Subsidiaries

For the Year Ended March 31, 2023

	Millions of yen				
	2023				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	¥ 121,724	¥ 133,683	¥ 454,484	¥ (39,614)	¥ 670,278
Cumulative effects of changes in accounting policies					–
Restated balance as of the beginning of the year	121,724	133,683	454,484	(39,614)	670,278
Changes during the year					
Cash dividends paid			(9,076)		(9,076)
Profit attributable to owners of parent for the period			25,995		25,995
Reversal of revaluation reserve for land			32		32
Purchases of treasury stock				(132)	(132)
Disposal of treasury stock		(1,292)		22,423	21,130
Changes in ownership interests in subsidiaries that do not result in change in control in ownership interest in subsidiaries		(9,060)			(9,060)
Change in scope of equity method			(87)		(87)
Other		(0)		(5)	(6)
Changes other than those to shareholders' equity, net					
Total changes during the year	¥ –	¥ (10,354)	¥ 16,864	¥ 22,285	¥ 28,796
Balance at the end of the year	¥ 121,724	¥ 123,329	¥ 471,348	¥ (17,329)	¥ 699,074

	Millions of yen							
	2023							
	Accumulated other comprehensive income							
	Net unrealized gains (losses) on investment securities	Deferred gains (losses) on hedges	Land revaluation reserve	Foreign currency translation adjustment	Remeasure ments of defined benefit plans	Total accumulated other comprehen-sive income	Non-controlling interests	Total net assets
Balance at the beginning of the year	¥ 16,762	¥ 89	¥ 5,229	¥ 7,017	¥ 3,589	¥ 32,689	¥ 49,974	¥ 752,942
Cumulative effects of changes in accounting policies								–
Restated balance as of the beginning of the year	16,762	89	5,229	7,017	3,589	32,689	49,974	752,942
Changes during the year								
Cash dividends paid								(9,076)
Profit attributable to owners of parent for the period								25,995
Reversal of revaluation reserve for land								32
Purchases of treasury stock								(132)
Disposal of treasury stock								21,130
Changes in ownership interests in subsidiaries that do not result in change in control								(9,060)
Change in scope of equity method								(87)
Other								(6)
Changes other than those to shareholders' equity, net	(1,064)	1,061	(32)	6,950	1,941	8,857	(11,223)	(2,365)
Total changes during the year	¥ (1,064)	¥ 1,061	¥ (32)	¥ 6,950	¥ 1,941	¥ 8,857	¥ (11,223)	¥ 26,430
Balance at the end of the year	¥ 15,698	¥ 1,151	¥ 5,196	¥ 13,968	¥ 5,531	¥ 41,546	¥ 38,751	¥ 779,372

For the Year Ended March 31, 2022

	Millions of yen				
	2022				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of year	¥ 121,724	¥ 134,095	¥ 455,201	¥ (37,153)	¥ 673,868
Cumulative effects of changes in accounting policies			(5,409)		(5,409)
Restated balance as of the beginning of the year	121,724	134,095	449,792	(37,153)	668,458
Changes during the year					
Cash dividends paid			(7,561)		(7,561)
Profit attributable to owners of parent for the period			8,782		8,782
Reversal of revaluation reserve for land			3,470		3,470
Purchase of treasury stock				(4,521)	(4,521)
Disposal of treasury stock		(170)		2,059	1,889
Changes in ownership interests in subsidiaries that do not result in change in control		(240)			(240)
Change in scope of equity method					–
Other					–
Changes other than those to shareholders' equity, net					
Total changes during the year	¥ –	¥ (411)	¥ 4,691	¥ (2,461)	¥ 1,819
Balance at the end of the year	¥ 121,724	¥ 133,683	¥ 454,484	¥ (39,614)	¥ 670,278

	Millions of yen							
	2022							
	Accumulated other comprehensive income							
	Net unrealized gains (losses) on investment securities	Deferred gains (losses) on hedges	Land revaluation reserve	Foreign currency translation adjustment	Remeasure ments of defined benefit plans	Total accumulated other comprehen-sive income	Non-controlling interests	Total net assets
Balance at the beginning of year	¥ 20,509	¥ (75)	¥ 8,700	¥ 895	¥ (1,542)	¥ 28,486	¥ 50,183	¥ 752,538
Cumulative effects of changes in accounting policies								(5,409)
Restated balance as of the beginning of the year	20,509	(75)	8,700	895	(1,542)	28,486	50,183	747,129
Changes during the year								
Cash dividends paid								(7,561)
Profit attributable to owners of parent for the period								8,782
Reversal of revaluation reserve for land								3,470
Purchases of treasury stock								(4,521)
Disposal of treasury stock								1,889
Changes in ownership interests in subsidiaries that do not result in change in control								(240)
Change in scope of equity method								-
Other								-
Changes other than those to shareholders' equity, net	(3,747)	165	(3,470)	6,122	5,132	4,202	(209)	3,993
Total changes during the year	¥ (3,747)	¥ 165	¥ (3,470)	¥ 6,122	¥ 5,132	¥ 4,202	¥ (209)	¥ 5,812
Balance at the end of the year	¥ 16,762	¥ 89	¥ 5,229	¥ 7,017	¥ 3,589	¥ 32,689	¥ 49,974	¥ 752,942

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Tokyu Corporation and Consolidated Subsidiaries
For the Year Ended March 31, 2023

	Millions of yen	
	2023	2022
Cash Flows from Operating Activities		
Profit before income taxes	¥ 41,385	¥ 27,032
Depreciation and amortization	82,973	84,191
Amortization of goodwill	7	–
Impairment losses	6,544	25,129
Gain on sale of transferable development air rights	–	(2,800)
Retirement benefit expenses	1,437	3,040
Increase (decrease) in urban railways improvement reserve	(2,510)	(2,510)
Subsidies received for construction	(5,672)	(1,374)
Tax purpose reduction entry of land contribution for construction	4,302	1,193
Loss (gain) on sale of property, plant and equipment	(364)	(14,270)
Loss on retirement of property, plant and equipment	7,183	8,804
Share of (profit) loss of entities accounted for using equity method	(9,382)	(5,091)
Loss (gain) on sale of investment securities	(1,489)	(1,094)
Decrease (increase) in trade notes and accounts receivable	(13,534)	(27,560)
Decrease (increase) in inventories	(28,893)	6,638
Decrease (increase) in contract assets	(5,250)	(1,097)
Increase (decrease) in trade notes and accounts payable	12,603	(8,440)
Increase (decrease) in contract liabilities	3,552	341
Increase (decrease) in advances received	661	(1,425)
Increase (decrease) in guarantee deposits received	2,823	(1,314)
Increase (decrease) in accrued consumption taxes	1,843	(6,494)
Increase (decrease) in other current liabilities	8,135	(2,242)
Interest and dividend income	(1,472)	(1,261)
Interest expenses	8,493	8,361
Other	5,028	10,786
Subtotal	118,404	98,543
Interest and dividends received	4,308	4,023
Interest paid	(8,450)	(8,366)
Income taxes (paid) refund	(18,858)	(8,622)
Net Cash Provided by (Used in) Operating Activities	¥ 95,404	¥ 85,577

	Millions of yen	
	2023	2022
Cash Flows from Investing Activities		
Payments for purchases of property, plant and equipment and intangible assets	¥(152,345)	¥ (110,397)
Proceeds from sale of property, plant and equipment	2,559	30,379
Payments for retirement of property, plant and equipment	(2,340)	(6,313)
Proceeds from sale of transferable development air rights	–	2,800
Payments for acquisition of investment securities	(2,866)	(4,089)
Proceeds from sale of investment securities	2,638	3,704
Purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 11 *2)	(8,950)	–
Proceeds from subsidies received for construction	6,211	5,432
Other	662	(327)
Net Cash Provided by (Used in) Investing Activities	(154,431)	(78,810)
Cash flows from Financing Activities		
Increase (decrease) in short-term borrowings, net	37,607	(10,744)
Proceeds from long-term borrowings	29,970	59,594
Repayment of long-term borrowings	(41,890)	(66,011)
Proceeds from issuance of commercial papers	55,000	164,000
Redemption of commercial papers	(25,000)	(174,000)
Proceeds from bond issuance	44,716	39,762
Payments for redemption of bonds	(10,000)	–
Repayment of finance lease obligations	(2,377)	(4,488)
Purchase of treasury stock	(17)	(4,529)
Cash dividends paid	(9,076)	(7,561)
Proceeds from share issuance to non-controlling interests	1,553	1,578
Dividends paid to non-controlling interests	(1,168)	(562)
Proceeds from sale and leaseback transactions	–	341
Other	(4,706)	1,246
Net Cash Provided by (Used in) Financing Activities	74,608	(1,374)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,299	945
Increase (Decrease) in Cash and Cash Equivalents	16,880	6,338
Cash and Cash Equivalents at Beginning of Period	51,635	45,297
Cash and Cash Equivalents at End of Period (Note 11 *1)	¥ 68,516	¥ 51,635

See notes to consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(1) Basis of presentation

The accompanying consolidated financial statements of Tokyu Corporation (the “Company”) and its consolidated subsidiaries (collectively, the “Group”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (“IFRS”), and are compiled from the consolidated financial statements in Japanese prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

Certain amounts in the financial statements for previous years have been reclassified to conform to the presentation in the current year.

In the presentation of the accompanying consolidated financial statements, amounts of less than one million yen have been rounded down to the nearest million yen, except for per share information. As a result, the totals in yen do not necessarily agree with the sum of the individual amounts.

(2) Scope of consolidation

Number of consolidated subsidiaries: 126 companies

TK Hotel Preparation Co., Ltd. (currently Tokyu Hotels & Resorts Co., Ltd.) and Kawasaki Todoroki Park Co., Ltd. were newly included in the scope of consolidation due to their establishment, and OASIS REAL ESTATE INVESTMENT PTE. LTD. was newly included in the scope of consolidation due to acquisition of its shares.

International Restaurant Service Co., Ltd. and TF Total Service Co., Ltd. were excluded from the scope of consolidation due to mergers with consolidated subsidiaries, Nagoya Sakae Tokyu REI Hotel Co., Ltd. and MAUNA LANI RESORT (OPERATION), INC. were excluded from the scope of consolidation due to company liquidation, Izukyu Tokai Taxi Co., Ltd. was excluded from the scope of consolidation due to sale of its shares, and GK New Perspective One was excluded from the scope of consolidation due to termination of the silent partnership agreement.

The Company’s non-consolidated subsidiaries are Izu Higashi-kaigan Tetsudo Seibi Kabushiki Kaisha and two other companies. Those subsidiaries are excluded from the scope of consolidation because they are small in size, and neither of the sums of the amounts of each subsidiary’s total assets, operating revenue, profit (loss), and retained earnings proportionate to the Company’s equity interest has a material impact on the consolidated financial statements.

(3) Application of the equity method

Izu Higashi-kaigan Tetsudo Seibi Kabushiki Kaisha is the only non-consolidated subsidiary accounted for using the equity method. The Company’s affiliates accounted for using the equity method are Tokyu Fudosan Holdings Corporation, Tokyu Construction Co., Ltd. and 30 other companies.

Due to establishment, DKTK THUAN AN JOINT STOCK COMPANY, Siri TK Five Co., Ltd., Haneda Airport Line Co., Ltd., and KING SQUARE DEVELOPMENT CO., LTD. were newly included in the scope of application of the equity method. Global Infrastructure Management Co., Ltd. was newly included in the scope of application of the equity method due to an increase in its materiality.

Siri TK Four Co., Ltd. was excluded from the scope of application of the equity method due to sale of its shares.

Two non-consolidated subsidiaries and six affiliates are excluded from the scope of application of the equity method because they have an insignificant impact on profit (loss) and retained earnings, and they are collectively immaterial. The Company’s non-consolidated subsidiaries not accounted for using the equity method are General Incorporated Association Kids Coach Association and one other company, while its affiliates not accounted for using the equity method are Cradle Kounou Co., Ltd. and five other companies.

(4) Fiscal years of consolidated subsidiaries

Consolidated subsidiaries whose fiscal year end differs from the consolidated balance sheet date are as follows:

Companies with a fiscal year ending December 31

- Tokyu Recreation Co., Ltd.
- Hiroshima Tokyu Recreation Co., Ltd.
- Kumamoto Tokyu Recreation Co., Ltd.
- TR・SERVICE CO., LTD.
- TST Entertainment Co., Ltd.
- Tokyu Linen Supply Co., Ltd.
- Tokyu Geox Co., Ltd.
- Shibuya Miyashitacho Realty Co., Ltd.
- Yanchep Sun City Pty Ltd
- St. Andrews Private Estate Pty Ltd
- Becamex Tokyu Co., Ltd.
- Becamex Tokyu Bus Co., Ltd.
- Saha Tokyu Corporation Co., Ltd.
- Tokyu Business Consulting Shanghai CO., LTD.
- Tokyu Malls Development (Hong Kong) Limited
- TOKYU DEVELOPMENT CO., LTD.
- BTMJR Investment Limited Company
- H9BC Investment Company Limited
- OASIS REAL ESTATE INVESTMENT PTE. LTD.

Companies with a fiscal year ending January 31

- Tokyu Bunkamura, Inc.
- Tokyu Department Store Co., Ltd.
- Shibuya Chikagai Co., Ltd.
- Nagano Tokyu Department Store Co., Ltd.
- Kita Nagano Shopping Center Co., Ltd.
- Tokyu Time Co., Ltd.
- Tokyu Business Support Co., Ltd.
- Central Foods Co., Ltd.

Companies with a fiscal year ending February 28

- Tokyu Store Chain Co., Ltd., Toko Foods Co., Ltd.
- Toko Flora Co., Ltd., Toko Service Co., Ltd.
- CT Realty Limited

The Group prepares the consolidated financial statements based on the respective financial statements of Tokyu Geox Co., Ltd. and 31 other consolidated subsidiaries. Any material transactions that occurred between their fiscal year end and the consolidated balance sheet date are adjusted for consolidation purposes.

(5) Accounting policies

a. Valuation basis and methods for major assets

(i) Securities (including investments and other assets)

Held-to-maturity bonds

Stated at amortized cost (using the straight-line method)

Available-for-sale securities

Securities other than shares and other without a market price

Stated at fair value (with any unrealized gain or loss being recognized directly in net assets and the cost of securities sold being determined mainly using the moving-average method)

Shares and other without a market price

Stated at cost mainly using the moving-average method

As for investments in silent partnerships (available-for-sale securities), the Company's share of profit or loss of the silent partnerships is accounted for as "Non-operating profit" or "Non-operating expenses" and the carrying amount of "Investment securities" is increased or decreased accordingly.

(ii) Derivatives

Stated at fair value

(iii) Inventories

Land and buildings for sale are mainly stated at cost using the weighted average method by district and the specific identification method. Other inventories are stated at cost using the specific identification method, the weighted average method, the last purchase price method, the first-in, first-out method, the retail method, or the moving-average method, depending on which industry sector inventories are related to. In any case, their carrying amounts are subject to write-down due to decreased profitability.

b. Depreciation methods for significant depreciable assets

(i) Property, plant and equipment (excluding leased assets) of the Company are mainly depreciated using the declining-balance method. In addition, some of the Company's leased facilities and property, plant and equipment held by certain consolidated subsidiaries are depreciated using the straight-line method in addition to the declining-balance method.

However, buildings (except for facilities attached to buildings) acquired by the Company and its consolidated subsidiaries in Japan on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method.

For buildings and structures, the principal useful lives are 2 to 75 years.

(ii) Intangible assets (excluding leased assets) are amortized using the straight-line method. Software for internal use is amortized over a period of five years during which it is expected to be available for internal use.

(iii) Leased assets under finance lease transactions that transfer ownership are depreciated using the same method as that applied to non-current assets owned by the Company.

Leased assets under finance lease transactions that do not transfer ownership are depreciated using the straight-line method with the lease term being the useful life and the residual value being zero.

c. Accounting for significant deferred assets

Bond issuance costs and stock issuance costs are expensed in full as incurred.

d. Recognition criteria for significant allowances and provisions

(i) Allowance for doubtful accounts

To provide for potential credit losses on trade notes and accounts receivable, loan receivables, and other receivables, allowance for doubtful accounts is recorded at an amount calculated on the basis of a historical credit loss ratio for general receivables, and at an estimated uncollectible amount determined on the basis of individual assessments of collectability for specific receivables such as those with probability of default.

(ii) Provision for bonuses

To provide for the payment of bonuses to employees and employees concurrently serving as officers, provision for bonuses is recorded based on the estimated amount of bonuses to be paid.

(iii) Allowance for loss on redemption of gift certificates

To provide for losses that may be incurred if gift certificates are redeemed after the liability is derecognized, an estimated future redeemable amount is recorded based on past experience.

e. Recognition criteria for significant revenues and expenses

The following are the nature of major performance obligations in the Company and its consolidated subsidiaries' mainstay businesses relating to revenue from contracts with customers and the timing when performance obligations are typically satisfied (when revenue is typically recognized).

(i) Transportation Business

In the Transportation Business, the Company's consolidated subsidiaries mainly engage in passenger transport through railway and bus operations. For passenger transportation, the Group is obligated to transport customers and recognizes revenue upon completion of the service. However, for commuter passes, the Group recognizes revenue in accordance with the passage of time from the effective date to expiration date. The Group is also engaged in the railway carriage business such as designing and manufacturing equipment for railway carriages, contracting for renewal, repair, and periodic inspections, and undertaking design and construction of railway-related electronic work. In the railway carriage business, the Group is obligated to provide services such as designing and manufacturing equipment, conducting periodic inspections, and designing and undertaking construction work based on contracts with customers. The Group recognizes revenue upon completion of these services. However, for certain construction work of the railway carriage business for which the Group enters into a construction agreement, the Group recognizes revenue over time based on the degree of completion.

(ii) Real Estate Business

In the Real Estate Business, the Company is mainly engaged in real estate sales and real estate leasing. In the real estate sales business, the Company is engaged in the development and sale of residential land as well as the construction and sale of houses and others. The Group is obligated to deliver the relevant properties based on real estate sales contracts with customers, and recognizes revenue at the time the properties are delivered to customers. In the real estate leasing business, the Company leases office buildings and others, and recognizes revenue over the leasing period in accordance with ASBJ Statement No. 13 *Accounting Standard for Lease Transactions*. In addition, the Company operates hotels and its consolidated subsidiaries are engaged in real estate management and construction businesses. In the hotel management, the Company operates the hotels housed in building complexes. The Company is mainly obligated to provide lodging accommodations to customers, and recognizes revenue when customers stay at the hotels. In the property management business, the Group is obligated to provide comprehensive management of buildings, and recognizes revenue as services are rendered. In the construction business, the Group is primarily obligated to manage construction, recognizing revenue upon completion of services.

For certain construction work where the Group enters into a construction agreement, the Group recognizes revenue based on the degree of completion.

(iii) Life Service Business

In the Life Service Business, the Company's consolidated subsidiaries are mainly engaged in the following: the department store operations, chain store and other retailing operations, the imaging operations running a cinema complex, the CATV operations providing cable television services and internet connection services, and the advertising operations providing advertising agency services. In the department store and retailing operations, the Group is obligated to deliver goods to customers, and recognizes revenue when the goods are delivered to them. The Group also leases commercial space to tenants, and recognizes revenue over the leasing period under ASBJ Statement No. 13 *Accounting Standard for Lease Transactions*. In the imaging, CATV and advertising operations, the Group is obligated to provide such services, and recognizes revenue upon completion of services or as services are rendered. In addition, in the electricity retailing operations, a consolidated subsidiary of the Company is obligated to provide electric power to their customers, and recognizes revenue as the power is provided.

(iv) Hotel and Resort Business

In the Hotel and Resort Business, the Company's consolidated subsidiaries operate hotels. The Group is obligated to provide lodging accommodations to customers, and recognizes revenue when customers stay at the hotels.

f. Accounting for retirement benefits

(i) Method of attributing estimated retirement benefits to accounting periods

In calculating retirement benefit obligations, the straight-line basis is used to attribute the estimated amount of retirement benefits to periods of services up to the end of the fiscal year ended March 31, 2023.

(ii) Method of accounting for actuarial gains and losses and past service costs

Actuarial gains and losses are amortized primarily using the straight-line method over a certain number of years (15 years) within the average remaining service period of employees at the time of recognition from the fiscal year following the respective fiscal year of recognition.

Past service costs are mainly amortized using the straight-line method over a certain number of years (15 years) within the average remaining service period of employees at the time of recognition.

g. Criteria for translating significant foreign currency assets and liabilities into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate on the consolidated balance sheet date. Translation differences are accounted for as profit or loss.

Meanwhile, assets and liabilities of overseas subsidiaries are translated into Japanese yen at the spot exchange rate on the consolidated balance sheet date, whereas their revenue and expenses are translated into Japanese yen at the average exchange rate for the fiscal year. Translation differences are included in foreign currency translation adjustment and non-controlling interests in the net assets.

h. Special legal reserves

Urban railways improvement reserve is reversed per the provisions of Article 8 of the Act on Special Measures concerning Promotion of Construction of Specified Urban Railways.

i. Accounting for subsidies received for construction in the railway operations

Tokyu Railways Co., Ltd., Izukyu Corporation, and Uedadentetsu Co., Ltd., which are consolidated subsidiaries of the Company, account for subsidies received for construction by deducting the amount equivalent to relevant subsidies received for construction directly from the cost of non-current assets acquired upon completion of construction.

In the consolidated statement of income, subsidies received for construction is recorded in extraordinary gains, while the amount directly deducted from the cost of non-current assets acquired is recorded as tax purpose reduction entry of land contribution for construction in extraordinary losses.

Of the construction costs that have been received as subsidies, the portion related to the temporary structure that had been already removed was recorded as operating expenses (non-current asset retirement expenses and other expenses).

j. Accounting for significant hedge transactions

(i) Method of hedge accounting

The Group adopts deferred hedge accounting. Note that the exceptional treatment (*tokurei-shori*) is adopted for interest rate swaps that meet the requirements for the exceptional treatment, whereas the integrated treatment (the exceptional treatment and the appropriation treatment (*furiate-shori*) combined) is adopted for cross-currency interest swaps that meet the requirements for the integrated treatment. In addition, the appropriation treatment is adopted for forward exchange contracts that meet the requirements for the appropriation treatment.

(ii) Hedging instruments and hedged items

Hedging instruments: Interest rate swaps, cross-currency interest swaps, and forward exchange contracts

Hedged items: Borrowings, foreign currency-denominated borrowings, and foreign currency-denominated payables

(iii) Hedging policy

The Company has established rules in its operational policies that stipulate transaction authority. Fluctuation risks associated with interest rate and foreign currency are hedged in accordance with the rules. Consolidated subsidiaries also set internal rules to use derivative transactions to avoid the fluctuation risks associated with interest rate and foreign currency arising mainly from business activities.

(iv) Method for assessing hedge effectiveness

The hedge effectiveness is assessed by the ratio of the change in the amount of cash flows of hedging instruments to that of hedged items for each of the period that has already passed.

k. Amortization method and period for goodwill

Goodwill is amortized over a period of 11 years using the straight-line method. However, goodwill that is immaterial in amount is immediately amortized in full.

l. Scope of cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible into cash and are subject to an insignificant risk of changes in value.

2. SIGNIFICANT ACCOUNTING ESTIMATES

(1) Impairment of non-current assets

a. Amounts recognized in the consolidated financial statements for the fiscal years ended March 31, 2023 and 2022

	Millions of yen	
	2023	2022
Property, plant and equipment, and intangible assets	¥ 1,869,367	¥ 1,823,181
Impairment losses	6,544	25,129

b. Other information that contributes to the understanding of users of consolidated financial statements

(i) Calculation method

In calculating impairment losses, the Group groups assets by the smallest unit that generates cash flows largely independent from the cash flows generated by other assets or asset groups. As a result, the Group recognizes impairment losses for the non-current asset groups whose market values have significantly declined from their carrying amounts due to continued declines in land prices and the non-current asset groups that have continued to record losses from operating activities. More specifically, when the sum of undiscounted future cash flows is less than their carrying amount, the Group reduces the carrying amount to the recoverable amount and then recognizes the reduction as impairment losses under extraordinary losses.

(ii) Key assumptions

The recoverable amounts of these asset groups are calculated based on net selling price or value in use.

The net selling price is calculated based on the fair value of land and other assets or by the capitalization method. Value in use is calculated by discounting future cash flows primarily at a rate of 4.0% to 5.0%.

Key assumptions used in calculating future cash flows include the numbers of passengers and travelers in the Transportation Business; tenant trends such as vacancy rates in the Real Estate Business; customer trends and the number of customers for the Life Service Business; and Revenue per Available Room (RevPAR) and occupancy rates for the Hotel and Resort Business.

With regard to COVID-19, the Group does not expect any direct impact, such as from restrictions on activities, and assumes that the trend toward improvement will also continue for behavioral changes.

(iii) Impacts on consolidated financial statements for the next fiscal year

Key assumptions used in estimating future cash flows are highly uncertain and may differ from forecasts. If the recoverable amount decreases in the event of actual results deviating from forecasts based on key assumptions or a decline in market prices, the Group may face a risk of impairment losses in the next fiscal year.

(2) Recoverability of deferred tax assets

a. Amounts recognized in the consolidated financial statements for the fiscal years ended March 31, 2023 and 2022

	Millions of yen	
	2023	2022
Deferred tax assets, net	¥ 4,734	¥ 7,803
Income taxes – deferred	1,999	228

(The amounts before netting of deferred tax liabilities were ¥69,138 million as of March 31, 2023 and ¥71,314 million as of March 31, 2022.)

b. Other information that contributes to the understanding of users of consolidated financial statements

(i) Calculation method

The recoverability of deferred tax assets is determined for deductible temporary differences and tax loss carryforwards based on taxable income and tax planning that reflect the Company's future earning capacity. Taxable income estimates are based on the budget for the next fiscal year and the Medium-term Management Plan.

(ii) Key assumptions

Deferred tax assets are attributable mainly to the Company and its subsidiaries that belong to the Transportation Business segment. With regard to COVID-19, the Group does not expect any direct impact, such as from restrictions on activities, on its key assumptions incorporated in the budget for the next fiscal year and the Medium-term Management Plan, including when the pandemic will subside and the number of passengers carried in the Transportation Business, which constitute a basis for the Group's taxable income estimates, and assumes that the trend toward improvement will also continue for behavioral changes.

(iii) Impacts on consolidated financial statements for the next fiscal year

Key assumptions, including when the pandemic will subside, are highly uncertain. If actual results deviate from forecasts due, for example, to a decrease in the number of passengers carried in the Transportation Business, the Group may face a risk of having a significant impact on the assessment of the recoverability of deferred tax assets due to a change in taxable income estimates.

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter "Fair Value Measurement Guidance") from the beginning of the fiscal year ended March 31, 2023. Accordingly, it has decided to prospectively apply the new accounting policies specified in the Fair Value Measurement Guidance in accordance with the transitional measures prescribed in Paragraph 27-2 of the Fair Value Measurement Guidance. This application has no impact on the consolidated financial statements.

4. NEW ACCOUNTING STANDARDS NOT YET APPLIED

Accounting Standards, etc. for Current Income Taxes

- "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022)
- "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022).
- "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022)

(1) Overview

These standards stipulate the classification of income taxes imposed on other comprehensive income and the treatment of tax effects related to the sale of shares of subsidiaries when the group taxation regime is applied.

(2) Scheduled date of application

The Group plans to adopt the accounting standards, etc. from the beginning of the fiscal year ending March 31, 2025.

(3) Impact of application of the accounting standards, etc.

The amount of impact is under evaluation at the time of preparation of these consolidated financial statements.

5. RECLASSIFICATIONS

Consolidated Statement of Income

(1) "Subsidies for employment adjustment" presented separately under "Non-operating profit" in the previous fiscal year is included in "Other" in the current fiscal year as it has become immaterial in terms of amount. To reflect this change in presentation, the Company has reclassified its consolidated financial statements for the previous fiscal year.

As a result, "Subsidies for employment adjustment" of ¥3,265 million and "Other" of ¥7,674 million presented under "Non-operating profit" in the consolidated statement of income for the previous fiscal year have been reclassified into "Other non-operating profit" of ¥10,940 million.

(2) "Gain on sale of investment securities" included in "Other" under "Extraordinary gains" in the previous fiscal year is presented separately in the current fiscal year as it has become material in terms of amount. To reflect this change in presentation, the Company has reclassified its consolidated financial statements for the previous fiscal year.

As a result, "Other" of ¥2,331 million presented under "Extraordinary gains" in the consolidated statement of income for the previous fiscal year has been reclassified into "Gain on sale of investment securities" of ¥1,162 million and "Other" of ¥1,169 million.

(3) "Extra retirement payments" included in "Other" under "Extraordinary losses" in the previous fiscal year is presented separately in the current fiscal year as it has become material in terms of amount. To reflect this change in presentation, the Company has reclassified its consolidated financial statements for the previous fiscal year.

As a result, "Other" of ¥2,864 million presented under "Extraordinary losses" in the consolidated statement of income for the previous fiscal year has been reclassified into "Extra retirement payments" of ¥44 million and "Other" of ¥2,820 million.

6. ADDITIONAL INFORMATION

Employee Stock Ownership Plan (ESOP) Trust

In May 2021, the Company introduced the Employee Stock Ownership Plan Trust ("ESOP Trust") as an employee incentive plan aiming to raise the Company's medium- to long-term corporate value and enhance its employee welfare benefits.

a. Overview of the ESOP Trust

The ESOP Trust is a trust-type employee incentive plan that adopts the scheme of employee ownership associations, using employee stock ownership plans in the United States as a reference, for the purpose of improving employees' savings plan (welfare program) to promote their asset accumulation using the Company's shares.

The Company has set up a trust with the employees participating in the Tokyu Group Employees' Ownership Association ("Ownership Association") who have satisfied certain requirements as beneficiaries. During a predetermined acquisition period, the trust acquires the number of the Company's shares that are expected to be acquired by the Ownership Association for a certain period in the future. Subsequently, the trust will sell the Company's shares on a certain date every month to the Ownership Association. If there is trust income from a rise in the share price at the time of trust termination, cash will be distributed to employees who are beneficiaries according to their contribution ratio and other conditions. If the assets in trust remain in debt as a result of a loss on sale due to a fall in the share price, the Company will make good the debt in a lump sum to the bank based on the guarantee clause in the loan agreement. Therefore, employees will not bear any additional burden.

b. The Company's shares remaining in the trust

The Company records its shares remaining in the trust as treasury stock under net assets at the carrying amount (excluding incidental expenses) of the trust. The carrying amount and number of shares of such treasury stock amounted to ¥1,908 million and 1,290 thousand shares as of March 31, 2023.

c. Carrying amount of borrowings recorded using the gross amount method
¥1,818 million as of March 31, 2023

7. NOTES RELATED TO CONSOLIDATED BALANCE SHEET

(1) *1 The amounts of trade notes and accounts receivable arising from contracts with customers as of March 31, 2023 and 2022 were as follows:

	Millions of yen	
	2023	2022
Trade notes receivable	¥ 3,901	¥ 3,988
Trade accounts receivable	156,844	142,298

(2) The amounts of accumulated depreciation of property, plant and equipment as of March 31, 2023 and 2022 were as follows:

	Millions of yen	
	2023	2022
	¥ 1,356,457	¥ 1,318,734

(3) Contingent liabilities

a. Debt guarantees that the Company provided to companies and other entities outside the Group as of March 31, 2023 and 2022 were as follows:

	Millions of yen	
	2023	2022
Borrowings from financial institutions and other sources		
Guarantees for residential mortgage loans	¥ 1,009	¥ 712
Others	6	10
Total	¥ 1,015	¥ 722

b. The Group may be subject to claims for damages in the future in connection with violations of the Antimonopoly Law. In that case, the Group will appropriately respond to such claims. Depending on the outcome, the Group's business performance may be affected. The impact on the Group's operating results and financial position is not clear as it is difficult to reasonably estimate the impact at this point.

(4) *2 Notes related to non-consolidated subsidiaries and affiliates
The amounts related to non-consolidated subsidiaries and affiliates included in the following line item as of March 31, 2023 and 2022 were as follows:

	Millions of yen	
	2023	2022
Investment securities	¥ 162,640	¥ 139,566

(5) *3 Pledged assets and secured borrowings

Assets pledged as collateral as of March 31, 2023 and 2022 were as follows:

	Millions of yen			
	2023		2022	
Land and buildings for sale	¥ 85	¥ [–]	¥ 171	¥ [–]
Buildings and structures	380,282	[349,334]	386,457	[350,458]
Rolling stock and machinery	71,700	[71,561]	70,807	[70,647]
Land	124,019	[67,831]	126,555	[67,326]
Investment securities (Note 1)	12,348	[–]	12,339	[–]
Others	15,943	[14,884]	14,166	[12,979]
Total	¥ 604,380	¥ [503,611]	¥ 610,497	¥ [501,412]

Notes: 1. Investment securities are pledged as collateral of third party's liabilities to back long-term borrowings (¥318,229 million and ¥313,385 million as of March 31, 2023 and 2022, respectively) of the investees.

2. In addition to the above, the following assets, which were eliminated in the consolidation process, were pledged as collateral as of March 31, 2023 and 2022:

	Millions of yen	
	2023	2022
Stocks of subsidiaries	¥ 466	¥ 357

Secured borrowings as of March 31, 2023 and 2022 were as follows:

	Millions of yen			
	2023		2022	
Short-term borrowings	¥ 8,229	¥ [2,393]	¥ 15,920	¥ [3,602]
Long-term borrowings	35,516	[4,444]	39,301	[6,837]
Others	3,839	[–]	3,237	[–]
Total	¥ 47,585	¥ [6,837]	¥ 58,458	¥ [10,440]

The amounts in square brackets in the table above indicate railway foundation mortgages, tram way foundation mortgages, road traffic business foundation mortgages, and the borrowings secured by them.

(6) *4 Non-recourse borrowings

Non-recourse borrowings as of March 31, 2023 and 2022 were as follows:

Note that the following amounts are included in the amounts shown in "(5) Pledged assets and secured borrowings" above.

	Millions of yen	
	2023	2022
Short-term borrowings	¥ 700	¥ 7,700
Long-term borrowings	30,560	31,860

Assets corresponding to non-recourse borrowings as of March 31, 2023 and 2022 were as follows:

	Millions of yen	
	2023	2022
Buildings and structures	¥ 27,603	¥ 32,549
Rolling stock and machinery	139	159
Land	50,949	53,990
Others	635	763
Total	¥ 79,327	¥ 87,462

Note: In addition to the above, the following assets, which were eliminated in the consolidation process, were pledged as collateral as of March 31, 2023 and 2022:

	Millions of yen	
	2023	2022
Stocks of subsidiaries	¥ 466	¥ 357

(7) *5 Urban railways improvement reserve that is deemed to be used within one year was ¥2,510 million as of March 31, 2023 and 2022

(8) Accumulated subsidies received for construction directly deducted from the cost of non-current assets were ¥224,610 million and ¥220,586 million as of March 31, 2023 and 2022, respectively

(9) *6 Transfer from non-current assets to land and buildings for sale due to a change in holding purpose was ¥1,989 million and ¥9,805 million as of March 31, 2023 and 2022, respectively

(10) *7 Securities lending as of March 31, 2023 and 2022

	Millions of yen	
	2023	2022
Investment securities	¥ 1,267	¥ 1,383

(11) *8 Pursuant to the Act on Revaluation of Land (Act No. 34 of March 31, 1998) and the Act Partially Amending the Act on Revaluation of Land (Act No. 19 of March 31, 2001), Izukyu Corporation and Jotetsu Corporation, the Company's consolidated subsidiaries, and Tokyu Land Corporation, the Company's entity accounted for using the equity method, revalued land for business use and recorded land revaluation reserve, of which the Company recorded its equity share as land revaluation reserve in the net assets.

The revaluation methods, the dates of revaluation, and the differences between the carrying amount after the revaluation and the fair value were as follows:

a. Izukyu Corporation

- Revaluation method
  In principle, the method stipulated in Article 2, paragraph (5) of the Order for Enforcement of the Act on Revaluation of Land (Government Ordinance No. 119, March 31, 1998) was used for the calculation, and the method prescribed in Article 2, paragraph (3) of the same Enforcement Order was used for a portion of land.
- Date of revaluation: March 31, 2000
- The differences are not stated because the fair values of the revalued land exceeded the carrying amounts after the revaluation as of March 31, 2023 and 2022.

b. Jotetsu Corporation

- Revaluation method
  The amount was calculated by making reasonable adjustments to the assessed value of non-current assets stipulated in Article 2, paragraph (3) of the Order for Enforcement of the Act on Revaluation of Land (Government Ordinance No. 119, March 31, 1998).
- Date of revaluation: March 31, 2002
- The differences are not stated because the fair values of the revalued land exceeded the carrying amounts after the revaluation as of March 31, 2023 and 2022.

c. Tokyu Land Corporation

- Revaluation method
  In principle, the method stipulated in Article 2, paragraph (5) of the Order for Enforcement of the Act

on Revaluation of Land (Government Ordinance No. 119, March 31, 1998) was used for the calculation, and the method prescribed in Article 2, paragraphs (2), (3), and (4) of the same Enforcement Order was used for a portion of land.

- Date of revaluation: March 31, 2000
- Date of revaluation (revaluation due to merger of subsidiaries): March 31, 2001
- The differences are not stated because the fair values of the revalued land exceeded the carrying amounts after the revaluation as of March 31, 2023 and 2022.

(12) The undrawn balance of loan commitments at the Company's consolidated subsidiary was as follows:
Tokyu Card, Inc.

	Millions of yen			
		2023		2022
Total loan commitments	¥	51,106	¥	51,405
Drawn balance of loan commitments		901		832
Undrawn balance of loan commitments	¥	50,205	¥	50,573

The above loan commitments are cash advance facilities granted through credit cards and are not necessarily drawn in full.

8. NOTES RELATED TO CONSOLIDATED STATEMENT OF INCOME

(1) *1 Revenue from contracts with customers

Operating revenue is not classified into revenues from contracts with customers and other revenues. The amount of revenues from contracts with customers is presented in "23. REVENUE RECOGNITION, (1) Disaggregation of revenue."

(2) Retirement benefit expenses and major items of provisions for the fiscal years ended March 31, 2023 and 2022 were as follows:

	Millions of yen			
		2023		2022
Provision of allowance for doubtful accounts	¥	645	¥	592
Provision for bonuses		11,502		10,875
Retirement benefit expenses	¥	7,768	¥	9,341

(3) *2 Major items of selling, general and administrative expenses and their amounts for the fiscal years ended March 31, 2023 and 2022 were as follows:

	Millions of yen			
		2023		2022
Personnel expenses	¥	90,519	¥	88,369
Other overhead expenses		108,709		101,604
Taxes and dues		5,811		5,802
Depreciation		12,772		12,447
Amortization of goodwill	¥	7	¥	–

(4) *3 Total amounts of research and development expenses included in operating expenses for the fiscal years ended March 31, 2023 and 2022 were as follows:

	Millions of yen			
		2023		2022
	¥	378	¥	343

(5) *4 Details of gains on sale of property, plant and equipment for the fiscal years ended March 31, 2023 and 2022 were as follows:

Millions of yen					
2023			2022		
Hirosedai, Sayama, Saitama (land)	¥	250	Kyobashi, Chuo-ku, Tokyo (land)	¥	14,195
Higashiyama, Meguro-ku, Tokyo (Rolling stock and machinery)		48	Tsuruma, Machida, Tokyo (land)		77
Others		100	Others		200
Total	¥	399	Total	¥	14,473

(6) *5 Impairment losses

In calculating impairment losses, the Group grouped assets by the smallest unit that generates cash flows largely independent from the cash flows generated by other assets or asset groups. As a result, for the non-current asset groups whose market values have significantly declined from their carrying amounts due to continued declines in land prices and the non-current asset groups that have continued to record losses from operating activities, the Group reduced the carrying amount to the recoverable amount and then recognized the reduced amount as impairment losses under extraordinary losses.

Details of impairment losses for the fiscal year ended March 31, 2023

Area	Major purpose of use	Types	Segments	Millions of yen Impairment losses	
Greater Tokyo	Mainly stores 73 items in total	Land and buildings	Real Estate Business Life Service Business Hotel and Resort Business	¥	4,014
Chubu and Hokuriku	Mainly hotels 7 items in total	Land and buildings	Real Estate Business Life Service Business Hotel and Resort Business		2,369
Kinki	Mainly stores 2 items in total	Buildings and structures	Life Service Business		35
Other areas	Mainly stores 5 items in total	Land and buildings	Life Service Business		125
Total	87 items	–	–	¥	6,544

Breakdown of impairment losses by area for the fiscal year ended March 31, 2023

Area	Millions of yen							
	Land		Buildings and structures		Others		Total	
Greater Tokyo	¥	84	¥	2,932	¥	996	¥	4,014
Chubu and Hokuriku		1,740		595		34		2,369
Kinki		–		3		32		35
Other areas		24		64		35		125
Total	¥	1,849	¥	3,596	¥	1,098	¥	6,544

Details of impairment losses for the fiscal year ended March 31, 2022

Area	Major purpose of use	Types	Segments		Millions of yen Impairment losses
Greater Tokyo	Mainly stores 75 items in total	Buildings and structures	Transportation Business Real Estate Business Life Service Business Hotel and Resort Business	¥	5,041
Chubu and Hokuriku	Mainly railways 13 items in total	Land and buildings	Transportation Business Real Estate Business Life Service Business Hotel and Resort Business		18,594
Kinki	Mainly stores 6 items in total	Buildings and structures	Life Service Business Hotel and Resort Business		1,137
Other areas	Mainly stores 6 items in total	Buildings and structures	Life Service Business Hotel and Resort Business		355
Total	100 items	–	–	¥	25,129

Breakdown of impairment losses by area for the fiscal year ended March 31, 2022

Area	Millions of yen							
		Land		Buildings and structures		Others		Total
Greater Tokyo	¥	–	¥	3,992	¥	1,049	¥	5,041
Chubu and Hokuriku		12,868		4,939		787		18,594
Kinki		–		567		570		1,137
Other areas		–		251		103		355
Total	¥	12,868	¥	9,751	¥	2,510	¥	25,129

The recoverable amounts of these asset groups were measured at net selling price or value in use.

When the recoverable amount is measured at net selling price, it is measured at fair value of land and other assets or by the capitalization method. When the recoverable amount is measured at value in use, it is calculated by discounting future cash flows primarily at a rate of 4.0% to 5.0% for the fiscal years ended March 31, 2023 and 2022.

(7) *6 Amount of inventories held for ordinary sale written down due to decreased profitability

	Millions of yen			
		2023		2022
Operating expenses and cost of sales related to transportation	¥	309	¥	(25)

9. NOTES RELATED TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Reclassification adjustments and tax effects relating to other comprehensive income for the fiscal years ended March 31, 2023 and 2022 were as follows:

	Millions of yen			
		2023		2022
Net unrealized gains (losses) on investment securities:				
Amount arising during the period	¥	(390)	¥	(4,102)
Reclassification adjustments		(171)		(220)
Before tax effect adjustment		(561)		(4,322)
Tax effect		165		1,317
Net unrealized gains (losses) on investment securities		(396)		(3,005)
Deferred gains (losses) on hedges:				
Amount arising during the period		(0)		–
Reclassification adjustments		–		–
Before tax effect adjustment		(0)		–
Tax effect		0		–
Deferred gains (losses) on hedges		(0)		–
Foreign currency translation adjustment:				
Amount arising during the period		5,563		5,704
Reclassification adjustments		–		–
Before tax effect adjustment		5,563		5,704
Tax effect		–		–
Foreign currency translation adjustment		5,563		5,704
Remeasurements of defined benefit plans:				
Amount arising during the period		1,293		3,908
Reclassification adjustments		1,439		3,006
Before tax effect adjustment		2,733		6,915
Tax effect		(839)		(1,984)
Remeasurements of defined benefit plans, net of tax		1,893		4,930
Share of other comprehensive income of entities accounted for using equity method:				
Amount arising during the period		4,223		1,901
Reclassification adjustments		(239)		220
Share of other comprehensive income of entities accounted for using equity method		3,984		2,121
Total other comprehensive income	¥	11,045	¥	9,751

10. NOTES RELATED TO CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the fiscal year ended March 31, 2023

(1) Class and total number of issued shares and class and number of shares of treasury stock

	Thousands of shares			
	2023			
	April 1, 2022	Increase	Decrease	March 31, 2023
Issued shares:				
Common stock	624,869	–	–	624,869
Total	624,869	–	–	624,869
Treasury stock				
Common stock (Notes 1, 2, 3 and 4)	22,532	270	12,592	10,210
Total	22,532	270	12,592	10,210

Notes: 1. The number of shares as of April 1, 2022 includes 2,529 thousand shares of the Company held by the Employee Stock Ownership Plan (ESOP) Trust account and the Board Incentive Plan (BIP) Trust account.

2. The number of shares as of March 31, 2023 includes 1,680 thousand shares of the Company held by the ESOP Trust account and the BIP Trust account.

3. The breakdown of the reasons for the increase in the number of shares of treasury stock is as follows:

i.	Shares of treasury stock attributable to the Company resulting from the purchase by affiliates through share exchange:	151 thousand shares
ii.	Purchases of shares by the BIP Trust account:	105 thousand shares
iii.	Purchase of fractional shares:	7 thousand shares
iv.	Changes in ownership interest:	6 thousand shares
vi.	Acquisition of fractional shares resulting from share exchange:	0 thousand shares

4. The breakdown of the reasons for the decrease in the number of shares of treasury stock is as follows:

i.	Delivery of shares of treasury stock through share exchange:	11,463 thousand shares
ii.	Sale of shares by the ESOP Trust account:	934 thousand shares
iii.	Sale of shares on the market:	174 thousand shares
iv.	Delivery of shares to the BIP Trust account:	20 thousand shares
vi.	Request for additional purchase of fractional shares:	0 thousand shares

(2) Share acquisition rights and treasury stock acquisition rights

No items to report.

(3) Dividends

a. Amount of dividends paid

Resolution	Class of stock	Millions of yen Total amount of dividends	Yen Dividend per share	Record date	Effective date
Annual General Meeting of Shareholders held on June 29, 2022	Common stock	(Note 1) 4,538	7.5	March 31, 2022	June 30, 2022
Board of Directors' meeting held on November 14, 2022	Common stock	(Note 2) 4,538	7.5	September 30, 2022	December 7, 2022

Notes: 1. The total amount of dividends includes dividends of ¥18 million paid to the ESOP Trust account and the BIP Trust account.

2. The total amount of dividends includes dividends of ¥15 million paid to the ESOP Trust account and the BIP Trust account.

b. Dividends with a record date in the current fiscal year, but an effective date in the following fiscal year

Resolution	Class of stock	Millions of yen		Yen	Record date	Effective date
		Total amount of dividends	Source of dividends	Dividend per share		
Annual General Meeting of Shareholders held on June 29, 2023	Common stock	(Note) 4,626	Retained earnings	7.5	March 31, 2023	June 30, 2023

Note: The total amount of dividends includes dividends of ¥12 million paid to the ESOP Trust account and the BIP Trust account.

For the fiscal year ended March 31, 2022

(1) Class and total number of issued shares and class and number of shares of treasury stock

	Thousands of shares			
	2022			
	April 1, 2021	Increase	Decrease	March 31, 2022
Issued shares:				
Common stock	624,869	–	–	624,869
Total	624,869	–	–	624,869
Treasury stock				
Common stock (Notes 1, 2, 3 and 4)	20,776	3,055	1,299	22,532
Total	20,776	3,055	1,299	22,532

Notes:
1. The number of shares as of April 1, 2021 includes 310 thousand shares of the Company held by the Board Incentive Plan (BIP) Trust account.
2. The number of shares as of March 31, 2022 includes 2,529 thousand shares of the Company held by the Employee Stock Ownership Plan (ESOP) Trust account and the BIP Trust account.
3. The breakdown of the reasons for the increase in the number of shares of treasury stock is as follows:
   i. Purchases of shares by the ESOP Trust account: 3,050 thousand shares
   ii. Purchase of fractional shares: 4 thousand shares
   iii. Acquisition of fractional shares resulting from share exchange: 0 thousand shares
4. The breakdown of the reasons for the decrease in the number of shares of treasury stock is as follows:
   i. Sale of shares by the ESOP Trust account: 826 thousand shares
   ii. Delivery of shares of treasury stock through share exchange: 467 thousand shares
   iii. Delivery of shares to the BIP Trust account: 5 thousand shares
   iv. Request for additional purchase of fractional shares: 0 thousand shares

(2) Share acquisition rights and treasury stock acquisition rights

No items to report.

(3) Dividends

a. Amount of dividends paid

Resolution	Class of stock	Millions of yen	Yen	Record date	Effective date
		Total amount of dividends	Dividend per share		
Annual General Meeting of Shareholders held on June 29, 2021	Common stock	(Note 1) 3,023	5.0	March 31, 2021	June 30, 2021
Board of Directors' meeting held on November 9, 2021	Common stock	(Note 2) 4,538	7.5	September 30, 2021	December 2, 2021

Notes: 1. The total amount of dividends includes dividends of ¥1 million paid to the BIP Trust account.
2. The total amount of dividends includes dividends of ¥22 million paid to the ESOP Trust account and the BIP Trust account.

b. Dividends with a record date in the current fiscal year, but an effective date in the following fiscal year

Resolution	Class of stock	Millions of yen		Yen	Record date	Effective date
		Total amount of dividends	Source of dividends	Dividend per share		
Annual General Meeting of Shareholders held on June 29, 2022	Common stock	(Note) 4,538	Retained earnings	7.5	March 31, 2022	June 30, 2022

Note: The total amount of dividends includes dividends of ¥18 million paid to the ESOP Trust account and the BIP Trust account.

11. NOTES RELATED TO CONSOLIDATED STATEMENT OF CASH FLOWS

(1) *1 The reconciliation of the ending balance of cash and cash equivalents with the amount of the line item presented on the consolidated balance sheet was as follows:

	Millions of yen	
	2023	2022
Cash and deposits	69,342	52,275
Time deposits with original maturities exceeding three months	(825)	(639)
Cash and cash equivalents	¥ 68,516	¥ 51,635

(2) *2 Major components of assets and liabilities of companies that became consolidated subsidiaries through share acquisition

For the fiscal year ended March 31, 2023

The breakdown of assets and liabilities at the beginning of consolidation of OASIS REAL ESTATE INVESTMENT PTE. LTD., which was newly consolidated as a result of the acquisition of its shares, and the reconciliation between acquisition cost of shares and net payment for the acquisition are as follows.

	Millions of yen
Current assets	1
Non-current assets	11,403
Goodwill	363
Current liabilities	–
Long-term liabilities	(456)
Foreign currency translation adjustment	(170)
Non-controlling interests	(2,189)
Acquisition cost of shares	8,952
Cash and cash equivalents	(1)
Net: Payment for the acquisition	8,950

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No items to report.

12. LEASE TRANSACTIONS

(1) Finance lease transactions (as lessee)

a. Finance lease transactions that transfer ownership

(i) Composition of leased assets

Property, plant and equipment

They consist mainly of interior equipment of stores (buildings and structures) in the Life Service Business segment.

(ii) Method of depreciation of leased assets

The depreciation method of leased assets is as described in "Notes to Consolidated Financial Statements, 1. SIGNIFICANT ACCOUNTING POLICIES FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS, (5) Accounting policies, b. Depreciation methods for significant depreciable assets."

b. Finance lease transactions that do not transfer ownership

(i) Composition of leased assets

Property, plant and equipment

They consist mainly of communication equipment (tools, furniture and fixtures) in the Life Service Business segment.

(ii) Method of depreciation of leased assets

The depreciation method of leased assets is as described in "Notes to Consolidated Financial Statements, 1. SIGNIFICANT ACCOUNTING POLICIES FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS, (5) Accounting policies, b. Depreciation methods for significant depreciable assets."

(2) Operating lease transactions (as lessee)

Future minimum lease payments under non-cancelable operating leases as of March 31, 2023 and 2022

	Millions of yen	
	2023	2022
Due in 1 year or less	¥ 13,776	¥ 11,465
Due after 1 year	64,375	51,381
Total	¥ 78,151	¥ 62,846

(3) Finance lease transactions (as lessor)

a. Details of investments in leases as of March 31, 2023 and 2022 (current assets)

	Millions of yen	
	2023	2022
Lease payments receivable component	¥ 2,586	¥ 2,861
Estimated residual value component	56	58
Unearned interest income	(1,098)	(1,301)
Investments in leases	1,544	1,619

b. Scheduled collections of lease receivables and lease payments receivable component of investments in leases as of March 31, 2023 and 2022

	Millions of yen						
	2023						
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Lease receivables	¥ 4	¥ 3	¥ –	¥ –	¥ –	¥ –	¥ 8
Investments in leases	310	303	297	295	295	1,083	2,586

	Millions of yen						
	2022						
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Lease receivables	¥ 4	¥ 4	¥ 3	¥ –	¥ –	¥ –	¥ 13
Investments in leases	298	296	296	295	295	1,379	2,861

(4) Operating lease transactions (as lessor)

Future minimum lease payments under non-cancelable operating leases as of March 31, 2023 and 2022

	Millions of yen	
	2023	2022
Due in 1 year or less	¥ 31,230	¥ 26,951
Due after 1 year	76,708	71,959
Total	¥ 107,939	¥ 98,911

13. FINANCIAL INSTRUMENTS

(1) Status of financial instruments

a. Policies on financial instruments

The Company and its consolidated subsidiaries have raised necessary funds mainly by way of borrowing from financial institutions and issuing bonds in light of its capital expenditure plan for the Transportation and other business segments. The Group invests only excess funds in principal guaranteed financial instruments or equivalent instruments, uses derivatives to avoid risks described below, and does not engage in speculative transactions.

b. Nature and risks of financial instruments

Trade notes and accounts receivable, or trade receivables, are exposed to the credit risk of customers. In addition, some trade receivables denominated in foreign currencies are exposed to the risk of exchange rate fluctuations.

Marketable securities and investment securities are primarily the stocks of companies that the Group has business relationships with, and thus, are exposed to the risk of market price fluctuations.

Trade notes and accounts payable, or trade payables, are mostly due in one year or less. Although some trade payables denominated in foreign currencies are exposed to the risk of exchange rate fluctuations, the Group has hedged them against the risk with forward exchange contracts.

Funds raised by way of borrowing from financial institutions or issuing bonds are used primarily for capital expenditures or as working capital with the longest maturity period of 26 years from the balance sheet date. Although some of these funds are exposed to the risk of interest rate or exchange rate fluctuations, the Group has hedged them against the risk with derivative transactions (i.e., interest rate swap or interest rate and currency swap transactions).

Derivatives transactions include forward exchange contracts to hedge against the risk of fluctuations in exchange rates on trade receivables denominated in foreign currencies, interest rate swaps to hedge against the risk of fluctuations in interest rates payable on borrowings, interest rate and currency swaps to hedge against the risk of fluctuations in interest rates and exchange rates payable on borrowings denominated in foreign currencies, and earthquake derivatives to hedge against the risk of earnings fluctuations due to earthquakes. For details of hedging instruments and hedged items, hedging policy, and methods for the assessment of the hedge effectiveness associated with the hedge accounting, please refer to the aforementioned “Notes to Consolidated Financial Statements, 1. SIGNIFICANT ACCOUNTING POLICIES FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS, (5) Accounting policies, j. Accounting for significant hedge transactions.”

c. Risk management system for financial instruments

(i) Management of credit risk (risk related to non-performance by counterparties)

In accordance with internal rules, each department of the Company manages due dates and outstanding balances of receivables associated with their business operations by counterparty in order to early identify and mitigate concerns about collection due to deterioration of financial conditions of counterparties and other factors. The Company’s consolidated subsidiaries also manage their receivables in the similar manner.

Held-to-maturity bonds are held for operational purposes and their credit risk is immaterial.

The Group recognizes that the credit risk of derivative transactions is minimal because the counterparties to such transactions are limited to financial institutions.

(ii) Management of market risk (risk of exchange rate and interest rate fluctuations)

The Company and some of its consolidated subsidiaries use interest rate and currency swaps to reduce the risk of fluctuations in interest rates and foreign exchange rates payable on borrowings denominated in foreign currencies.

The Company and some of its consolidated subsidiaries use interest rate swaps to reduce the risk of fluctuations in interest rates payable on borrowings.

For investment securities, the Group regularly assesses their fair values and the financial conditions of the issuers (business partners).

For the execution and management of derivative transactions, the Group has established standards in its business execution rules that stipulate transaction authority. Based on these rules, the Finance Group of the Company executes, manages, and reports on derivative transactions. At the Company’s consolidated subsidiaries, the department in charge of finance executes and manages derivative transactions with approval for each transaction by the officer in charge.

(iii) Management of liquidity risk in financing (risk of being unable to make payments on due dates)

The Company manages liquidity risk by such means as the preparation of a monthly cash flow plan by the Finance Group based on reports from each department. Consolidated subsidiaries of the Company also manage their receivables in the similar manner.

d. Supplementary explanation on fair values of financial instruments

Variable factors are incorporated in the measurement of fair values, and therefore, measured values may vary depending on assumptions adopted. The contract or other amounts provided in “Notes to Consolidated Financial Statements, 15. DERIVATIVE TRANSACTIONS” in themselves do not necessarily represent market risks for derivative transactions.

(2) Fair values of financial instruments

The carrying amounts on the consolidated balance sheet, fair values, and their differences as of March 31, 2023 were as follows.

	Millions of yen		
	2023		
	Carrying amount	Fair value	Difference
(1) Marketable securities and investment securities			
Held-to-maturity bonds	¥ –	¥ –	¥ –
Stocks of affiliates	126,645	85,496	(41,148)
Available-for-sale securities	51,286	51,286	–
Total assets	¥ 177,931	¥ 136,783	¥ (41,148)
(1) Bonds payable (*3)	345,000	332,692	(12,308)
(2) Long-term borrowings (*4)	528,836	531,404	2,567
Total liabilities	¥ 873,836	¥ 864,096	¥ (9,740)
Derivatives transactions (*5)	(0)	(0)	–

(*1) Cash and deposits, trade notes and accounts receivable, trade notes and accounts payable, short-term borrowings, and commercial papers are not stated because their fair values approximate their carrying amounts as they are cash and are settled in a short period of time.

(*2) Shares and other without a market price, and investments in partnerships and other similar entities that are recognized in the consolidated balance sheet at a net amount equivalent to the Company's equity interest (hereafter, "investments in partnerships and other") are not included in "(1) Marketable securities and investment securities." The carrying amounts of such financial instruments on the consolidated balance sheet as of March 31, 2023 were as follows.

	Millions of yen
Category	2023
Shares and other without a market price	¥ 48,342
Investments in partnerships and other	118

(*3) The current portion is included.

(*4) The current portion is included.

(*5) Receivables and payables arising from derivative transactions are presented in net amount. The amounts in parentheses indicate payables net of receivables.

The carrying amounts on the consolidated balance sheet, fair values, and their differences as of March 31, 2022 were as follows.

	Millions of yen		
	2022		
	Carrying amount	Fair value	Difference
(1) Marketable securities and investment securities			
Held-to-maturity bonds (*3)	¥ 10	¥ 10	¥ 0
Stocks of affiliates	116,336	89,851	(26,485)
Available-for-sale securities	53,105	53,105	–
Total assets	¥ 169,452	¥ 142,966	¥ (26,485)
(1) Bonds payable (*3)	310,000	308,329	(1,670)
(2) Long-term borrowings (*4)	540,060	553,059	12,998
Total liabilities	¥ 850,060	¥ 861,388	¥ 11,328
Derivatives transactions (*5)	262	262	–

(*1) Cash and deposits, trade notes and accounts receivable, trade notes and accounts payable, and short-term borrowings are not stated because their fair values approximate their carrying amounts as they are cash and are settled in a short period of time.

(*2) Shares and other without a market price, and investments in partnerships and other similar entities that are recognized in the consolidated balance sheet at a net amount equivalent to the Company's equity interest (hereafter, "investments in partnerships and other") are not included in "(1) Marketable securities and investment securities." The carrying amounts of such financial instruments on the consolidated balance sheet as of March 31, 2022 were as follows.

	Millions of yen
Category	2022
Shares and other without a market price	¥ 35,362
Investments in partnerships and other	51

(*3) The current portion is included.

(*4) The current portion is included.

(*5) Receivables and payables arising from derivative transactions are presented in net amount. The amounts in parentheses indicate payables net of receivables.

(Note 1) Matters related to marketable securities and investment securities and derivative transactions

(1) Marketable securities and investment securities

For matters concerning securities by purpose of holding, please refer to "Notes to Consolidated Financial Statements, 14. SECURITIES."

(2) Derivatives transactions

For matters concerning derivative transactions, please refer to "Notes to Consolidated Financial Statements, 15. DERIVATIVE TRANSACTIONS."

(Note 2) Amounts scheduled to be redeemed after the consolidated balance sheet date for monetary receivables and securities with maturity dates as of March 31, 2023 and 2022

	Millions of yen			
	2023			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	¥ 64,440	¥ –	¥ –	¥ –
Trade notes and accounts receivable	157,523	3,223	–	–
Marketable securities and investment securities				
Held-to-maturity bonds				
Corporate bonds	–	–	–	–
Total	¥ 221,964	¥ 3,223	¥ –	¥ –

	Millions of yen			
	2022			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	¥ 47,559	¥ –	¥ –	¥ –
Trade notes and accounts receivable	143,006	3,280	–	–
Marketable securities and investment securities				
Held-to-maturity bonds				
Corporate bonds	10	–	–	–
Total	¥ 190,576	¥ 3,280	¥ –	¥ –

(Note 3) Scheduled repayments of bonds payable and long-term borrowings after the consolidated balance sheet date as of March 31, 2023 and 2022

	Millions of yen					
	2023					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Bonds payable	¥ 25,000	¥ 20,000	¥ 20,000	¥ 20,000	¥ 20,000	¥ 240,000
Long-term borrowings	39,353	33,242	36,992	39,066	46,677	333,504
Total	¥ 64,353	¥ 53,242	¥ 56,992	¥ 59,066	¥ 66,677	¥ 573,504

	Millions of yen					
	2022					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Bonds payable	¥ 10,000	¥ 25,000	¥ 20,000	¥ 20,000	¥ 20,000	¥ 215,000
Long-term borrowings	39,180	39,002	33,998	35,376	39,365	353,138
Total	¥ 49,180	¥ 64,002	¥ 53,998	¥ 55,376	¥ 59,365	¥ 568,138

(3) Breakdown of financial instruments by level of the fair value hierarchy

The fair values of financial instruments are classified into the following three levels according to the observability and materiality of inputs used to measure fair values.

Level 1: Fair values measured based on (unadjusted) quoted prices in active markets for identical assets or liabilities

Level 2: Fair values measured using directly or indirectly observable inputs other than Level 1 inputs

Level 3: Fair values measured using unobservable inputs

When using multiple inputs with a material impact on the measurement of fair value, the Group classifies the fair value into the level with the lowest priority in the fair value measurement among the levels to which each of those inputs belongs.

a. Financial assets and liabilities that are recognized at fair value in the consolidated balance sheet as of March 31, 2023 and 2022

Category	Millions of yen			
	2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities				
Available-for-sale securities				
Stocks	¥ 37,488	¥ –	¥ –	¥ 37,488
Bonds				
Corporate bonds	–	4,928	–	4,928
Others	8,869	–	–	8,869
Total assets	¥ 46,357	¥ 4,928	¥ –	¥ 51,286
Derivatives transactions	–	(0)	–	(0)

Category	Millions of yen			
	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities				
Available-for-sale securities				
Stocks	¥ 38,498	¥ –	¥ –	¥ 38,498
Bonds				
Corporate bonds	–	4,919	–	4,919
Others	9,687	–	–	9,687
Total assets	¥ 48,186	¥ 4,919	¥ –	¥ 53,105
Derivatives transactions	–	–	262	262

b. Financial assets and liabilities that are not recognized at fair value in the consolidated balance sheet as of March 31, 2023 and 2022

Category	Millions of yen 2023 Fair value Level 1	Level 2	Level 3	Total
Marketable securities and investment securities				
Held-to-maturity bonds				
Corporate bonds	¥ –	¥ –	¥ –	¥ –
Stocks of affiliates	85,496	–	–	85,496
Total assets	¥ 85,496	¥ –	¥ –	¥ 85,496
Bonds payable	–	332,692	–	332,692
Long-term borrowings	–	531,404	–	531,404
Total liabilities	¥ –	¥ 864,096	¥ –	¥ 864,096

Category	Millions of yen 2022 Fair value Level 1	Level 2	Level 3	Total
Marketable securities and investment securities				
Held-to-maturity bonds				
Corporate bonds	¥ –	¥ 10	¥ –	¥ 10
Stocks of affiliates	89,851	–	–	89,851
Total assets	¥ 89,851	¥ 10	¥ –	¥ 89,861
Bonds payable	–	308,329	–	308,329
Long-term borrowings	–	553,059	–	553,059
Total liabilities	¥ –	¥ 861,388	¥ –	¥ 861,388

Note: Description of valuation techniques and inputs used for fair value measurements

Marketable securities and investment securities

Securities such as stocks and corporate bonds are valued using their quoted market prices. The fair value of listed stocks and equivalent securities is classified as Level 1 because they are traded in active markets. The fair value of corporate bonds is classified as Level 2 because they are traded less frequently in markets, and therefore, their market prices are not deemed quoted prices in active markets.

Derivative transactions

The fair value of forward exchange contracts is classified as Level 2 because they are measured mainly based on prices provided by correspondent financial institutions. The fair value of earthquake derivatives is classified as Level 3 because they are measured using quoted market prices of the instruments obtained from counterparty financial institutions. Interest rate swaps qualifying for the exceptional treatment (*tokurei-shori*) or interest rate and currency swaps qualifying for the integrated treatment (the exceptional treatment and the appropriation treatment (*furiate-shori*) combined) are accounted for together with hedged items. Their fair values, therefore, are included and presented as part of long-term borrowings, which is the underlying hedged item for each derivative transaction (see “Long-term borrowings” below).

Bonds payable
The fair value of bonds payable issued by the Company is classified as Level 2 as it is measured based on quoted prices in their key markets.

Long-term borrowings
The fair value of long-term borrowings is classified as Level 2 as it is measured using the discounted cash flow method based on the sum of the principal*, remaining maturities, and an interest rate reflecting credit risk for the borrowing.

* For long-term borrowings hedged by interest rate swaps qualifying for the exceptional treatment (*tokurei-shori*) and interest rate and currency swaps qualifying for the integrated treatment (the exceptional treatment and the appropriation treatment (*furiate-shori*) combined) (see “15. DERIVATIVE TRANSACTIONS”), the total amount of principal and interest is the amount based on the corresponding interest rate swaps and interest rate and currency swap rates

14. SECURITIES

(1) Held-to-maturity bonds as of March 31, 2023 and 2022

No items to report for held-to-maturity bonds as of March 31, 2023.

		Millions of yen		
		2022		
	Type	Carrying amount	Fair value	Difference
Securities whose fair value exceeds their carrying amount	Corporate bonds	¥ 10	¥ 10	¥ 0
	Subtotal	10	10	0
Securities whose fair value does not exceed their carrying amount	Corporate bonds	–	–	–
	Subtotal	–	–	–
Total		¥ 10	¥ 10	¥ 0

(2) Available-for-sale securities as of March 31, 2023 and 2022

	Type	Millions of yen 2023 Carrying amount	Cost	Difference
Securities whose carrying amount exceeds their cost	Stocks	¥ 35,139	¥ 17,052	¥ 18,086
	Bonds			
	Corporate bonds	3,738	3,710	28
	Others	8,869	5,181	3,687
	Subtotal	47,747	25,943	21,803
Securities whose carrying amount does not exceed their cost	Stocks	2,349	3,363	(1,014)
	Bonds			
	Corporate bonds	1,189	1,350	(160)
	Others	–	–	–
	Subtotal	3,539	4,713	(1,174)
Total		¥ 51,286	¥ 30,657	¥ 20,628

Note: Shares and other without a market price, and investments in partnerships and other similar entities that are recognized in the consolidated balance sheet at a net amount equivalent to the Company' equity interest (the carrying amount on the consolidated balance sheet: ¥12,465 million) are not included in "Available-for-sale securities" above.

	Type	Millions of yen 2022 Carrying amount	Cost	Difference
Securities whose carrying amount exceeds their cost	Stocks	¥ 34,974	¥ 16,813	¥ 18,160
	Bonds			
	Corporate bonds	–	–	–
	Others	9,687	5,181	4,506
	Subtotal	44,661	21,994	22,667
Securities whose carrying amount does not exceed their cost	Stocks	3,524	4,861	(1,336)
	Bonds			
	Corporate bonds	4,919	5,060	(140)
	Others	–	–	–
	Subtotal	8,444	9,921	(1,477)
Total		¥ 53,105	¥ 31,915	¥ 21,190

Note: Shares and other without a market price, and investments in partnerships and other similar entities that are recognized in the consolidated balance sheet at a net amount equivalent to the Company's equity interest (the carrying amount on the consolidated balance sheet: ¥12,206 million) are not included in "Available-for-sale securities" above.

(3) Available-for-sale securities sold during the fiscal year ended March 31, 2023 and 2022

	Millions of yen		
	2023		
Type	Selling price	Total gain on sale	Total loss on sale
Stocks	¥ 2,582	¥ 1,395	¥ 0
Total	¥ 2,582	¥ 1,395	¥ 0

	Millions of yen		
	2022		
Type	Selling price	Total gain on sale	Total loss on sale
Stocks	¥ 1,315	¥ 327	¥ 68
Total	¥ 1,315	¥ 327	¥ 68

(4) Securities for which impairment losses were recognized

During the fiscal year ended March 31, 2023, the Group recognized impairment loss of ¥129 million for stocks other than those without a market price.

The Group recognizes impairment losses for all securities whose fair value on the consolidated balance sheet date has declined 50% or more from the acquisition cost, while it recognizes impairment losses at an amount deemed necessary for securities whose fair value on the consolidated balance sheet date has declined about 30% to 50% from the acquisition cost by taking into account their recoverability and other factors.

During the fiscal year ended March 31, 2022, the Group recognized impairment loss of ¥4 million for stocks other than those without a market price.

The Group recognizes impairment losses for all securities whose fair value on the consolidated balance sheet date has declined 50% or more from the acquisition cost, while it recognizes impairment losses at an amount deemed necessary for securities whose fair value on the consolidated balance sheet date has declined about 30% to 50% from the acquisition cost by taking into account their recoverability and other factors.

In addition, the Group recognized impairment losses of ¥185 million (¥185 million for stocks classified as available-for-sale securities) for shares and other without a market price.

In the event the real value of securities declined significantly due to deteriorated financial conditions, the Group determines whether it needs to recognize impairment loss by assessing the recoverability of respective securities.

15. DERIVATIVE TRANSACTIONS

(1) Derivatives to which hedge accounting is not applied for the fiscal years ended March 31, 2023 and 2022

No items to report for the fiscal year ended March 31, 2023.

		Millions of yen			
		2022			
Category	Type of derivative transactions	Contract amount	Of which, settled after 1 year	Fair value	Valuation gain (loss)
Off-market transactions	Earthquake derivative transactions Buying	¥ 10,000	¥ –	¥ 262	¥ (29)
	Total	¥ 10,000	¥ –	¥ 262	¥ (29)

(2) Derivatives transactions to which hedge accounting is applied for the fiscal years ended March 31, 2023 and 2022

a. Currency related

		Millions of yen			
		2023			
Method of hedge accounting	Type of derivative transactions	Main hedged items	Contract amount	Of which, settled after 1 year	Fair value
Principle method	Forward exchange contracts Buying USD	Foreign currency-denominated payables	¥ 5	¥ –	¥ (0)
	Total		¥ 5	¥ –	¥ (0)

No items to report for the fiscal year ended March 31, 2022.

b. Interest related

Method of hedge accounting	Type of derivative transactions	Millions of yen			
		2023			
		Main hedged items	Contract amount	Of which, settled after 1 year	Fair value
Exceptional treatment for interest rate swaps	Interest rate swaps Received at floating interest rate/paid at fixed interest rate	Long-term borrowings	¥ 20,235	¥ 20,000	¥ (*)
Integrated treatment (exceptional treatment and appropriation treatment combined) for interest rate and currency swaps	Interest rate and currency swap transactions Received at floating interest rate/paid at fixed interest rate Received in JPY/paid in USD	Long-term borrowings	–	–	(*)
	Received at floating interest rate/paid at fixed interest rate Received in VND/paid in USD		2,963	1,140	(*)
Total			¥ 23,199	¥ 21,140	¥ –

Note: Interest rate swaps qualifying for the exceptional treatment (*tokurei-shori*) or interest rate and currency swaps qualifying for the integrated treatment (the exceptional treatment and the appropriation treatment (*furiate-shori*) combined) are accounted for together with hedged items. Their fair values, therefore, are included and presented as part of long-term borrowings, which is a hedged item for each derivative transaction.

Method of hedge accounting	Type of derivative transactions	Millions of yen			
		2022			
		Main hedged items	Contract amount	Of which, settled after 1 year	Fair value
Exceptional treatment for interest rate swaps	Interest rate swaps Received at floating interest rate/paid at fixed interest rate	Long-term borrowings	¥ 30,240	¥ 20,240	¥ (*)
Integrated treatment (exceptional treatment and appropriation treatment combined) for interest rate and currency swaps	Interest rate and currency swap transactions Received at floating interest rate/paid at fixed interest rate Received in JPY/paid in USD	Long-term borrowings	527	–	(*)
	Received at floating interest rate/paid at fixed interest rate Received in VND/paid in USD		1,637	1,637	(*)
Total			¥ 32,405	¥ 21,878	¥ –

Note: Interest rate swaps qualifying for the exceptional treatment (*tokurei-shori*) or interest rate and currency swaps qualifying for the integrated treatment (the exceptional treatment and the appropriation treatment (*furiate-shori*) combined) are accounted for together with hedged items. Their fair values, therefore, are included and presented as part of long-term borrowings, which is a hedged item for each derivative transaction.

16. RETIREMENT BENEFITS

(1) Overview of retirement benefit plans adopted

To provide for the payment of retirement benefits to employees, the Company and its consolidated subsidiaries have adopted the defined benefit pension plans and defined contribution pension plans. The defined benefit pension plans consist of lump-sum payment plans and defined benefit corporate pension plans. The defined contribution plans include defined contribution pension plans and the Smaller Enterprise Retirement Allowance Mutual Aid Scheme. In addition, the Company and some of its consolidated subsidiaries have established retirement benefit trusts.

In the lump-sum payment plans and the defined benefit corporate pension plans adopted by certain consolidated subsidiaries, the simplified method is used to calculate net liabilities for retirement benefit, assets for retirement benefit, and retirement benefit expenses.

The Group, upon the retirement of employees, may pay premium retirement benefits which are not subject to retirement benefit obligations through actuarial calculations in accordance with retirement benefit accounting.

(2) Defined benefit plan

a. Reconciliation of opening and ending balances of retirement benefit obligations (excluding those for plans using simplified method) for the fiscal years ended March 31, 2023 and 2022

	Millions of yen			
		2023		2022
Retirement benefit obligations at beginning of period	¥	69,764	¥	71,778
Service cost		3,281		3,355
Interest cost		368		377
Actuarial gains and losses		937		(1,282)
Past service cost		212		(443)
Retirement benefits paid		(5,115)		(4,057)
Amount transferred due to change from simplified method to principle method		–		2
Amount expensed due to change from simplified method to principle method		–		34
Retirement benefit obligations at end of period	¥	69,449	¥	69,764

b. Reconciliation of opening and ending balances of plan assets (excluding those for plans using simplified method) for the fiscal years ended March 31, 2023 and 2022

	Millions of yen			
		2023		2022
Plan assets at beginning of period	¥	40,656	¥	38,724
Expected return on plan assets		154		155
Actuarial gains and losses		2,446		2,186
Contributions from employer		990		1,158
Retirement benefits paid		(2,444)		(1,568)
Plan assets at end of period	¥	41,804	¥	40,656

c. Reconciliation of opening and ending balances of liabilities (assets) for retirement benefit for plans using simplified method for the fiscal years ended March 31, 2023 and 2022

	Millions of yen			
	2023		2022	
Liabilities (assets) for retirement benefit at beginning of period	¥	4,687	¥	4,631
Retirement benefit expenses		563		492
Retirement benefits paid		(466)		(380)
Contributions to plans		(51)		(53)
Amount transferred due to change from simplified method to principle method		–		(2)
Others		0		(0)
Liabilities (assets) for retirement benefit at end of period	¥	4,732	¥	4,687

d. Reconciliation of retirement benefit obligations and plan assets at end of period with liabilities for retirement benefit and assets for retirement benefit on the consolidated balance sheet as of March 31, 2023 and 2022

	Millions of yen			
	2023		2022	
Funded retirement benefit obligations	¥	32,728	¥	46,105
Plan assets		(43,043)		(41,946)
		(10,314)		4,158
Unfunded retirement benefit obligations		42,692		29,636
Liabilities (assets) for retirement benefit on the consolidated balance sheet		32,377		33,795
Liabilities for retirement benefit		42,760		43,122
Net defined benefit asset		(10,382)		(9,327)
Liabilities (assets) for retirement benefit on the consolidated balance sheet	¥	32,377	¥	33,795

Note: The plans using the simplified method are included.

e. Components of retirement benefit expenses for the fiscal years ended March 31, 2023 and 2022

	Millions of yen			
	2023		2022	
Service cost	¥	3,281	¥	3,355
Interest cost		368		377
Expected return on plan assets		(154)		(155)
Amortization of actuarial gains and losses		1,366		2,918
Amortization of past service cost		71		84
Amount expensed due to change from simplified method to principle method		–		34
Retirement benefit expenses using the simplified method		563		492
Retirement benefit expenses on defined benefit plans		5,496		7,107
Other		2,893		44
Total	¥	8,389	¥	7,151

Note: "Other" represents premium retirement benefits at certain consolidated subsidiaries of ¥2,893 million and ¥44 million presented in extraordinary losses ("Extra retirement payments") for the fiscal years ended March 31, 2023 and 2022, respectively.

f. Remeasurements of defined benefit plans

Components of items recorded in remeasurements of defined benefit plans (before tax effect) for the fiscal years ended March 31, 2023 and 2022 were as follows:

	Millions of yen			
	2023		2022	
Actuarial gains and losses	¥	2,874	¥	6,387
Past service cost		(141)		527
Total	¥	2,733	¥	6,915

g. Accumulated remeasurements of defined benefit plans

Items recorded in accumulated remeasurements of defined benefit plans (before deducting tax effect) as of March 31, 2023 and 2022 were as follows:

	Millions of yen			
	2023		2022	
Unrecognized actuarial gains and losses	¥	7,762	¥	4,888
Unrecognized past service cost		13		154
Total	¥	7,775	¥	5,042

h. Plan assets

(i) Major components of plan assets

Plan assets by major category as a percentage of total plan assets are as follows:

	2023	2022
Stocks	72%	70%
Bonds	10%	11%
General account	9%	10%
Others	9%	9%
Total	100%	100%

Note: The retirement benefit trust set up for the lump-sum payment plans and corporate pension plans represents 74% and 72% of the total plan assets as of March 31, 2023 and 2022, respectively.

(ii) Determination procedure of long-term expected rate of return on plan assets

In determining the long-term expected rate of return on plan assets, the Group considers the current and projected asset allocations as well as the current and future expected long-term rates of return on diverse assets that constitute the plan assets.

i. Actuarial assumptions

Major actuarial assumptions for the fiscal years ended March 31, 2023 and 2022 were as follows:

	2023	2022
Discount rate	Mainly 0.7%	Mainly 0.7%
Long-term expected rate of return on plan assets	Mainly 1.5%	Mainly 1.5%
Projected salary increase	Mainly 2.6%	Mainly 3.0%

(3) Defined contribution plans

The amount of contributions required under the defined contribution plans of the Company and its consolidated subsidiaries for the fiscal years ended March 31, 2023 and 2022 were ¥2,272 million and ¥2,234 million, respectively.

17. STOCK OPTIONS

No items to report.

18. INCOME TAXES

(1) Significant components of deferred tax assets and liabilities as of March 31, 2023 and 2022

	Millions of yen	
	2023	2022
Deferred tax assets		
Tax loss carryforwards (Note 2)	¥ 42,797	¥ 41,364
Liabilities for retirement benefit	38,739	38,261
Impairment loss	30,615	28,520
Non-current assets	5,833	7,253
Unrealized gains	7,705	6,668
Provision for bonuses	3,906	3,673
Asset retirement obligations	2,427	2,355
Contract liabilities	2,094	2,275
Depreciation and amortization	1,423	1,346
Others	18,144	20,623
Subtotal of deferred tax assets	153,687	152,343
Valuation allowance for tax loss carryforwards (Note 2)	(34,664)	(31,536)
Valuation allowance for deductible temporary differences	(49,884)	(50,786)
Subtotal of valuation allowance (Note 1)	(84,548)	(82,323)
Total net deferred tax assets	69,138	70,020
Deferred tax liabilities		
Gain on valuation of land and buildings	(28,766)	(27,833)
Gain on contribution of securities to retirement benefit trust	(13,293)	(13,323)
Reserve for tax purpose reduction entry of non-current assets	(7,889)	(7,840)
Net unrealized gains (losses) on investment securities	(7,037)	(6,777)
Others	(7,416)	(6,442)
Total deferred tax liabilities	(64,403)	(62,217)
Deferred tax assets (liabilities), net	4,734	7,803
Deferred tax liabilities from land revaluation		
Deferred tax liabilities from land revaluation	(4,881)	(4,881)

Notes: 1. The material changes in the amount (of valuation allowance) deducted from the deferred tax assets arose mainly from an increase in valuation allowances for tax loss carryforwards and impairment losses.

2. Tax loss carryforwards and resulting deferred tax assets by expiration period as of March 31, 2023 and 2022

	Millions of yen						
	2023						
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Tax loss carryforwards (a)	¥ 801	¥ 314	¥ 1,099	¥ 683	¥ 454	¥ 39,444	¥ 42,797
Valuation allowance	(801)	(314)	(566)	(657)	(444)	(31,880)	(34,664)
Deferred tax assets (b)	–	–	532	25	10	7,564	8,132

(a) Tax loss carryforwards were calculated by applying the effective statutory tax rate.
(b) Deferred tax assets of ¥8,132 million were recognized for tax loss carryforwards of ¥42,797 million (calculated by applying the effective statutory tax rate). No valuation allowance was recognized for the portion of the tax loss carryforwards expected to be recoverable using the estimated future taxable income.

	Millions of yen						
	2022						
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Tax loss carryforwards (a)	¥ 866	¥ 806	¥ 320	¥ 1,297	¥ 696	¥ 37,377	¥ 41,364
Valuation allowance	(542)	(801)	(296)	(600)	(671)	(28,624)	(31,536)
Deferred tax assets (b)	324	5	24	696	25	8,752	9,828

(a) Tax loss carryforwards were calculated by applying the effective statutory tax rate.
(b) Deferred tax assets of ¥9,828 million were recognized for tax loss carryforwards of ¥41,364 million (calculated by applying the effective statutory tax rate). No valuation allowance was recognized for the portion of the tax loss carryforwards expected to be recoverable using the estimated future taxable income.

(2) Reconciliation between the effective statutory tax rate and the actual effective tax rate after applying tax effect accounting

	2023	2022
Effective statutory tax rate	30.6 %	30.6 %
Adjustments:		
Non-deductible items including entertainment expenses	0.9	0.4
Non-taxable dividend income	(2.0)	(2.6)
Corporate inhabitant tax on per capita basis	1.0	1.6
Changes in valuation allowance	9.2	34.8
Investment (gain) loss from equity method	(6.9)	(5.8)
Effect of elimination of dividend income	3.5	3.9
Others	(1.5)	(0.7)
Effective tax rate after applying tax effect accounting	34.6	62.3

19. BUSINESS COMBINATIONS

The following business combination through acquisition took place during the fiscal year ended March 31, 2023.

(1) Overview of business combination

a. Name of the acquired company and business description
Name of company: OASIS REAL ESTATE INVESTMENT PTE. LTD.
Business description: Shareholding

b. Main reasons for the business combination
The Company is focused on promoting the Real Estate Business overseas in the three-year Medium-term Management Plan started in fiscal 2021. The recent acquisition of shares in OASIS REAL ESTATE INVESTMENT PTE. LTD. is part of this initiative. OASIS REAL ESTATE INVESTMENT PTE. LTD. is a company established to hold shares in companies that are engaged in the office leasing business in Ho Chi Minh City, Vietnam. The Group's goal is to operate the office leasing business through the acquisition of shares in OASIS REAL ESTATE INVESTMENT PTE. LTD. to earn business profits.

c. Date of business combination
November 22, 2022 (Deemed acquisition date: October 1, 2022)

d. Legal form of the business combination
Share acquisition in exchange for cash

e. Name of the company after combination
The name of the combined company is not changed.

f. Ratio of voting rights acquired
Ratio of voting rights after the acquisition: 80%

g. Main basis for determining the acquiring company
The Company is deemed the acquiring company because it acquired the shares in exchange for cash.

(2) Period of operating results of the acquired company included in the consolidated financial statements
From October 1, 2022 to December 31, 2022

(3) Acquisition cost and type of consideration

Type of consideration: Cash	¥8,952 million
Acquisition cost	¥8,952 million

(4) Description and amount of major acquisition-related expenses
Advisory fees and other expenses: ¥361 million

(5) Amount of goodwill recognized and reason for the recognition, and method and period of amortization

a. Amount of goodwill recognized
¥363 million

b. Reason for recognition
The goodwill arose mainly from the excess earning power expected from future business development.

c. Method and period of amortization
The goodwill will be amortized on a straight-line basis over 11 years.

(6) Amounts of assets acquired and liabilities assumed at the date of business combination and their main components

Current assets	¥1 million
Non-current assets	¥11,403 million
Total assets	¥11,404 million
Current liabilities	–
Long-term liabilities	¥456 million
Total liabilities	¥456 million

(7) Estimated impact of the business combination on the consolidated statement of income for the fiscal year ended March 31, 2023 based on the assumption that the business combination was completed at the beginning of the fiscal year and calculation method thereof
This information is not presented because it is immaterial.

The following business combination under common control took place during the fiscal year ended March 31, 2023.

(1) Overview of transaction

a. Name of the combined entity and business description
Name of company: Tokyu Recreation Co., Ltd., a consolidated subsidiary of the Company
Business description: Management of movie theaters and other recreational facilities

b. Date of business combination
January 1, 2023

c. Legal form of the business combination
Tokyu Recreation Co., Ltd. becomes a wholly owned subsidiary through a share exchange.

d. Name of company after combination
The name of the combined company is not changed.

e. Outline of transaction including purpose of transaction
The Company and its subsidiary, Tokyu Recreation Co., Ltd., decided to implement a share exchange that would make the Company a wholly owning parent company in the share exchange and Tokyu Recreation Co., Ltd. the wholly owned subsidiary in the share exchange effective on January 1, 2023, at the meetings of the Board of Directors of both companies held on September 14, 2022. The companies signed a share exchange agreement on the same day. Tokyu Recreation Co., Ltd. received approval for the share exchange agreement at the Extraordinary General Meeting of Shareholders held on November 21, 2022. Subsequently, the share exchange was executed as of the effective date, and Tokyu Recreation Co., Ltd. became a wholly owned subsidiary of the Company.

This establishment of a wholly owned subsidiary aims to raise the corporate value of Tokyu Recreation Co., Ltd. and the Tokyu Group as a whole through a variety of benefits, including the creation of further group synergies, the improvement of management flexibility enabled by becoming an unlisted company, allowing for flexible decision-making that is not bound by short-term stock market valuation, and an increase in management efficiency by reducing expenses through the delisting.

(2) Outline of the accounting treatment
Based on the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019), it is treated as a transaction under common control.

(3) Matters related to additional acquisition of subsidiary's shares

a. Acquisition cost and type of consideration

Type of consideration: Common stock of the Company	¥19,057 million
Acquisition cost	¥19,057 million

b. Share exchange ratio by class of shares

Company name	Tokyu Corporation (wholly owning parent company resulting from the share exchange)	Tokyu Recreation Co., Ltd. (wholly owned subsidiary company resulting from the share exchange)
Share exchange ratio	1	3.60
Number of shares delivered in the share exchange (Note)	Common stock of Tokyu Corporation (treasury stock): 11,732,767 shares	

Note: The figure includes shares delivered to consolidated subsidiaries of the company.

c. Calculation method of exchange ratio

The Company and Tokyu Recreation Co., Ltd. each requested their chosen third-party appraisers to calculate the allocation ratio of shares used for the share exchange (the "Share Exchange Ratio") to ensure the fairness and adequacy of the calculation.

The Company and Tokyu Recreation Co., Ltd. carefully examined the Share Exchange Ratio based on the results of their mutual due diligence by reference to the calculation results of the share exchange ratio used for the share exchange provided by the respective third-party appraisers chosen by each company and advice from legal advisers, taking into comprehensive consideration their respective financial positions, asset status, and future prospects, among other factors. Based on the examinations, they held discussions and negotiations about the Share Exchange Ratio. As a result, both companies reached the conclusion that the Share Exchange Ratio is reasonable and implemented the share exchange.

(4) Matters concerning change in the Company's ownership interest arising from transactions with non-controlling interests

a. Major causes of change in capital surplus

Additional acquisition of shares of a subsidiary

b. Decrease in capital surplus resulting from transactions with non-controlling interests

¥6,235 million

20. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations recognized on the consolidated balance sheet were as follows:

(1) Overview of asset retirement obligations

Asset retirement obligations include the cost of restoring the store sites to their original condition under the real estate lease contracts of stores, and the costs for removing asbestos contained in railway carriages.

(2) Calculation method of asset retirement obligations

The Company calculated asset retirement obligations by assuming the expected period of use as 0 to 77 years after taking the useful lives of property, plant and equipment into consideration and applying the discount rate of 0.0% to 2.5%.

(3) Changes in total amount of asset retirement obligations

	Millions of yen			
	2023		2022	
Balance at beginning of period	¥	7,232	¥	7,349
Increase due to acquisition of property, plant and equipment		62		609
Adjustments due to passage of time		55		58
Decrease due to fulfillment of asset retirement obligations		(92)		(984)
Increase (decrease) due to change in estimate		410		229
Other increase (decrease)		(199)		(29)
Balance at end of period	¥	7,469	¥	7,232

(4) Change in estimate of asset retirement obligations

The Group changed its estimates of asset retirement obligations which were recorded as the cost of restoring the store sites to the original condition under the real estate lease contracts for the fiscal years ended March 31, 2023 and 2022 as the Group obtains new information such as store closings and contract modification.

21. RENTAL PROPERTIES

The Company and some of its consolidated subsidiaries own rental office buildings, rental commercial facilities, and rental housing in areas along the railway lines the Group companies operate in Tokyo and Kanagawa prefectures and other regions. Rental income on the rental properties for the fiscal year ended March 31, 2022 was ¥42,039 million (Rental revenue was mainly included in operating revenues, whereas major rental expenses were mainly included in operating expenses and cost of sales related to transportation). Gains on sale of property, plant and equipment were ¥47 million recorded in extraordinary gains, while impairment losses were ¥385 million recorded in extraordinary losses. Rental income on the rental properties for the fiscal year ended March 31, 2023 was ¥47,529 million (Rental revenue was mainly included in operating revenues, whereas major rental expenses were mainly included in operating expenses and cost of sales related to transportation). Gains and losses on sale of property, plant and equipment were ¥26 million recorded in extraordinary gains and ¥4 million recorded in extraordinary losses, respectively, while impairment losses were ¥509 million recorded in extraordinary losses.

The carrying amounts of rental properties recorded on the consolidated balance sheet, changes during the period, and fair values as of March 31, 2023 and 2022 were as follows:

	Millions of yen			
	2023		2022	
Carrying amount:				
Balance at beginning of period	¥	560,330	¥	577,726
Changes during the period		15,915		(17,396)
Balance at end of period		576,245		560,330
Fair value at end of period	¥	1,102,134	¥	1,066,665

Notes: 1. The carrying amounts on the consolidated balance sheet represent cost less accumulated depreciation.

2. Major decreases during the fiscal year ended March 31, 2022 are attributable to reclassification to real estate for sale (¥8,187 million) and Minami-machida Grandberry Park (¥2,235 million). Major increases during the fiscal year ended March 31, 2023 are attributable to BOSCH Building (Shibuya-ku, Tokyo) (¥7,758 million) and Jiyugaoka Sports Plaza Building (¥5,313 million).

3. Fair value at end of period is mainly calculated by the Company based on the Japanese Real Estate

Appraisal Standards (including those adjusted using official indices). For some important properties, the fair value is based on real estate appraisals conducted by real estate appraisers.

4. Properties under development are not included in the table above because their fair values are difficult to determine since they are in the process of development. The carrying amounts of properties under development on the consolidated balance sheet as of March 31, 2023 and 2022 were ¥24,752 million and ¥22,092 million, respectively.

22. PUBLIC FACILITY OPERATION BUSINESS

a. Overview of right to operate public facilities

The public facility operation business engaged by Sendai International Airport Co., Ltd., a consolidated subsidiary as an operator was as follows:

Description of the public facilities	Qualified Project for Sendai Airport Operation Operation of (1) basic airport facilities, (2) aviation security facilities, (3) roads, (4) parking facilities, (5) airport land, and (6) facilities incidental to the above facilities at Sendai Airport
Method of payment of consideration for right to operate as stipulated in the project agreement	The consideration for operating rights is paid in full upon the acquisition of operating rights
Period over which operating rights are valid	30 years starting from December 1, 2015 to November 30, 2045
Remaining period over which operating rights are valid	From April 1, 2023 to November 30, 2045

b. Amortization method for right to operate the public facilities

The right to operate the public facilities is amortized using the straight-line method over the period (30 years) over which the operating rights were granted.

c. Renewal investment

(i) Major renewal investments and the schedule

The following renewal investments are expected to be made in phases from April 1, 2023 throughout the period over which the operating rights were granted.

・ Renewal of runways and taxiways (road surfacing)
・ Aeronautical lighting and electrical equipment renewal construction

(ii) Method of recording assets related to renewal investments

When renewal investments are made, the amount of expenditures related to the portion of such renewal investments that are capital expenditures is recorded as assets.

(iii) Method of depreciating assets subject to renewal investments

Renewal investments in the projects related to the operating rights of the public facilities are depreciated using the straight-line method over the economic useful life of the renewal investments. If the physical useful life of such renewal investments exceeds the remaining period over which the operating rights are valid, the remaining right to operate period is applied.

(iv) Description and amount of portion of renewal investments expected to be made in the next fiscal year and thereafter that constitutes capital expenditures

From the next fiscal year onward, the Group plans to make the necessary renewal investments in turn during the period over which the operating rights is valid.

Details of the scheduled renewal investments were as follows:

・ Investments for the purpose of maintaining the functionality of runways, taxiways, and aeronautical lighting facilities

For the next fiscal year, the Group expects to spend about ¥527 million in renewal investments that fall under capital expenditures.

23. REVENUE RECOGNITION

(1) Disaggregation of revenue for the fiscal years ended March 31, 2023 and 2022

	Millions of yen				
	2023				
	Reportable segment				Total
	Transportation Business	Real Estate Business	Life Service Business	Hotel and Resort Business	
Tokyu Railways and others (railway operations)	¥ 132,558	¥ –	¥ –	¥ –	¥ 132,558
Tokyu Bus and Tokyu Transses (bus operations)	25,103	–	–	–	25,103
Others of the Transportation Business	22,789	–	–	–	22,789
The Company (real estate sales)	–	34,533	–	–	34,533
The Company (real estate leasing)	–	75,721	–	–	75,721
Others of the Real Estate Business	–	73,820	–	–	73,820
Tokyu Department Store (department store operations)	–	–	73,780	–	73,780
Tokyu Store Chain (Chain store operations)	–	–	209,777	–	209,777
Retail and others	–	–	45,810	–	45,810
Tokyu Recreation (Imaging operations)	–	–	27,378	–	27,378
its communications (CATV operations)	–	–	25,562	–	25,562
Tokyu Agency (advertising operations)	–	–	43,228	–	43,228
Others of ICT and Media	–	–	75,662	–	75,662
Tokyu Hotels and others (Note 2) (Domestic hotel operations)	–	–	–	52,043	52,043
Others of the Hotel and Resort Business	–	–	–	13,522	13,522
Total	¥ 180,452	¥ 184,075	¥ 501,199	¥ 65,565	¥ 931,293
Revenue from contracts with customers	177,800	115,451	468,967	64,995	827,214
Other revenues (Note 1)	2,652	68,623	32,232	570	104,078

Notes: 1. “Other revenues” includes rental revenue and others in accordance with “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, March 30, 2007).

2. “Tokyu Hotels and others” includes the Company, GK New Perspective One, and T.H. Properties Co., Ltd., which hold assets, as well as Tokyu Hotels Co., Ltd.

	Millions of yen				
	2022				
	Reportable segment				Total
	Transportation Business	Real Estate Business	Life Service Business	Hotel and Resort Business	
Tokyu Railways and others (railway operations)	¥ 119,276	¥ –	¥ –	¥ –	¥ 119,276
Tokyu Bus and Tokyu Transses (bus operations)	22,979	–	–	–	22,979
Others of the Transportation Business	20,670	–	–	–	20,670
The Company (real estate sales)	–	49,244	–	–	49,244
The Company (real estate leasing)	–	72,755	–	–	72,755
Others of the Real Estate Business	–	65,182	–	–	65,182
Tokyu Department Store (department store operations)	–	–	72,308	–	72,308
Tokyu Store Chain (Chain store operations)	–	–	204,061	–	204,061
Retail and others	–	–	51,594	–	51,594
Tokyu Recreation (Imaging operations)	–	–	21,920	–	21,920
its communications (CATV operations)	–	–	26,017	–	26,017
Tokyu Agency (advertising operations)	–	–	52,289	–	52,289
Others of ICT and Media	–	–	61,176	–	61,176
Tokyu Hotels and others (Note 2) (Domestic hotel operations)	–	–	–	28,675	28,675
Others of the Hotel and Resort Business	–	–	–	10,959	10,959
Total	¥ 162,927	¥ 187,183	¥ 489,368	¥ 39,634	¥ 879,112
Revenue from contracts with customers	160,932	121,015	457,715	39,116	778,778
Other revenues (Note 1)	1,994	66,167	31,653	518	100,333

Notes: 1. "Other revenues" includes rental revenue and others in accordance with "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007).
2. "Tokyu Hotels and others" includes the Company, GK New Perspective One, and T.H. Properties Co., Ltd., which hold assets, as well as Tokyu Hotels Co., Ltd.

(2) Information that serves as a basis for understanding the revenues

a. Transportation Business

For commuter passes for passenger transportation in the railways and bus operations, revenues are recognized with the passage of time from the effective date to the expiration date, as the Group provides passengers with services evenly over the contract period. The consideration for commuter passes is paid in advance, and does not include a significant financing component or variable consideration.

In the railway carriages operations, for certain transactions where the Group enters into construction agreements, the Group considers that performance obligations shall be satisfied based on the construction progress over the contract period; therefore, the Group recognizes revenues based on the construction progress. Measuring progress is based on the percentage of construction costs incurred by the end of each reporting period to the total expected construction costs. For certain construction contracts, the consideration for the transaction is received in phases during the contract period regardless of the satisfaction of performance obligations. The remaining amount of consideration is received after the satisfaction of all performance obligations. The consideration does not include a significant financing component or variable consideration.

b. Real Estate Business
In the construction operations, for certain transactions where the Group enters into construction agreements, the Group considers that performance obligations shall be satisfied based on the construction progress over the contract period; therefore, the Group recognizes revenues based on the construction progress. Measuring progress is based on the percentage of construction costs incurred by the end of each reporting period to the total expected construction costs. For certain construction contracts, the consideration for the transaction is received in phases during the contract period regardless of the satisfaction of performance obligations. The remaining amount of consideration is received after the satisfaction of all performance obligations. The consideration does not include a significant financing component or variable consideration.

c. Life Service Business
For the transactions in which the goods were considered delivered at the time they are sold, advertising media transactions, and transactions involving drop-shipping, where the Company and its consolidated subsidiaries provide merchandise or services to customers as an agent, the Group recognizes the net amount calculated by subtracting the amount paid to the suppliers of the merchandise or providers of the services from the amount received from customers as revenue.

For the transactions in which the Company and its consolidated subsidiaries act as a principal or agent, merchandise and services are exchanged for consideration in a short period of time, with no significant financing component or variable consideration.

In the electric power retailing operation, revenue incurred from the date of meter readings to the end of the fiscal period is estimated in accordance with ASBJ Guidance No. 30 “Guidance on Accounting Standard for Revenue Recognition.” Estimated amounts are determined by meter readings conducted in the following month, and are exchanged for consideration within a short period of time. The consideration does not include a significant financing component or variable consideration.

The Company offers a customer loyalty program in which customers are provided with points that can be used to receive discounts on purchases. The Group separates the transaction value into the products portion and the points portion according to the percentages of the item’s standalone selling price to recognize the points portion of the transaction value at the time of point redemption as revenue. The Company’s consolidated subsidiaries issue group gift certificates. Of the issued group gift certificates that are not been used, the portion that the Company’s consolidated subsidiaries expect to be entitled to in the future is recognized as revenue in proportion to the revenue recognition of other used portions.

The Company’s consolidated subsidiaries operate serviced senior housing facilities. These facilities receive a lump-sum payment at the time customers move in. The lump-sum payment is recognized as revenue over the assumed occupancy period, as the customer will enjoy the benefits as the service continues to be provided over the future occupancy period. The lump-sum payment does not include a significant financing component or variable consideration.

d. Hotel and Resort Business
The consideration for the transaction does not include a significant financing component or variable consideration, as the service is rendered in exchange for the consideration in a short period of time.

(3) Information for understanding the amounts of revenue for the current and subsequent fiscal years

a. Balances of contract assets and contract liabilities for the fiscal years ended March 31, 2023 and 2022

	Millions of yen	
	2023	2022
Receivables arising from contracts with customers (beginning balance)	¥ 146,286	¥ 120,042
Receivables arising from contracts with customers (ending balance)	160,746	146,286
Contract assets (beginning balance)	7,316	6,219
Contract assets (ending balance)	12,566	7,316
Contact liabilities (beginning balance)	39,401	39,059
Contract liabilities (ending balance)	43,148	39,401

Contract assets are recognized primarily in construction contracts, advertising agency operations and electricity retailing operations. Contract assets relating to the construction contracts arise from the rights of the Company and its consolidated subsidiaries to consideration for work that has created assets controlled by the customer but has not yet been billed. Contract assets relating to the advertising agency operations arise from the rights of the Company and its consolidated subsidiaries to consideration for work for which goods and services have been delivered but not yet billed. Contract assets relating to the electricity retailing operations are recognized based on estimates of revenue accrued from the date of meter readings to the end of the fiscal period. Contract assets are reclassified to receivables arising from contracts with customers when the Company's and its consolidated subsidiaries' rights to an amount of consideration become unconditional.

Contract liabilities primarily relate to unearned consideration received from customers, such as unearned freight, group points, group gift certificates, and a lump-sum payment for serviced senior housing facilities. Contract liabilities are derecognized upon revenue recognition.

Revenues recognized in the fiscal years ended March 31, 2023 and 2022 that were included in the balances of contract liabilities at the beginning of the periods were ¥20,786 million and ¥20,366 million, respectively.

b. Transaction price allocated to the remaining performance obligations

(i) Reconciliation of satisfaction of performance obligations within contracts with customers and cash flows arising from such contracts

The Company and its consolidated subsidiaries apply a practical expedient for disclosing the transaction prices allocated to the remaining performance obligations. As such, the following information is not included in notes: the performance obligations relating to commuter passes in the transportation business that is part of a contract that has an original expected duration of one year or less; the performance obligations relating to comprehensive property management in the Real Estate Business that the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date; the performance obligations in the CATV operations in the Life Service Business. No material amounts of consideration arise from contracts with customers that are not included in the transaction price.

Unsatisfied performance obligations primarily relate to point programs, group gift certificates, construction contracts, real estate sales contracts, and lump-sum payments for serviced senior housing facilities. Revenues are recognized as follows: on the basis of the actual usage for point programs or group gift certificates; on the basis of the construction progress for construction contracts; upon the delivery of the property for real estate sales contracts; or over the assumed occupancy period for a lump-sum payment for serviced senior housing facilities.

(ii) Amount and timing of revenue expected to be recognized in the following fiscal years from contracts with customers that existed at the end of the fiscal year

Fiscal year ended March 31, 2023

Unsatisfied performance obligations related to the point program amounted to ¥2,401 million as of March 31, 2023. The revenue for points is expected to be recognized over the next three years.

Unsatisfied performance obligations related to group gift certificates amounted to ¥6,896 million as of March 31, 2023. Since gift certificates have no expiration date, the Group recognizes the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer over a certain period of time from the time of issuance.

Unsatisfied performance obligations related to construction contracts amounted to ¥14,125 million as of March 31, 2023. The Group expects to recognize approximately 70% of those within one year and 30% within more than one year but less than three years as revenue.

Unsatisfied performance obligations related to real estate sales contracts amounted to ¥76,354 million at March 31, 2023. The Group expects to recognize approximately 60% of those within one year and 40% within more than one year but less than three years as revenue.

Unfulfilled performance obligations related to lump-sum payments for serviced senior housing facilities amounted to ¥6,047 million as of March 31, 2023. The Group expects to recognize approximately 20% of those within one year, 30% within more than one year but less than three years, and 50% over three years as revenue.

Fiscal year ended March 31, 2022

Unsatisfied performance obligations related to the point program amounted to ¥2,509 million as of March 31, 2022. The revenue for points is expected to be recognized over the next three years.

Unsatisfied performance obligations related to group gift certificates amounted to ¥7,364 million as of March 31, 2022. Since gift certificates have no expiration date, the Group recognizes the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer over a certain period of time from the time of issuance.

Unsatisfied performance obligations related to construction contracts amounted to ¥14,080 million as of March 31, 2022. The Group expects to recognize approximately 80% of those within one year and 20% within more than one year but less than three years as revenue.

Unsatisfied performance obligations related to real estate sales contracts amounted to ¥37,281 million at March 31, 2022. The Group expects to recognize approximately 40% of those within one year and 60% within more than one year but less than three years as revenue.

Unfulfilled performance obligations related to lump-sum payments for serviced senior housing facilities amounted to ¥6,378 million as of March 31, 2022. The Group expects to recognize approximately 20% of those within one year, 30% within more than one year but less than three years, and 50% over three years as revenue.

24. SEGMENT INFORMATION

(1) Overview of reportable segments

Reportable segments of Tokyu Group (the Company and its consolidated subsidiaries) are constituent units of the Group, for which separate financial information is available. The Board of Directors of the Company examines these units regularly to determine the allocation of management resources and to assess segment performance.

The Tokyu Group undertakes a wide range of businesses that are closely related to the daily life of customers in geographic areas focused on Tokyu Lines' service areas.

The Group's reportable segments are four segments classified by type of service: Transportation, Real Estate, Life Service, and Hotel and Resort. The major lines of business in each reportable segment were as follows:

Transportation Business	Railway, bus, and airport operations
Real Estate Business	Sales, leasing, and management of real estate
Life Service Business	Department store operations, chain store operations, shopping center operations, CATV operations, advertising operations, and imaging operations
Hotel and Resort Business	Hotel operations and golf course operations

(2) Method for calculating operating revenue, profit and loss, assets and other amounts for reportable segments
The profit figures stated in the reportable segments are based on operating profit (loss). Inter-segment internal revenues or transfers are based on prevailing market prices.

(3) Information relating to operating revenue, profit and loss, assets, and other amounts by reportable segments for the fiscal years ended March 31, 2023 and 2022

	Millions of yen						
	2023						
	Reportable segment				Total	Adjustments (Note 1)	Amount in consolidated financial statements (Note 2)
	Transportation Business	Real Estate Business	Life Service Business	Hotel and Resort Business			
Operating revenue							
Outside customers	¥ 180,452	¥ 184,075	¥ 501,199	¥ 65,565	¥ 931,293	¥ –	¥ 931,293
Inter-segment internal revenues or transfers	3,601	36,345	16,025	5,235	61,207	(61,207)	–
Total	¥ 184,054	¥ 220,420	¥ 517,225	¥ 70,800	¥ 992,500	¥ (61,207)	¥ 931,293
Segment profit (loss)	8,538	28,844	11,078	(4,119)	44,342	261	44,603
Segment assets	734,538	1,170,029	468,459	109,226	2,482,253	131,758	2,614,012
Other items							
Depreciation and amortization	39,320	24,799	15,841	3,097	83,059	(91)	82,967
Amortization of goodwill	–	7	–	–	7	–	7
Investments in equity method affiliates	–	–	–	–	–	162,640	162,640
Increase in property, plant and equipment and intangible assets	44,876	82,708	21,949	10,110	159,645	(1,968)	157,677

Notes: 1. Adjustments are as follows.

(1) An adjustment of ¥261 million in segment profit (loss) represents elimination of inter-segment transactions.

(2) An adjustment of ¥131,758 million in segment assets consists of Company-wide assets of ¥260,414 million not allocated to reportable segments and elimination of inter-segment transactions of ¥(128,655) million.

(3) An adjustment of ¥(91) million in depreciation and amortization represents elimination of inter-segment transactions.

(4) An adjustment of ¥162,640 million in investments in equity method affiliates represents Company-wide assets not allocated to reportable segments.

(5) An adjustment of ¥(1,968) million in increase in property, plant and equipment and intangible assets consists of Company-wide assets of ¥2,293 million not allocated to reportable segments and elimination of inter-segment transactions of ¥(4,261) million.

2. Segment profit (loss) is adjusted with the operating profit stated in the consolidated financial statements.

	Millions of yen						
	2022						
	Reportable segment				Total	Adjust-ments (Note 1)	Amount in consolidated financial statements (Note 2)
	Transport-ation Business	Real Estate Business	Life Service Business	Hotel and Resort Business			
Operating revenue							
Outside customers	¥ 162,927	¥ 187,183	¥ 489,368	¥ 39,634	¥ 879,112	¥ –	¥ 879,112
Inter-segment internal revenues or transfers	3,630	36,080	13,379	3,889	56,978	(56,978)	–
Total	¥ 166,557	¥ 223,263	¥ 502,747	¥ 43,523	¥ 936,091	¥ (56,978)	¥ 879,112
Segment profit (loss)	(3,937)	45,230	6,600	(16,736)	31,157	386	31,544
Segment assets	740,413	1,076,651	425,471	100,359	2,342,895	136,286	2,479,182
Other items							
Depreciation and amortization	40,048	24,821	15,870	3,335	84,075	(109)	83,965
Amortization of goodwill	–	–	–	–	–	–	–
Investments in equity method affiliates	–	–	–	–	–	139,543	139,543
Increase in property, plant and equipment and intangible assets	49,246	35,038	32,559	2,029	118,873	(1,422)	117,451

Notes: 1. Adjustments are as follows.

(1) An adjustment of ¥386 million in segment profit (loss) represents elimination of inter-segment transactions.

(2) An adjustment of ¥136,286 million in segment assets consists of Company-wide assets of ¥248,874 million not allocated to reportable segments and elimination of inter-segment transactions of ¥(112,587) million.

(3) An adjustment of ¥(109) million in depreciation and amortization represents elimination of inter-segment transactions.

(4) An adjustment of ¥139,543 million in investments in equity method affiliates represents Company-wide assets not allocated to reportable segments.

(5) An adjustment of ¥(1,422) million in increase in property, plant and equipment and intangible assets consists of Company-wide assets of ¥2,311 million not allocated to reportable segments and elimination of inter-segment transactions of ¥(3,734) million.

2. Segment profit (loss) is adjusted with the operating profit stated in the consolidated financial statements.

(4) Related information

a. Information by product and service

This information is not presented for the fiscal years ended March 31, 2023 and 2022 because the product and service categories are the same as the reportable segment categories.

b. Information by geographic area

(i) Operating revenue

This information is not presented for the fiscal years ended March 31, 2023 and 2022 because operating revenues from outside customers in Japan account for more than 90% of the operating revenues shown in the consolidated statement of income.

(ii) Property, plant and equipment

This information is not presented for the fiscal years ended March 31, 2023 and 2022 because the amount of property, plant and equipment located in Japan account for more than 90% of the amount of property, plant and equipment shown in the consolidated balance sheet.

c. Information by major customer

This information is not presented for the fiscal years ended March 31, 2023 and 2022 because no operating revenues from outside customers in Japan accounted for 10% or more of the operating revenues shown in the consolidated statement of income.

d. Information related to impairment losses on non-current assets by reportable segment for the fiscal years ended March 31, 2023 and 2022

	Millions of yen					
	2023					
	Transport-ation Business	Real Estate Business	Life Service Business	Hotel and Resort Business	Elimination/ Corporate	Total
Impairment losses	¥ –	¥ 3,660	¥ 2,783	¥ 100	¥ –	¥ 6,544

	Millions of yen					
	2022					
	Transport-ation Business	Real Estate Business	Life Service Business	Hotel and Resort Business	Elimination/ Corporate	Total
Impairment losses	¥ 18,363	¥ 1,461	¥ 1,810	¥ 3,494	¥ –	¥ 25,129

e. Information related to the amount of amortization and unamortized balance of goodwill by reportable segment for the fiscal years ended March 31, 2023 and 2022

		Millions of yen					
		2023					
		Transport-ation Business	Real Estate Business	Life Service Business	Hotel and Resort Business	Elimination/ Corporate	Total
Goodwill	Amortization for the year	¥ –	¥ 7	¥ –	¥ –	¥ –	¥ 7
	Balance at March 31, 2023	–	325	–	–	–	325

No items to report for the fiscal year ended March 31, 2022.

f. Information related to gain on negative goodwill by reportable segment

No items to report for the fiscal years ended March 31, 2023 and 2022.

25. RELATED PARTY INFORMATION

(1) Related party transactions

a. Transactions between the company submitting the consolidated financial statements and its related parties

(i) Non-consolidated subsidiaries and affiliates of the company filing the consolidated financial statements

No items to report for the fiscal year ended March 31, 2023.

2022

Type	Name of company or individual	Location	Share capital or investments in capital	Description of business or occupation	Ratio of voting rights holding (held) (%)	Relationship with the related party	Summary of transaction	Transaction amount	Account	Balance at end of period
Affiliates	Tokyu Construction Co., Ltd.	Shibuya-ku, Tokyo	¥16,354 million	Construction	(Holding) Direct: 14.5 Indirect: 0.6	Construction work orders Concurrent appointments of officers	Construction fee	¥2,174 million	Accounts payable – other	¥406 million

Notes: 1. Terms and conditions of transactions and the policy for determining them
The terms and conditions are determined through negotiation, conducted by referring to the prevailing market conditions.
2. Although the Company's ownership interest in Tokyu Construction Co., Ltd. is less than 20%, it is considered as an affiliate because the Company has significant influence over the affiliate.
3. With respect to the voting rights in Tokyu Construction Co., Ltd., apart from those presented above in holding ratio, 7,500 thousand shares of its stock (voting rights holding ratio: 7.1%) are contributed to a retirement benefit trust.

(ii) Officers and major shareholders (limited to individuals) of the company submitting the consolidated financial statements

No items to report for the fiscal years ended March 31, 2023 and 2022.

b. Transactions between the consolidated subsidiaries of the company filing the consolidated financial statements and related parties

No items to report for the fiscal years ended March 31, 2023 and 2022.

(2) Notes on the parent company and significant affiliates

a. Information about the parent company

No items to report for the fiscal years ended March 31, 2023 and 2022.

b. Condensed financial information of significant affiliates for the fiscal years ended March 31, 2023 and 2022

A significant affiliate during the fiscal year ended March 31, 2023 was Tokyu Fudosan Holdings Corporation. Its condensed consolidated financial statements were as follows:

		Millions of yen
		2023
Total current assets	¥	1,115,603
Total non-current assets		1,622,854
Total deferred assets		–
Total current liabilities		406,090
Total long-term liabilities		1,631,665
Total net assets		700,702
Operating revenue		1,005,836
Profit before income taxes		70,151
Profit attributable to owners of parent		48,227

A significant affiliate during the fiscal year ended March 31, 2022 was Tokyu Fudosan Holdings Corporation. Its condensed consolidated financial statements were as follows:

		Millions of yen
		2022
Total current assets	¥	1,036,951
Total non-current assets		1,597,391
Total deferred assets		–
Total current liabilities		438,774
Total long-term liabilities		1,552,270
Total net assets		643,298
Operating revenue		989,049
Profit before income taxes		55,874
Profit attributable to owners of parent		35,133

26. PER SHARE INFORMATION

	Yen			
	2023		2022	
Net assets per share	¥	1,204.93	¥	1,167.07
Profit per share		42.94		14.58

Notes: 1. Profit per share (diluted) is not stated as there are no shares with a dilutive effect.

2. The basis for the calculation of net assets per share is as follows: "Number of shares of common treasury stock" includes shares in the Company held by the Employee Stock Ownership Plan (ESOP) Trust account and the Board Incentive Plan (BIP) Trust account (1,680 thousand shares as of March 31, 2023 and 2,529 thousand shares as of March 31, 2022).

	2023		2022	
Total net assets in consolidated balance sheet (Millions of yen)	¥	779,372	¥	752,942
Amount deducted from total net assets (Millions of yen)		38,751		49,974
[of which, non-controlling interests] (Millions of yen)		[38,751]		[49,974]
Amount of net assets attributable to common stock (Millions of yen)		740,621		702,967
Number of shares of common stock issued (Thousands of shares)		624,869		624,869
Number of number of shares of common treasury stock (Thousands of shares)		10,210		22,532
Number of shares of common stock used in the calculation of net assets per share (Thousands of shares)		614,659		602,337

3. The basis for the calculation of profit per share is as follows:
"Average number of shares of common stock outstanding during the period" excludes shares in the Company held by the Employee Stock Ownership Plan (ESOP) Trust account and the Board Incentive Plan (BIP) Trust account (2,090 thousand shares and 2,515 thousand shares for the fiscal years ended March 31, 2023 and 2022, respectively).

	2023		2022	
Profit attributable to owners of parent (Millions of yen)	¥	25,995	¥	8,782
Amount not attributable to common stockholders (Millions of yen)		–		–
Profit attributable to common stockholders of the parent (Millions of yen)		25,995		8,782
Average number of shares of common stock outstanding during the period (Thousands of shares)		605,416		602,244

27. SUBSEQUENT EVENTS

Issuance of Zero Coupon Convertible Bonds

At the Board of Directors' meeting held on June 12, 2023, the Company resolved to issue Zero Coupon Convertible Bonds due 2028 and Zero Coupon Convertible Bonds due 2030 (each being bonds with share acquisition rights, *tenkanshasaigata shinkabu yoyakuken-tsuki shasai*). The payments for these bonds were completed on June 28, 2023 (London time; the same shall apply hereinafter unless otherwise indicated). The summary of the issuance is as described below.

(1) Zero Coupon Convertible Bonds due 2028 (bonds with share acquisition rights, *tenkanshasaigata shinkabu yoyakuken-tsuki shasai*) (under this (1), the "Bonds with Share Acquisition Rights," of which the bonds and the share acquisition rights are to be hereinafter referred to as the "Bonds" and the "Share Acquisition Rights," respectively)

a. Total amount to be issued
Total of ¥30 billion and the total face value of the Bonds relating to alternative bonds with share acquisition rights (meaning bonds with share acquisition rights that will be issued after obtaining appropriate certification and compensation in the case of the loss, theft or damage of the Bonds with Share Acquisition Rights)

b. Issue price
100.0% of the face value of the Bonds (Each has a face value of ¥10 million.)

c. Issue price (offer price)
102.5% of the face value of the Bonds

d. Due date of payment
June 28, 2023

e. Date of redemption
The Bonds shall be redeemed at 100% of their face value on September 29, 2028.

f. Interest rate
The Bonds shall not bear interest.

g. Class and number of shares subject to the Share Acquisition Rights

(i) Class
Common stock of the Company

(ii) Number
The number of shares subject to the Share Acquisition Rights shall be a number that is obtained by dividing the aggregate face value of the Bonds subject to the request for exercise by the conversion price stated in i., (ii) below. However, any fractional shares of less than one share arising from the exercise shall be rounded down and no cash adjustment shall be made.

h. Total number of the Share Acquisition Rights
Total of 3,000 and the number obtained by dividing the aggregate face value of the Bonds relating to alternative bonds with share acquisition rights by ¥10 million

i. Amount to be paid-in upon exercise of the Share Acquisition Rights

(i) Upon the exercise of each Share Acquisition Right, the Bonds relating to the Share Acquisition Rights shall be contributed, and the value of the Bonds shall be equal to the face value.

(ii) The conversion price shall be ¥2,124.5.

(iii) The conversion price shall be adjusted in accordance with the calculation formula below if the Company issues new shares of common stock at a paid-in amount below the market value of the Company's common stock or disposes of shares of the Company's common stock held by the Company after issuing the Bonds with Share Acquisition Rights. The "number of shares already issued" in the calculation formula below means the total number of shares of the Company's common stock issued (excluding those held by the Company).

$$\text{Conversion price after adjustment} = \text{Conversion price before adjustment} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of shares issued or disposed of} \times \text{Amount to be paid-in per share}}{\text{Market value}}}{\text{Number of shares already issued} + \text{Number of shares issued or disposed of}}$$

j. Period in which the Share Acquisition Rights can be exercised

The period in which the Share Acquisition Rights can be exercised shall be from July 12, 2023 to September 15, 2028 (at the local time of the place where the request for exercise is received). However, the period shall be (i) until the day that is three business days before the redemption date in Tokyo in the case of the early redemption of the Bonds (excluding the Share Acquisition Rights relating to the Bonds that are selected not to undergo early redemption in the case of the early redemption due to changes in the tax system); (ii) until the time when the Bonds are cancelled if the Bonds with Share Acquisition Rights are purchased or the Bonds are cancelled by purchase by the Company; or (iii) until the time of the forfeiture of the benefit of time if the benefit of time of the Bonds is forfeited. In any of the cases above, the Share Acquisition Rights cannot be exercised after September 15, 2028 (local time of the place where the request for exercise is received).

Notwithstanding the foregoing, if the Bonds with Share Acquisition Rights are purchased by the Company, the Share Acquisition Rights cannot be exercised between July 1, 2028 and the second business day after September 12, 2028 in Tokyo, and if the Company makes a reasonable decision that it is necessary to conduct an organizational restructure, etc. of the Company, the Share Acquisition Rights cannot be exercised during the period of within 30 days designated by the Company that will end within 14 days from the day following the effective date of the organizational restructure, etc.

In addition, if the day when the Share Acquisition Rights will become effective (or if such a day is not a business day in Tokyo, the following business day in Tokyo) falls within the period from the day that is two business days in Tokyo before the record date set by the Company or some other day set to determine shareholders in connection with Article 151, Paragraph 1 of the Act on Book-Entry Transfer of Corporate Bonds and Shares (hereinafter collectively referred to as the "Shareholder Determination Date") (or if the Shareholder Determination Date is not a business day in Tokyo, the day that is three business days in Tokyo before the Shareholder Determination Date) until the Shareholder Determination Date (or if the Shareholder Determination Date is not a business day in Tokyo, the following business day in Tokyo), the Share Acquisition Rights cannot be exercised. However, in the case of changes to laws and regulations or practices relating to the delivery of shares upon the exercise of share acquisition rights through the transfer system pursuant to the Act on Book-Entry Transfer of Corporate Bonds and Shares, the Company may modify the restrictions on the period in which the Share Acquisition Rights can be exercised as stipulated in this paragraph in order to reflect the said changes.

k. Other conditions for exercising the Share Acquisition Rights

No partial exercise of each Share Acquisition Right shall be allowed.

l. Purchase of the Bonds with Share Acquisition Rights by the Company

At any time during the period from September 1, 2027 to June 30, 2028, the Company may give notice (the “Purchase Notice”) to the holders of the Bonds with Share Acquisition Rights that, from the holders of the Bonds with Share Acquisition Rights who will have received notice (the “Purchase Election Notice”) by August 29, 2028, the Company will purchase the Bonds with Share Acquisition Rights in connection with the Purchase Election Notice remaining as of September 12, 2028 (the “Purchase Date”). In this case, the Company shall purchase all of the Bonds with Share Acquisition Rights on the Purchase Date and, in exchange, deliver cash and shares of the Company’s common stock to the holders of the Bonds with Share Acquisition Rights.

m. Security or guarantee of the Bonds

The Bonds shall be issued without any security or guarantee.

(2) Zero Coupon Convertible Bonds due 2030 (bonds with share acquisition rights, *tenkanshasaigata shinkabu yoyakuken-tsuki shasai*) (under this (2), the “Bonds with Share Acquisition Rights,” of which the bonds and the share acquisition rights are to be hereinafter referred to as the “Bonds” and the “Share Acquisition Rights,” respectively)

a. Total amount to be issued

Total of ¥30 billion and the total face value of the Bonds relating to alternative bonds with share acquisition rights (meaning bonds with share acquisition rights that will be issued after obtaining appropriate certification and compensation in the case of the loss, theft or damage of the Bonds with Share Acquisition Rights)

b. Issue price

100.0% of the face value of the Bonds (Each has a face value of ¥10 million.)

c. Issue price (offer price)

102.5% of the face value of the Bonds

d. Due date of payment

June 28, 2023

e. Date of redemption

The Bonds shall be redeemed at 100% of their face value on September 30, 2030.

f. Interest rate

The Bonds shall not bear interest.

g. Class and number of shares subject to the Share Acquisition Rights

(i) Class

Common stock of the Company

(ii) Number

The number of shares subject to the Share Acquisition Rights shall be a number that is obtained by dividing the aggregate face value of the Bonds subject to the request for exercise by the conversion price stated in i., (ii) below. However, any fractional shares of less than one share arising from the exercise shall be rounded down and no cash adjustment shall be made.

h. Total number of the Share Acquisition Rights

Total of 3,000 and the number obtained by dividing the aggregate face value of the Bonds relating to alternative bonds with share acquisition rights by ¥10 million

i. Amount to be paid-in upon exercise of the Share Acquisition Rights

(i) Upon the exercise of each Share Acquisition Right, the Bonds relating to the Share Acquisition Rights shall be contributed, and the value of the Bonds shall be equal to the face value.

(ii) The conversion price shall be ¥2,033.5.

(iii) The conversion price shall be adjusted in accordance with the calculation formula below if the Company issues new shares of common stock at a paid-in amount below the market value of the Company's common stock or disposes of shares of the Company's common stock held by the Company after issuing the Bonds with Share Acquisition Rights. The "number of shares already issued" in the calculation formula below means the total number of shares of the Company's common stock issued (excluding those held by the Company).

$$\text{Conversion price after adjustment} = \text{Conversion price before adjustment} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of shares issued or disposed of} \times \text{Amount to be paid-in per share}}{\text{Market value}}}{\text{Number of shares already issued} + \text{Number of shares issued or disposed of}}$$

j. Period in which the Share Acquisition Rights can be exercised

The period in which the Share Acquisition Rights can be exercised shall be from July 12, 2023 to September 16, 2030 (at the local time of the place where the request for exercise is received). However, the period shall be (i) until the day that is three business days before the redemption date in Tokyo in the case of the early redemption of the Bonds (excluding the Share Acquisition Rights relating to the Bonds that are selected not to undergo early redemption in the case of the early redemption due to changes in the tax system); (ii) until the time when the Bonds are cancelled if the Bonds with Share Acquisition Rights are purchased or the Bonds are cancelled by purchase by the Company; or (iii) until the time of the forfeiture of the benefit of time if the benefit of time of the Bonds is forfeited.

In any of the cases above, the Share Acquisition Rights cannot be exercised after September 16, 2030 (local time of the place where the request for exercise is received). Notwithstanding the foregoing, if the Bonds with Share Acquisition Rights are purchased by the Company, the Share Acquisition Rights cannot be exercised between July 1, 2030 and the second business day after September 11, 2030 in Tokyo, and if the Company makes a reasonable decision that it is necessary to conduct an organizational restructure, etc. of the Company, the Share Acquisition Rights cannot be exercised during the period of within 30 days designated by the Company that will end within 14 days from the day following the effective date of the organizational restructure, etc.

In addition, if the day when the Share Acquisition Rights will become effective (or if such a day is not a business day in Tokyo, the following business day in Tokyo) falls within the period from the day that is two business days in Tokyo before the record date set by the Company or some other day set to determine shareholders in connection with Article 151, Paragraph 1 of the Act on Book-Entry Transfer of Corporate Bonds and Shares (hereinafter collectively referred to as the "Shareholder Determination Date") (or if the Shareholder Determination Date is not a business day in Tokyo, the day that is three business days in Tokyo before the Shareholder Determination Date) until the Shareholder Determination Date (or if the Shareholder Determination Date is not a business day in Tokyo, the following business day in Tokyo), the Share Acquisition Rights cannot be exercised. However, in the case of changes to laws and regulations or practices relating to the delivery of shares upon the exercise of share acquisition rights through the transfer system pursuant to the Act on Book-Entry Transfer of Corporate Bonds and Shares, the Company may modify the restrictions on the period in which the Share Acquisition Rights can be exercised as stipulated in this paragraph in order to reflect the said changes.

k. Other conditions for exercising the Share Acquisition Rights
No partial exercise of each Share Acquisition Right shall be allowed.

l. Purchase of the Bonds with Share Acquisition Rights by the Company
At any time during the period from September 3, 2029 to June 28, 2030, the Company may give notice (the "Purchase Notice") to the holders of the Bonds with Share Acquisition Rights that, from the holders of the Bonds with Share Acquisition Rights who will have received notice (the "Purchase Election Notice") by August 28, 2030, the Company will purchase the Bonds with Share Acquisition Rights in connection with the Purchase Election Notice remaining as of September 11, 2030 (the "Purchase Date"). In this case, the Company shall purchase all of the Bonds with Share Acquisition Rights on the Purchase Date and, in exchange, deliver cash and shares of the Company's common stock to the holders of the Bonds with Share Acquisition Rights.

m. Security or guarantee of the Bonds
The Bonds shall be issued without any security or guarantee.

(3) Use of proceeds

a. The proceeds of approximately ¥30 billion shall be used by March 2026 for capital expenditures for various development projects, including the realization of "Greater SHIBUYA 2.0" in Shibuya.

b. The proceeds of approximately ¥30 billion shall be used by December 2023 as funds for the repurchase of own shares to reduce cross-shareholdings as well as to improve capital efficiency and to increase the value per share through a reduction in the number of outstanding shares.

Repurchase of Own Shares

At the Board of Directors' meeting held on June 12, 2023, the Company resolved matters concerning the repurchase of its own shares pursuant to the provisions of Article 156, Paragraph 1 of the Companies Act, as applied pursuant to Article 165, Paragraph 3 of the same act and repurchased its own shares as follows.

a. Reason for repurchase of shares
The Company repurchased its own shares in order to reduce cross-shareholdings as well as to improve capital efficiency and to increase the value per share through a reduction in the number of outstanding shares.

b. Matters regarding repurchase

(i) Class of shares to be repurchased:	Common stock of the Company
(ii) Total number of shares to be repurchased:	Up to 20,000,000 shares (3.25% of the total issued shares (excluding treasury stock))
(iii) Total repurchase price of shares:	Up to ¥30 billion
(iv) Repurchase period:	From June 13, 2023 to December 31, 2023
(v) Repurchase method:	Market purchase at the Tokyo Stock Exchange

c. Results of the repurchase of own shares
In accordance with the above resolution, the Company repurchased its own shares through an off-auction own share repurchase transaction in the Tokyo Stock Exchange (ToSTNeT-3) on June 13, 2023, and completed the repurchase pursuant to the said resolution.

The total number of shares repurchased was 16,524,300 shares of the Company's common stock, and the total repurchase price was ¥29,999 million.

28. CONSOLIDATED DETAILED SCHEDULES

(1) Consolidated detailed schedule of bonds payable

Company name	Issue	Issue date	Balance at April 1, 2022 (Millions of yen)	Balance at March 31, 2023 (Millions of yen)	Interest rate (%)	Collateral	Redemption date
Tokyu Corporation	Tokyu Railways Co., Ltd. 64th Series Unsecured Straight Bonds	Jun. 6, 2008	¥15,000	[¥15,000] ¥15,000	2.70	–	Jun. 6, 2023
Tokyu Corporation	Tokyu Railways Co., Ltd. 74th Series Unsecured Straight Bonds	Jun. 16, 2011	10,000	10,000	1.882	–	Jun. 16, 2026
Tokyu Corporation	Tokyu Railways Co., Ltd. 75th Series Unsecured Straight Bonds	Jun. 7, 2012	[10,000] 10,000	–	0.982	–	Jun. 7, 2022
Tokyu Corporation	Tokyu Railways Co., Ltd. 76th Series Unsecured Straight Bonds	Jun. 7, 2012	10,000	10,000	1.563	–	Jun. 7, 2027
Tokyu Corporation	Tokyu Railways Co., Ltd. 77th Series Unsecured Straight Bonds	Jun. 12, 2013	10,000	[10,000] 10,000	0.987	–	Jun. 12, 2023
Tokyu Corporation	Tokyu Railways Co., Ltd. 78th Series Unsecured Straight Bonds	Jun. 12, 2013	10,000	10,000	1.528	–	Jun. 12, 2028
Tokyu Corporation	Tokyu Railways Co., Ltd. 79th Series Unsecured Straight Bonds	Apr. 28, 2014	10,000	10,000	0.709	–	Apr. 26, 2024
Tokyu Corporation	Tokyu Railways Co., Ltd. 80th Series Unsecured Straight Bonds	Apr. 28, 2014	10,000	10,000	1.211	–	Apr. 27, 2029
Tokyu Corporation	Tokyu Railways Co., Ltd. 81st Series Unsecured Straight Bonds	Jun. 3, 2015	10,000	10,000	0.535	–	Jun. 3, 2025
Tokyu Corporation	Tokyu Railways Co., Ltd. 82nd Series Unsecured Straight Bonds	Jun. 3, 2015	10,000	10,000	1.307	–	Jun. 3, 2033
Tokyu Corporation	Tokyu Railways Co., Ltd. 83rd Series Unsecured Straight Bonds	Apr. 22, 2016	10,000	10,000	0.459	–	Apr. 22, 2031
Tokyu Corporation	Tokyu Railways Co., Ltd. 84th Series Unsecured Straight Bonds	Apr. 22, 2016	10,000	10,000	0.662	–	Apr. 22, 2036
Tokyu Corporation	Tokyu Railways Co., Ltd. 85th Series Unsecured Straight Bonds	Sep. 26, 2016	10,000	10,000	0.761	–	Sep. 26, 2036
Tokyu Corporation	Tokyu Railways Co., Ltd. 86th Series Unsecured Straight Bonds	Sep. 26, 2016	10,000	10,000	0.951	–	Sep. 26, 2046
Tokyu Corporation	Tokyu Railways Co., Ltd. 87th Series Unsecured Straight Bonds	May 29, 2018	10,000	10,000	0.315	–	May 29, 2028
Tokyu Corporation	Tokyu Railways Co., Ltd. 88th Series Unsecured Straight Bonds	May 29, 2018	10,000	10,000	0.723	–	May 28, 2038
Tokyu Corporation	Tokyu Railways Co., Ltd. 89th Series Unsecured Straight Bonds	Jan. 24, 2019	10,000	10,000	0.749	–	Jan. 24, 2039
Tokyu Corporation	Tokyu Railways Co., Ltd. 90th Series Unsecured Straight Bonds	Jan. 24, 2019	10,000	10,000	1.114	–	Jan. 22, 2049
Tokyu Corporation	1st Series Unsecured Straight Bonds	Sep. 19, 2019	15,000	15,000	0.47	–	Sep. 16, 2039
Tokyu Corporation	2nd Series Unsecured Straight Bonds	Sep. 19, 2019	10,000	10,000	0.75	–	Sep. 17, 2049

Company name	Issue	Issue date	Balance at April 1, 2022 (Millions of yen)	Balance at March 31, 2023 (Millions of yen)	Interest rate (%)	Collateral	Redemption date
Tokyu Corporation	3rd Series Unsecured Straight Bonds	Jun. 10, 2020	20,000	20,000	0.34	–	Jun. 10, 2030
Tokyu Corporation	4th Series Unsecured Straight Bonds	Jun. 10, 2020	20,000	20,000	0.70	–	Jun. 8, 2040
Tokyu Corporation	5th Series Unsecured Straight Bonds (sustainability bonds)	Dec. 10, 2020	10,000	10,000	0.11	–	Dec. 10, 2025
Tokyu Corporation	6th Series Unsecured Straight Bonds (sustainability bonds)	Dec. 10, 2020	10,000	10,000	0.30	–	Dec. 10, 2030
Tokyu Corporation	7th Series Unsecured Straight Bonds	Jun. 3, 2021	10,000	10,000	0.001	–	Jun. 3, 2024
Tokyu Corporation	8th Series Unsecured Straight Bonds	Jun. 3, 2021	10,000	10,000	0.62	–	Jun. 3, 2041
Tokyu Corporation	9th Series Unsecured Straight Bonds (sustainability bonds)	Dec. 22, 2021	10,000	10,000	0.17	–	Dec. 22, 2026
Tokyu Corporation	10th Series Unsecured Straight Bonds (sustainability bonds)	Dec. 9, 2021	10,000	10,000	0.24	–	Dec. 9, 2031
Tokyu Corporation	11th Series Unsecured Straight Bonds	Jun. 1, 2022	–	15,000	0.479	–	Jun. 1, 2032
Tokyu Corporation	12th Series Unsecured Straight Bonds	Jun. 1, 2022	–	10,000	0.959	–	May 30, 2042
Tokyu Corporation	13th Series Unsecured Straight Bonds (sustainability bonds)	Dec. 15, 2022	–	10,000	0.49	–	Dec. 15, 2027
Tokyu Corporation	14th Series Unsecured Straight Bonds (sustainability-linked bonds)	Dec. 6, 2022	–	10,000	0.749	–	Dec. 6, 2032
	–	–	[¥10,000] ¥310,000	[¥25,000] ¥345,000	–	–	–

Notes: 1. The figures in square brackets above are due in one year or less and are presented under "Current portion of bonds payable" in the consolidated balance sheet.

2. The redemption schedule within five years from the consolidated balance sheet date was as follows:

Millions of yen

Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
¥ 25,000	¥ 20,000	¥ 20,000	¥ 20,000	¥ 20,000

(2) Consolidated detailed schedule of borrowings and others

Category	Balance at April 1, 2022 (Millions of yen)	Balance at March 31, 2023 (Millions of yen)	Average interest rate (%)	Payment due
Short-term borrowings	¥ 345,696	¥ 383,682	0.3	–
Current portion of long-term borrowings	38,480	38,653	0.9	–
Current portion of non-recourse long-term borrowings	700	700	0.4	–
Current portion of finance lease obligations that transfer ownership	422	119	0.9	–
Current portion of finance lease obligations that do not transfer ownership	2,051	1,830	–	–
Long-term borrowings (excluding current portion)	469,020	458,923	0.9	2024–2041
Non-recourse long-term borrowings (excluding current portion)	31,860	30,560	0.4	2024–2026
Finance lease obligations that transfer ownership of leased property to lessees (excluding current portion)	1,067	980	0.9	2024–2045
Finance lease obligations that do not transfer ownership of leased property to lessees (excluding current portion)	5,056	4,173	–	2024–2031
Other interest-bearing liabilities				
Current portion of commercial papers	–	30,000	(0.0)	–
Current portion of long-term guarantee deposits received	20	20	0.0	–
Current portion of accounts payable - other	132	50	0.2	–
Accounts payable - other (excluding current portion)	50	–	–	–
Total	¥ 894,556	¥ 949,694	–	–

Notes: 1. Average interest rate represents the weighted-average rate applicable to the average balances of borrowings during the period.

2. The average interest rate on finance lease obligations that do not transfer ownership of leased property to lessees is not stated because these obligations are recorded on the consolidated balance sheet in the amount before deducting the amount equivalent to interest included in the total lease payments.

3. The amount of long-term borrowings, non-recourse borrowings, and lease obligations due within five years from the consolidated balance sheet date are as follows:

	Due after 1 year through 2 years (Millions of yen)	Due after 2 years through 3 years (Millions of yen)	Due after 3 years through 4 years (Millions of yen)	Due after 4 years through 5 years (Millions of yen)
Long-term borrowings	¥ 12,292	¥ 36,792	¥ 29,656	¥ 46,677
Non-recourse long-term borrowings	20,950	200	9,410	–
Finance lease obligations that transfer ownership of leased property to lessees	104	516	29	24
Finance lease obligations that do not transfer ownership of leased property to lessees	1,288	796	566	448

(3) Consolidated schedule of asset retirement obligations

In accordance with Article 92-2 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements, this information is not presented as the beginning and ending balances of asset retirement obligations for the fiscal year ended March 31, 2023 were one percent or less of the total beginning and ending balances of liabilities and net assets of the fiscal year ended March 31, 2023.

Independent Auditor’s Report

The Board of Directors
Tokyu Corporation

Opinion

We have audited the accompanying consolidated financial statements of Tokyu Corporation (the Company) and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2023, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor’s opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of non-current assets	
Description of Key Audit Matter	**Auditor’s Response**
Because the Company and its consolidated subsidiaries (collectively, the “Group”) operate diverse businesses in segments including transportation, real estate, life service, and hotel and resort, the Group has a significant amount of non-current assets. As	We primarily performed the following audit procedures in examining impairment of non-current assets. ●Analysis of assumptions about when the pandemic will subside as well as future

of March 31, 2023, the outstanding balance of property, plant and equipment and intangible assets, including land, buildings and structures, leasehold interests in land, and surface rights, totaled ¥1,869,367 million, accounting for 72% of total assets. For the 87 non-current asset groups representing properties from each area and segment, the Group recorded impairment losses of ¥6,544 million in the fiscal year under review, as disclosed in “Notes to Consolidated Financial Statements, 8. NOTES RELATED TO CONSOLIDATED STATEMENT OF INCOME, (6) Impairment losses.” Also as described in “Notes to Consolidated Financial Statements, 2. SIGNIFICANT ACCOUNTING ESTIMATES,” significant assumptions used in accounting estimates vary from segment to segment. ***Effects of COVID-19*** Due to COVID-19, the businesses of the Group have been affected broadly. The extent and scope of the impact of COVID-19 on business activities varied significantly depending on each business in each segment, and there were impacts such as behavioral changes. Therefore, considerations by management are highly complex, and the corresponding estimates involve a high degree of uncertainty and complexity. ***Business characteristics of the Company and its consolidated subsidiaries*** The Group continuously develops and invests in order to respond quickly to changes in the business environment, including demographics, real estate demand, and consumption trends, mainly in areas along the Group’s railway lines. With regard to its continuous development and investment, the Company promotes the creation of regional platforms through urban development that combine tangibles such as railways, buses and other transportation as well as real estate	operating revenues and other projections. • Conducted interviews and discussions with management of the Group to assess the consistency of the assumptions made about when the pandemic will subside that will affect the indications and the recognition and measurement of impairment as well as future operating revenues and other projections, with actual results prior to the spread of COVID-19 and the current state of recovery. Also compared and analyzed the following information: -Transportation Business: The number of passengers mainly in the railway business (those with and without commuter passes) and the airport operation business -Real Estate Business: Vacancy rates, including tenant trends, mainly in the real estate leasing business -Life Service Business: Customer trends mainly in the retailing operations, tenant trends in shopping center operations, and the number of audiences in the imaging business -Hotel and Resort Business: Revenue per available room, occupancy rates, and domestic and international customer trends mainly in the hotel business • Analyzed future costs and capital investment plans for each business. • Assessed the consistency of these information with the data taken into account in the real estate appraisal. ●Completeness and timeliness of the indications of impairment • Inspected relevant materials for asset grouping relating to non-current assets impairment assessment, including the Company’s and its consolidated subsidiaries’ impairment determination

development with intangibles, such as community-based life services. For this reason, the scope and the use of non-current assets may change, as in the case of development complexes where multiple segments and consolidated group companies are involved. The asset groupings used in the non-consolidated financial statements of each group company must be reassessed in the context of consolidation for preparing the consolidated financial statements. A wide range of existing non-current assets may undergo changes in use, specifications, scheduling of reconstruction and demolition, etc., and the Group also has agreements with local governments and community organizations that require collaboration and include certain obligations. Therefore, in light of these facts, considerations of the completeness and timeliness for identifying indications of impairment of non-current assets are highly complex. In addition, in calculating the amount used for recognition and measurement of impairment, real estate appraisal value and significant assumptions underlying the estimated future cash flows (as described in "Notes to Consolidated Financial Statements, 2. SIGNIFICANT ACCOUNTING ESTIMATES (1)") include significant accounting estimates involving subjective judgments of management and uncertainties that are difficult to substantiate. As such, given the impact of COVID-19, the consideration of completeness and timeliness of the indications of impairment of non-current assets is complex, while the recognition and measurement of amounts to be recorded involves management's judgment. Therefore, we determined such matter to be a key audit matter.	documents by property. • Conducted interviews and discussions with managements of the Company and its consolidated subsidiaries to understand the impact of COVID-19 on the impairment indicators, as well as plans and progress of changes of use of existing non-current assets, development of real estate, investment in equipment renewal, and store closures. Also inspected the minutes of each meeting body, related documents, and plans approved by management, including business plans and capital investment plans, to assess the completeness and the timeliness of indications of impairment. ●Recognition and measurement of impairment losses • Compared the recognition and measurement of impairment losses with data such as real estate appraisal and the basis of calculation of value in use. • Discussed with managements the significant assumptions underlying the estimated future cash flows, including the impact of COVID-19, and assessed their consistency with the business and capital investment plans approved by management. • To take into consideration the uncertainties, made comparisons with market forecasts and available external data, analyzed trends based on past performance, and inspected related documents. • Also, assessed the effectiveness of management's estimation process by comparing previous year budgets with their actual results. • Conducted a comparative analysis of real estate appraisal values, against market forecasts, available external data, and past appraisal values.

Other Information

Other information comprises the information included in disclosure documents that contains audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We have concluded that other information does not exist. Accordingly, we have not performed any work related to other information.

Responsibilities of Management, the Audit and Supervisory Board members and the Audit and Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Board members and the Audit and Supervisory Board are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Board members and the Audit and Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Board members and the Audit and Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Board members and the Audit and Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan

August 31, 2023

Seiji Yamamoto
Designated Engagement Partner
Certified Public Accountant

Takashi Nakamura
Designated Engagement Partner
Certified Public Accountant