



TOBU RAILWAY CO., LTD.



2018

ANNUAL REPORT

Management Philosophy and Policy

The Tobu Group has established the “Tobu Group Management Philosophy” and “Tobu Group Management Policy” as follows:

(1) Tobu Group Management Philosophy

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

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

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

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

(2) Tobu Group Management Policy

The Tobu Group will operate diversified and composite businesses on the basis of safety and security, including “transportation,” “leisure,” “real estate” and “retail distribution” as a corporate group contributing to the development of the areas along its railway lines through businesses that closely support customers’ daily lives. We will provide innovative and inventive services of high quality based on the customer’s viewpoint, thereby aiming to create attractive destinations full of energy along the Tobu lines, providing the residents with a comfortable lifestyle.

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Attention regarding forward-looking statements (C2)

The reader is advised that this report contains forward-looking statements, including statements relating to the Company’s future policies and strategies, and estimates of future business development. As opposed to statements of historical fact, these constitute estimates or projections made by the Company’s management on the basis of facts known to them as of the time of writing, and actual results may therefore differ substantially from such statements, due to a wide variety of possible risk factors. Page 11 contains a list of the principal categories of risk to which the Company’s business operations are subject.

Message from the President



We aim to become a corporate group that merits the trust we receive from our stakeholders.

In the year under review, the future prospects of the Japanese economy remained uncertain. There were signs of improvement in corporate earnings and the employment situation, so there was a mild economic recovery, but consumer spending and home construction lacked vigor.

In the midst of these circumstances, the Tobu Group established our Long-Term Management Vision presenting the basic management strategy for new growth of the Group from a long-term standpoint and the four-year Medium-Term Business Plan, which is based on that vision and sets forth specific undertakings. Based on this plan, the Group has actively promoted investments for sustainable growth and worked to further enhance shareholder return while maintaining financial strength.

As for our consolidated results, revenues from operations were ¥569,519 million (an increase of 0.1% year on year), operating income was ¥66,645 million (a decrease of 2.5% year on year), and net income attributable to owners of the parent company was ¥36,025 million (a decrease of 0.3% year on year).

Although the economic outlook is still uncertain, we will make every effort to support the further development of regional economies and to improve the comfort and convenience of people's lives as a corporate group that supports the lives of customers along the railroads, especially via our railway business, which is a part of the social infrastructure.

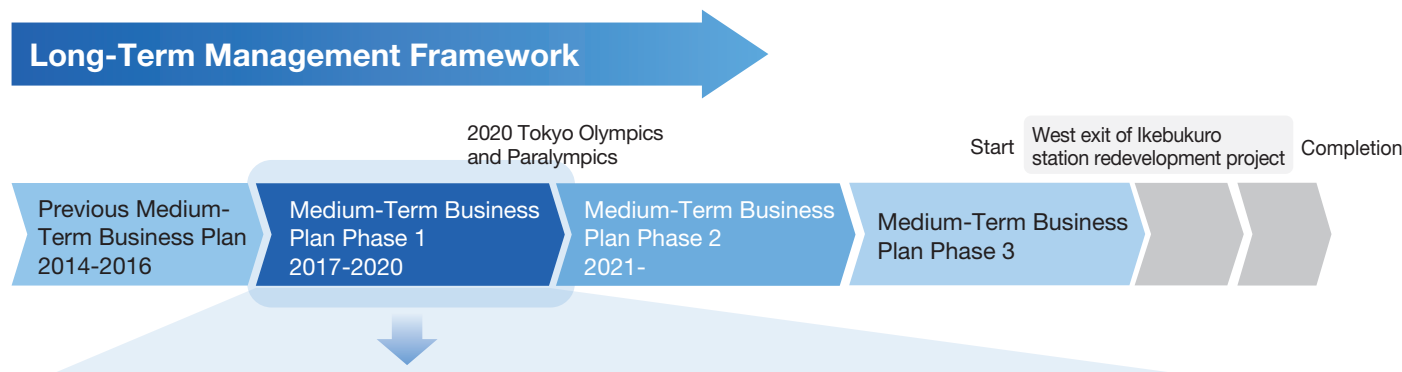
Yoshizumi Nezu

President and Representative Director

A handwritten signature in black ink that reads "Yoshizumi Nezu". The signature is written in a cursive, flowing style.

Medium-Term Business Plan 2017-2020

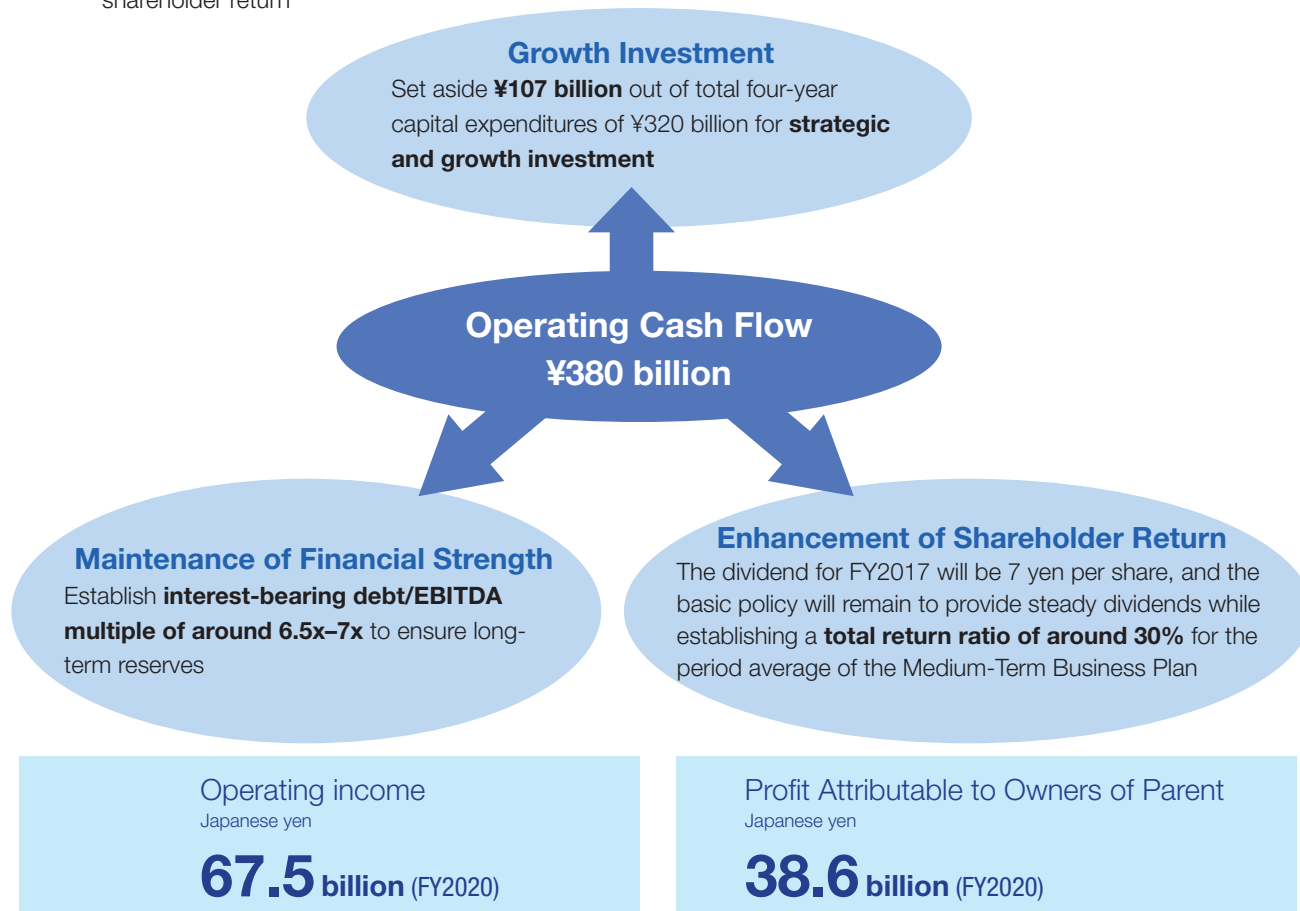
The consolidated numerical targets set forth in the Tobu Group Medium-Term Business Plan 2014-2016 have all been achieved, and in April 2017 we established the Tobu Group Medium-Term Business Plan 2017-2020. Within the long-term management vision, this medium-term business plan is positioned as Phase 1.



Medium-Term Business Plan

Four years from FY2017 to FY2020

- Promotion of growth investment for the next stage
- Planting/cultivation of business seeds anticipating Tokyo Olympics and Paralympics and thereafter
- Increased revenue through incorporation of rapidly growing inbound demand
- Achieve balance between growth investments, maintenance of financial soundness and enhancement of shareholder return



Our Current Situation

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

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

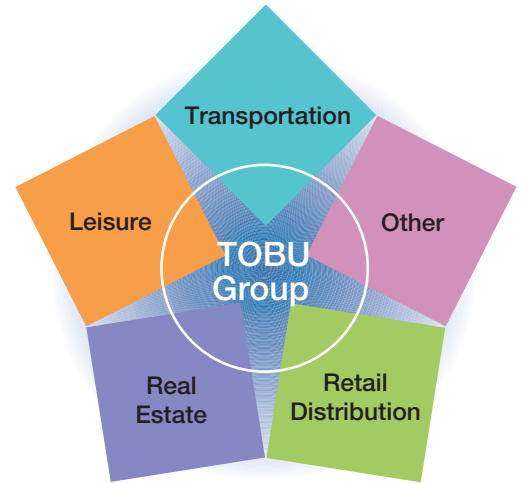
In addition to the main railway business, the Tobu Group engages in the development businesses outlined in the following paragraphs.

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

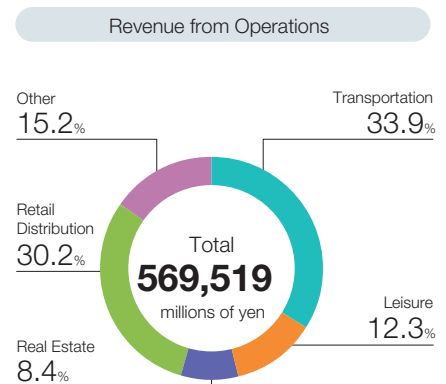
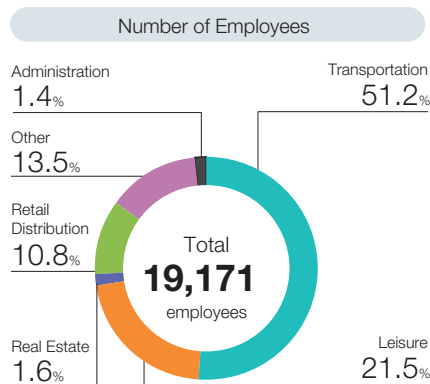
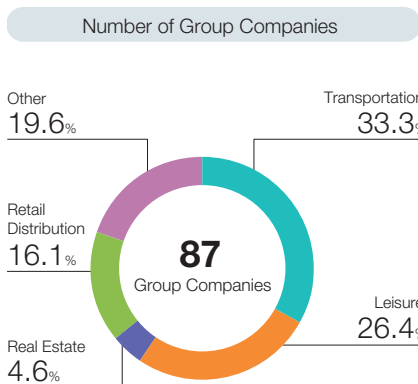
In addition, spaces inside our station buildings are leased or utilized for business purposes, and stations and railway cars are used for advertising.

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

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



Basic Indicators

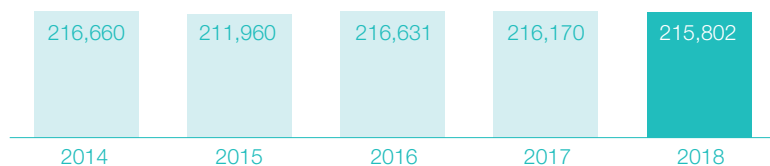


*Figures above are before elimination of inter-company transactions.

Review of Operations

Transportation

Sales by Sector (¥ million)



In our railway operations, our top priority is safety, and we are promoting various initiatives so that more customers can take advantage of our offerings.

As part of our work on safety, we promoted elevation projects and, as a measure to ensure platform safety, we established a policy of installing platform doors along sections with a particularly high number of users and at all stations that have at least 50,000 users per day (40 stations, including some where the doors have already been installed).

In marketing, we increased the convenience of limited express trains, launching the new limited express “Revaty” and having all “Ryomo” limited express trains stop at Kuki Station, resulting in an increase in the number of users and bringing in higher revenue. We also worked to further revitalize the Nikko/Kinugawa area and increase revenue by launching operations of the “Tajū” steam locomotive (SL) and opening the new TOBU WORLD SQUARE Station. Moreover, in cooperation with the Tokyo Metropolitan Government, we began illuminating the Sumidagawa Bridge on the TOBU SKYTREE Line.

Additionally, we implemented various measures to accommodate a further increase in the number of foreign tourists coming to Japan. These included the introduction of a new multilingual telephone-based interpretation service at each station,

construction of the new Tobu Tourist Information Center in Ikebukuro at Ikebukuro Station and the new Nikko Concierge at Tobu-nikko Station, and the introduction of new automated ticket machines that provide guidance in eight languages.

In the transportation business overall, part of the freight business was transferred for the purpose of increasing management efficiency and enhancing profitability, while in the railway business, revising the timetable resulted in an increase in the number of customers using the limited express. Owing to these and other efforts, revenues from operations were ¥215,802 million (a decrease of 0.2% year on year) and operating income came to ¥41,167 million (an increase of 1.2% year on year).



New limited express Revaty



Tourist Information Center

Transportation (29 firms)

Railway business: The Company; Jomo Electric Railway Co., Ltd.*1
 Bus and taxi business: ASAHI Motor Corporation*1, TOBU BUS CO., LTD*1
 Freight business: TOBU TRANSPORTATION CO., LTD.*1,
 TOBU DELIVERY CO., LTD.*1

23 other firms

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

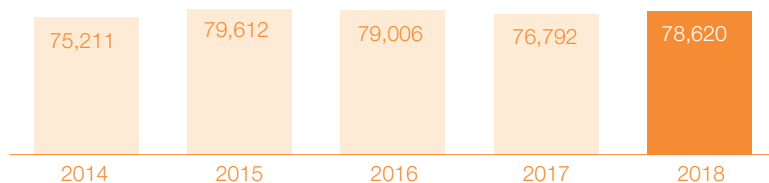
Notes:

1. Consolidated Subsidiary.
2. Affiliate according to the equity method.

TOBU RAILWAY CO., LTD. is counted multiple times in the above segment breakdown.

Leisure

Sales by Sector (¥ million)



In the SKYTREE business, TOBU TOWER SKYTREE Co., Ltd. carried out various collaborative projects to attract a wider range of customers by focusing on news hooks. We also rolled out travel packages including tickets for the Tokaido Shinkansen and observation deck admission to further promote visits from the Kansai and Tokai areas.

In the hotels business, we worked to capture more foreign guests by remodeling guest rooms and strengthening marketing to overseas online travel agencies. We also began construction of THE RITZ-CARLTON NIKKO and AC Hotels by Marriott Tokyo Ginza. The former will target wealthy foreign and Japanese guests in Nikko, our key area, and the latter will target foreign guests in Ginza, which is also our key area. Both will be opened in 2020. At the same time, we decided on a plan for opening accommodation-type hotels in Asakusa and Kawagoe that will cater to both tourism and business demand.

In the travel business, we carried out projects to generate excitement for Olympic events coming in 2020 and, looking ahead to 2021 and beyond, will promote business measures for those traveling primarily for sports spectating.

In the leisure business overall, revenues from operations were ¥78,620 million (an increase of 2.4% year on year), and operating income was ¥6,907 million (an increase of 1.7% year on year).

Leisure (24 firms)

Amusement parks and tourism: Tobu Leisure Planning Co., Ltd.*1

Sports: Tobu Kogyo Co., Ltd.*1

Travel: TOBU TOP TOURS CO., Ltd.*1

Hotels: The Company; Tobu Hotel Management Co., LTD.*1

Food: Tobu Foods Service Co., Ltd.*1

SKYTREE business: TOBU TOWER SKYTREE Co., Ltd.*1

17 other firms

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

Notes:

1. Consolidated Subsidiary.

2. Affiliate according to the equity method.

TOBU RAILWAY CO., LTD. is counted multiple times in the above segment breakdown.



New illumination ("Nobori") at TOKYO SKYTREE™

©TOKYO-SKYTREE

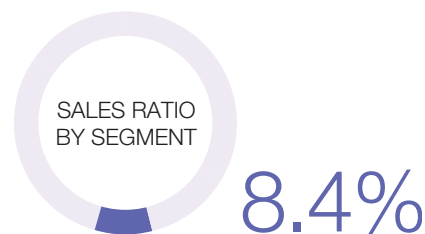
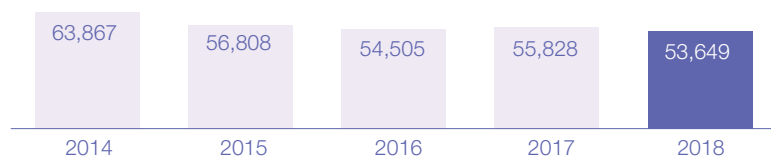


AC Hotels by Marriott Tokyo Ginza

Review of Operations

| Real Estate

Sales by Sector (¥ million)



EQUiA station shopping mall



Solaie Higashikawaguchi Premium Residence

In the SKYTREE TOWN business, we worked to improve the appeal of our facilities to increase revenue, including renovating the fashion floor at TOKYO SOLAMACHI® and opening a collective duty free counter where customers can make duty free purchases of merchandise from multiple stores all together for the purpose of improving convenience for foreign tourists.

In the real estate leasing business, we opened the commercial facility EQUiA Kitasenju, one of the largest along our railway lines and made efforts to ensure stable revenue and improve value along our railway lines. We also launched a new brand of rental condominiums to increase the resident populations along our lines and increase recognition of our Solaie housing business brand. Moreover, to create a comfortable living environment for the child-raising generation, we opened childcare facilities near Kitasenju Station and Hikifune Station and three satellite offices within the Tokyo Metropolitan area.

In the real estate subdivision business, we sold condominiums and built-for-sale houses to raise the value of properties and increase the resident populations along our lines.

In the real estate business overall, revenues from operations were ¥53,649 million (a decrease of 3.9% year on year) due primarily to a decrease in the number of condominiums sold, and operating income was ¥12,637 million (a decrease of 12.2% year on year).

Real estate (5 firms)

Real estate leasing: The Company; TOBU Properties co., Ltd.*1

Real estate subdivision: The Company

SKYTREE TOWN: The Company; TOBU TOWN SOLAMACHI CO., LTD.*1

2 other firms

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

Notes:

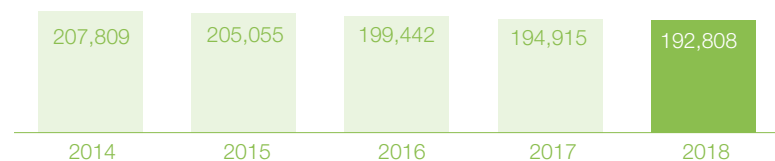
1. Consolidated Subsidiary.

2. Affiliate according to the equity method.

TOBU RAILWAY CO., LTD. is counted multiple times in the above segment breakdown.

Retail Distribution

Sales by Sector (¥ million)



TOBU UTSUNOMIYA DEPARTMENT STORE

In the retail distribution business, we brought NITORI to the Ikebukuro branch of our TOBU DEPARTMENT STORE and BICCAMERA to the Funabashi branch, expanding the product lineup to create opportunities for more customers to visit. Additionally, at the Utsunomiya branch of our TOBU UTSUNOMIYA DEPARTMENT STORE, we renovated the western- and Japanese-style confectionery sales area and attracted popular stores to acquire new customers. At Tobu Shoji, we worked to increase revenue by opening convenience stores.

In the retail distribution business overall, revenues from operations were ¥192,808 million (a decrease of 1.1% year on year) and operating income was ¥2,209 million (an increase of 16.4% year on year). This was primarily the result of leasing some of the selling space at TOBU DEPARTMENT STORE and efforts to reduce costs for the purpose of increasing management efficiency.

Retail distribution (14 firms)

Retail: TOBU DEPARTMENT STORE CO., LTD.*¹, TOBU UTSUNOMIYA DEPARTMENT STORE CO., LTD.*¹, TOBU STORE CO., LTD.*²
11 other firms

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

Notes:

1. Consolidated Subsidiary.
2. Affiliate according to the equity method.

Other

In other businesses overall, revenues from operations were ¥96,896 million (an increase of 2.5% year on year), and operating income was ¥4,902 million (a decrease of 20.9% year on year), due to rising material costs for construction.

Other (17 firms)

Construction: TOBU CONSTRUCTION Co., Ltd.*¹, Tobu Yachida Construction Co., Ltd.*¹
Other businesses: Tobu Building Management Co., Ltd.*¹, Tobu Energy Support Co., Ltd.*¹
13 other firms

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

Notes:

1. Consolidated Subsidiary.
2. Affiliate according to the equity method.

Financial Review

Business Performance

Although the revenue scale shrank with the decrease in the number of subsidiaries and some business transfers and the number of condominiums sold and delivered in the real estate business declined, the increase in the number of limited express users resulting from timetable revision and the increase in the number of commuters owing to strong employment contributed to increased revenue in the railway business, and KANAYA Hotel began contributing to full-year results. As a result, revenues from operations were ¥569,519 million (an increase of 0.1% year on year).

Actuarial differences and a decrease in the number of years for charging off prior service costs resulted in an increase in the cost of retirement benefits, and the unit fuel price increased in the bus and taxi business and the freight business. As a result, operating income was ¥66,645 million (a decrease of 2.5% year on year).

As for non-operating income, there was an increase in contributions toward small construction, and as for non-operating expenses, interest expenses decreased owing to reduced principal and lower interest rates. As a result, recurring income came to ¥62,286 million (an increase of 0.3% year on year).

These factors brought net income attributable to owners of the parent company to ¥36,025 million (a decrease of 0.3% year on year).

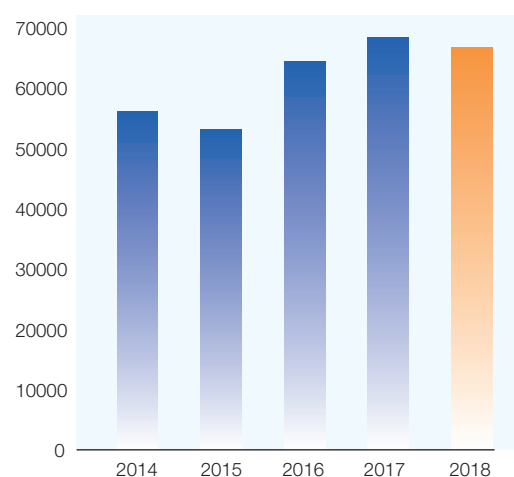
Financial Position

Total assets were ¥1,619,264 million, up ¥21,531 million compared to the end of the previous consolidated fiscal year (an increase of 1.3% year on year). This was a result of increased purchases of property, plant and equipment.

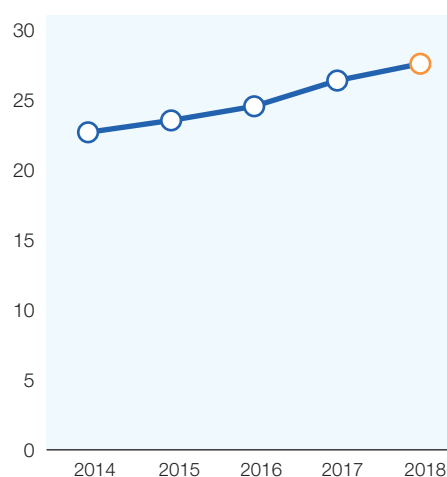
Liabilities came in at ¥1,158,681 million, up ¥3,721 million compared to the end of the previous consolidated fiscal year (an increase of 0.3% year on year) due primarily to an increase in advances received from progress on contributed construction.

Net assets were ¥460,582 million, up ¥17,810 million compared to the end of the previous consolidated fiscal year (an increase of 4.0% year on year) owing primarily to the recording of net income attributable to owners of the parent company.

Operating Income (Millions of yen)



Shareholders' Equity Ratio (%)



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

Corporate Governance

Basic Approach to Corporate Governance

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

We will also strive to improve corporate value based on the above approach, respecting the spirit and intent of the Corporate Governance Code and addressing each principle.

Corporate governance structure

The Company's Board of Directors consists of 9 directors, of whom two are outside directors. The Board's responsibilities are, in addition to those set forth by law and in the Articles of Incorporation, to make comprehensive and strategic business decisions based on the "Rules of the Board of Directors" and for each director to exercise supervisory functions over the execution of day-to-day business operations. Furthermore, we have introduced an executive officer system to clarify authority and responsibility for business execution. With regard to executive functions, we have developed a system where executive officers execute business operations according to the authority and responsibility established within the "Rules for Execution of Duties" under the control and supervision of the representative director. The executive officers are selected by the Board of Directors. In this way, we increase management mobility.

We have also appointed outside directors who play an important role in ensuring the efficiency and fairness of management. At meetings of the Board of Directors and other important meetings, our directors provide explanations of the execution of duties with outside directors in mind and reflect their objective opinions and suggestions in management of the Company. Moreover, outside directors contribute to the enhancement of corporate governance as members of the Nominating and Remuneration Committee, which is an advisory body of the Board of Directors that considers

important matters related to nominations and remuneration, and play an important role in strengthening the independence and objectivity of functions of the Board of Directors.

At the Management Meeting, which is comprised of full-time directors, managing executive officers and standing audit & supervisory board members, members deliberate and make decisions on the execution of business operations assigned by the Board of Directors and share important management-related information.

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

Internal control system

In an effort to ensure the reliability of the internal control system, establish corporate ethics, and ensure that its officers and its employees are fully aware of compliance, the Company has been promoting compliance management. This consists primarily of setting out specific guidelines for day-to-day activities and developing training systems based on the Tobu Group Basic Policy on Compliance and establishing a Compliance Committee that meets regularly to provide support and guidance on effective compliance. The Company has established guidelines for its contingency management and promotes regular meetings of the Crisis Management Committee, which was established as the organization in charge of crisis management. This committee also meets as needed in the event of a crisis for prompt discussion and implementation of a response. Through these initiatives, we develop and promote a crisis management system.

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

Corporate Governance

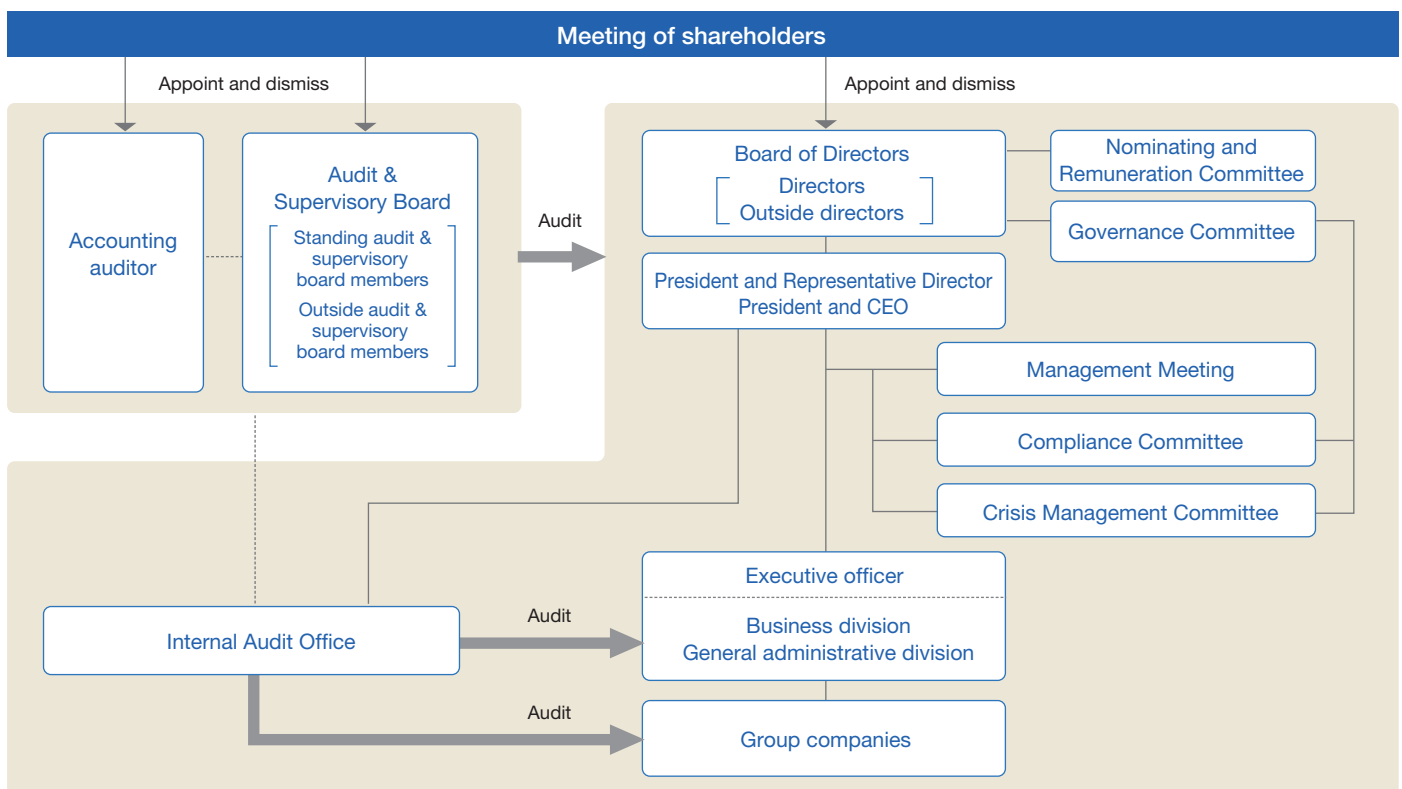
Group Company Audits

To ensure the proper operation of the Tobu Group under the Rules for Management of Group Companies, the Group business division that is specifically responsible for the management of subsidiaries and other companies manages and supports the business execution of subsidiaries and other companies. Additionally, to strengthen and enhance the function of monitoring group companies and further increase the effectiveness of the internal control system at the group level, we have established a department within the Group business division. It consists of eight individuals of general manager rank or higher, supporting internal control over and auditing group companies. In so doing, we have prepared an integrated system for auditing group companies and providing guidance for improvement based on those results, and we conduct internal audits of those monitoring activities. Group management policies are communicated and management information is shared by holding Tobu Group Corporate Meetings and other meeting on a regular basis in the aim of improving the corporate value of the Group. In addition, to raise the levels of fairness and transparency of

the Group's management, the Company conducts regular investor relations events, such as results briefings for analysts and tours of facilities in areas served by our railway stations. It also provides extensive corporate information on its website and will continue to pursue a policy of openness in communications with investors and the general public in a prompt and appropriate manner.

With respect to our internal auditing system, the Company has set up the Internal Audit Office consisting of six individuals of general manager rank or below under the Administration Department. The Office examines and evaluates the status of the execution of duties from the perspective of their legality and reasonability, and presents information obtained from the examinations and evaluations as well as advice and proposals for improvement to representative directors, audited departments and concerned parties. In this way, the Company strives to improve its operations and streamline its management.

The accounting audit and auditing of internal control related to financial reports are provided by KPMG AZSA LLC, an audit firm that has signed an audit agreement with the Company as an independent organization.



Risks to which the Company's Business is Subject

The following is a list of categories of material risk that could significantly impact the business performance and financial position of the Group, and consequently could have a substantial effect on the decisions of investors.

The forecasts in the text below are based on the assessment of the Tobu Group as of the date of the Ordinary General Meeting of Shareholders (June 22, 2018).

(1) Changes in the Law

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

Therefore, a change in the legal system and the revision of fares could have an impact on the business performance of the Company.

The business operation of the Company and other Group companies must also be in compliance with a variety of laws and regulations. A change in the relevant laws could, therefore, have a substantial effect on the business performance and/or financial position of the Group.

(2) Adverse demographic trends

Currently, the birthrate in Japan is declining, while the population is aging. Although there are differences depending on the region, it is expected that the population will continue to decline along Tobu Railway lines as well due to the phenomenon.

As the business operations of the Tobu Group are centered around railway operations serving areas within reach of the Group's railway stations, phenomena such as a declining number of children, an increasing number of elderly people, and a general population decline over the long term could have a substantial effect on the business performance and/or financial position of the Group.

(3) Economic conditions

The Tobu Group constantly invests in equipment in its business operations, and the funds required for these capital investments are raised principally through the issuing of corporate bonds or by borrowing from financial institutions. Because of these facts, an upward movement in interest rates

in the future would increase the Group's interest payment burden, and this could have a substantial effect on the business performance and/or financial position of the Group.

Additionally, changes in the economic climate arising from increases in consumption tax or electricity charges could impact the business performance and/or financial position of the Group.

(4) Management of personal information

As part of its various business operations, the Tobu Group accumulates and manages databases containing information on individual customers. The Group takes great care to manage and safeguard this personal data properly in such ways as establishing in-house protection regulations on the acquisition and use of the information, fully enforcing the information management by related parties by developing the management system, and strengthening the development and supervision of confidentiality agreements when outsourcing information processing. However, in the event that, for some reason, such information were to be divulged or stolen, this would have an adverse impact on the trustworthiness of the Group, which could have a substantial effect on the business performance and/or financial position of the Group.

(5) Natural disasters

As a railway service operator, the Tobu Group takes utmost care to ensure the safety of its services in order to win the trust of customers. However, in the event of an accident, a natural disaster, a terrorist attack, an act of war, or any other such external cause beyond the control of the Group, this could have a substantial effect on the business performance and/or financial position of the Group.

Moreover, the occurrence of unseasonable weather or weather that is otherwise exceptional, or an outbreak of an infectious disease, would have a negative impact on the business of tourism and leisure facilities, which would be likely to adversely affect the Group's leisure operations and related businesses. In this event, there could be a substantial effect on the business performance and/or financial position of the Group.

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

Five-Year Summary

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

Consolidated

	Millions of Yen				
	2014	2015	2016	2017	2018
Revenues from operations.....	¥ 593,649	¥ 583,268	¥ 574,334	¥ 568,887	¥ 569,519
Operating income.....	56,013	53,158	64,399	68,335	66,645
Profit attributable to owners of parent.....	31,521	30,653	27,277	36,137	36,025
Net assets	354,066	394,826	411,282	442,772	460,582
Total assets	1,480,938	1,596,725	1,592,475	1,597,733	1,619,264
	Yen				
Net income per share — basic	¥29.51	¥28.7	¥25.54	¥33.76	¥168.87
Net income per share — diluted	29.42	28.62	25.47	—	—

Sales by Sector

	Millions of Yen				
	2014	2015	2016	2017	2018
Transportation	¥ 216,660	¥ 211,960	¥ 216,631	¥ 216,170	¥ 215,802
Leisure.....	75,211	79,612	79,006	76,792	78,620
Real estate	63,867	56,808	54,505	55,828	53,649
Retail distribution.....	207,809	205,055	199,442	194,915	192,808
Other	96,061	95,635	91,027	94,507	96,896

Non-Consolidated

	Millions of Yen				
	2014	2015	2016	2017	2018
Revenues from operations.....	¥ 229,453	¥ 221,825	¥ 222,617	¥ 223,761	¥ 222,356
Operating income.....	34,534	37,430	47,334	50,597	50,167
Net income	20,188	20,010	22,361	28,771	23,102
Net assets	297,641	318,699	329,981	355,220	364,933
Total assets	1,375,379	1,477,008	1,472,169	1,487,353	1,513,010
	Yen				
Dividends per share of common stock.....	¥6	¥6	¥6	¥6.5	—*

* On October 1, 2017, we implemented a reverse stock split of common shares on a one-for-five basis. The amount of the year-end dividend per share for the year ended March 31, 2018 reflects the impact of the reverse stock split, and a dash (-) is shown for the total annual dividend. When calculated assuming the reverse stock split, the annual dividend per share was 32.5 yen in the fiscal year ended March 31, 2017 and 35.0 yen in the fiscal year ended March 31, 2018.

Consolidated Balance Sheet

March 31, 2017 and 2018

Assets	Millions of Yen	
	2017	2018
Current assets		
Cash and deposits	¥ 34,413	¥ 25,168
Notes and accounts receivable - trade	57,983	60,615
Short-term loans receivable.....	1,306	1,245
Securities	9	115
Land and buildings for sale in lots	23,556	28,327
Prepaid expenses	2,118	2,416
Deferred tax assets.....	3,528	3,853
Other.....	23,383	23,574
Allowance for doubtful accounts.....	(281)	(202)
Total current assets	146,017	145,114
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	550,332	546,158
Machinery, equipment and vehicles, net.....	79,475	81,383
Land.....	621,526	636,052
Construction in progress.....	50,460	62,279
Other, net	14,813	14,809
Total property, plant and equipment.....	1,316,608	1,340,683
Intangible assets		
Public facilities charges	1,610	1,450
Other	25,994	16,276
Total intangible assets.....	27,604	17,726
Investments and other assets		
Investment securities.....	75,287	83,644
Long-term loans receivable	939	892
Claims provable in bankruptcy, claims provable in rehabilitation and other.....	875	979
Net defined benefit asset.....	1,998	2,247
Deferred tax assets.....	7,373	7,408
Other	23,086	22,818
Allowance for doubtful accounts.....	(2,058)	(2,249)
Total investments and other assets.....	107,502	115,741
Total non-current assets.....	1,451,715	1,474,150
Total assets	¥ 1,597,733	¥ 1,619,264

Liabilities	Millions of Yen	
	2017	2018
Current liabilities		
Notes and accounts payable - trade	¥ 40,704	¥ 40,270
Short-term loans payable.....	54,609	54,386
Current portion of long-term loans payable	69,615	58,476
Current portion of bonds	23,600	20,000
Accrued expenses	5,954	6,152
Accrued consumption taxes.....	2,222	2,687
Income taxes payable	11,015	14,046
Advances received.....	61,995	69,806
Provision for bonuses	2,600	2,756
Allowance for collection loss on gift certificates and other items.....	4,194	4,356
Asset retirement obligations.....	66	138
Other	78,266	77,302
Total current liabilities.....	354,845	350,379
Non-current liabilities		
Bonds payable	134,400	137,400
Long-term loans payable.....	486,755	495,902
Long-term accounts payable to Japan railway construction, transport and technology agency	27,230	20,643
Deferred tax liabilities	12,482	14,775
Deferred tax liabilities for land revaluation.....	50,421	50,395
Provision for directors' retirement benefits.....	771	736
Net defined benefit liability	48,473	49,077
Asset retirement obligations.....	2,771	2,512
Other.....	36,809	36,858
Total non-current liabilities	800,115	808,302
Total liabilities.....	1,154,960	1,158,681
Net assets		
Shareholders' equity		
Capital stock.....	102,135	102,135
Capital surplus.....	70,484	61,948
Retained earnings	180,765	208,973
Treasury stock	(2,567)	(3,423)
Total shareholders' equity	350,818	369,634
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities.....	21,830	27,554
Revaluation reserve for land.....	46,497	46,820
Foreign currency translation adjustment	99	85
Remeasurements of defined benefit plans	2,624	2,892
Total accumulated other comprehensive income.....	71,051	77,352
Non-controlling interests.....	20,901	13,595
Total net assets	442,772	460,582
Total liabilities and net assets.....	¥ 1,597,733	¥ 1,619,264

Consolidated Statements of Income and Comprehensive Income

Years ended March 31, 2017 and 2018

Consolidated Statement of Income	Millions of Yen	
	2017	2018
Revenues from operations	¥ 568,887	¥ 569,519
Operating expenses		
Operating expenses and cost of sales of transportation.....	393,777	396,575
Selling, general and administrative expenses.....	106,774	106,298
Total operating expenses	500,552	502,874
Operating income (loss).....	68,335	66,645
Non-operating income		
Interest income	32	29
Dividend income	1,511	1,507
Proceeds from contribution for small construction.....	264	636
Dividends income of insurance.....	468	492
Share of profit of entities accounted for using equity method	115	202
Other.....	2,146	1,999
Total non-operating income	4,539	4,868
Non-operating expenses		
Interest expenses	7,963	7,093
Other.....	2,783	2,134
Total non-operating expenses.....	10,746	9,228
Ordinary income (loss)	62,128	62,286
Extraordinary income		
Contribution for construction.....	5,741	2,674
Gain on sales of investment securities	1,478	3,856
Contract settlement money.....	—	3,456
Other.....	1,819	1,002
Total extraordinary income	9,039	10,989
Extraordinary losses		
Loss on retirement of non-current assets	2,018	11,170
Loss on reduction of non-current assets.....	5,782	2,674
Other.....	6,549	1,960
Total extraordinary losses.....	14,351	15,805
Income before income taxes	56,816	57,470
Income taxes - current.....	18,486	21,871
Income taxes - deferred.....	1,188	(1,540)
Total income taxes	19,675	20,331
Profit (loss).....	37,141	37,139
Profit (loss) attributable to non-controlling interests	1,004	1,114
Profit attributable to owners of parent.....	36,137	36,025

Consolidated Statement of Comprehensive Income	Millions of Yen	
	2017	2018
Profit (loss).....	37,141	37,139
Other comprehensive income		
Valuation difference on available-for-sale securities	2,594	5,728
Revaluation reserve for land.....	(52)	—
Foreign currency translation adjustment.....	(44)	(13)
Remeasurements of defined benefit plans, net of tax.....	(1,241)	180
Share of other comprehensive income of entities accounted for using equity method.....	(9)	85
Total other comprehensive income.....	1,246	5,981
Comprehensive income.....	38,387	43,120
Profit attributable to		
Comprehensive income attributable to owners of parent.....	37,387	42,002
Comprehensive income attributable to non-controlling interests.....	1,000	1,118

Consolidated Statement of Changes in Equity

Previous Consolidated Fiscal Year
(April 1, 2016 to March 31, 2017)

	Millions of Yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2016	¥102,135	¥70,576	¥152,735	¥(2,501)	¥322,947
Changes of items during period					
Dividends of surplus.....			(6,422)		(6,422)
Profit (loss) attributable to owners of parent.....			36,137		36,137
Purchase of treasury stock.....				(69)	(69)
Disposal of treasury stock		0		3	4
Retirement of treasury stock		—		—	—
Change of scope of consolidation			(125)		(125)
Reversal of revaluation reserve for land.....			(1,559)		(1,559)
Change in parent company equity associated with transactions with non-controlling shareholders		(92)			(92)
Net changes of items other than shareholders' equity...					
Total changes of items during period	—	(91)	28,029	(65)	27,871
Balance as of March 31, 2017	¥102,135	¥70,484	¥180,765	¥(2,567)	¥350,818

	Accumulated other comprehensive income					Non-controlling interests	Total net assets Valuation difference on available-for-sale securities
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Accumulated other comprehensive income		
Balance as of April 1, 2016	¥19,216	¥44,992	¥143	¥3,890	¥68,242	¥20,092	¥411,282
Changes of items during period							
Dividends of surplus.....							(6,422)
Profit (loss) attributable to owners of parent.....							36,137
Purchase of treasury stock.....							(69)
Disposal of treasury stock							4
Retirement of treasury stock							—
Change of scope of consolidation							(125)
Reversal of revaluation reserve for land.....							(1,559)
Change in parent company equity associated with transactions with non-controlling shareholders							(92)
Net changes of items other than shareholders' equity...	2,614	1,504	(44)	(1,265)	2,809	808	3,617
Total changes of items during period	2,614	1,504	(44)	(1,265)	2,809	808	31,489
Balance as of March 31, 2017	¥21,830	¥46,497	¥99	¥2,624	¥71,051	¥20,901	¥442,772

Consolidated Fiscal Year Under Review
(April 1, 2017 to March 31, 2018)

	Millions of Yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2017	¥102,135	¥70,484	¥180,765	¥(2,567)	¥350,818
Changes of items during period					
Dividends of surplus.....			(7,492)		(7,492)
Profit (loss) attributable to owners of parent.....			36,025		36,025
Purchase of treasury stock.....				(10,042)	(10,042)
Disposal of treasury stock		1		5	6
Retirement of treasury stock		(9,180)		9,180	—
Change of scope of consolidation			—		—
Reversal of revaluation reserve for land.....			(323)		(323)
Change in parent company equity associated with transactions with non-controlling shareholders		643			643
Net changes of items other than shareholders' equity...					
Total changes of items during period.....	—	(8,536)	28,208	(856)	18,815
Balance as of March 31, 2018	¥102,135	¥61,948	¥208,973	¥(3,423)	¥369,634

	Accumulated other comprehensive income						Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Accumulated other comprehensive income	Non-controlling interests	
Balance as of April 1, 2017	¥21,830	¥46,497	¥99	¥2,624	¥71,051	¥20,901	¥442,772
Changes of items during period							
Dividends of surplus.....							(7,492)
Profit (loss) attributable to owners of parent.....							36,025
Purchase of treasury stock.....							(10,042)
Disposal of treasury stock							6
Retirement of treasury stock							—
Change of scope of consolidation							—
Reversal of revaluation reserve for land.....							(323)
Change in parent company equity associated with transactions with non-controlling shareholders							643
Net changes of items other than shareholders' equity...	5,723	323	(13)	267	6,301	(7,306)	(1,005)
Total changes of items during period.....	5,723	323	(13)	267	6,301	(7,306)	17,810
Balance as of March 31, 2018	¥27,554	¥46,820	¥85	¥2,892	¥77,352	¥13,595	¥460,582

Consolidated Statement of Cash Flows

Years ended March 31, 2017 and 2018

	Millions of Yen	
	2017	2018
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	¥ 56,816	¥ 57,470
Depreciation	52,780	52,499
Share of (profit) loss of entities accounted for using equity method	(115)	(202)
Increase (decrease) in allowance for doubtful accounts.....	(46)	112
Increase (decrease) in provision for bonuses	183	234
Increase (decrease) in provision for loss on disaster.....	(139)	—
Increase (decrease) in net defined benefit liability.....	(1,645)	552
Increase (decrease) in provision for retirement benefits and directors' retirement benefits	(59)	(1)
Increase (decrease) in allowance for collection loss on gift certificates and other items.....	93	162
Interest and dividend income	(1,544)	(1,537)
Interest expenses	7,963	7,093
Proceeds from contribution for construction.....	(6,006)	(3,311)
Loss on retirement of non-current assets	1,824	10,782
Loss on reduction of non-current assets.....	5,782	2,674
Contract settlement money.....	—	(3,456)
Decrease (increase) in notes and accounts receivable - trade	(740)	(2,803)
Decrease (increase) in inventories.....	491	(4,259)
Increase (decrease) in notes and accounts payable - trade	(1,624)	(210)
Other.....	(442)	(3,129)
Subtotal	113,571	112,671
Interest and dividend income received.....	1,546	1,538
Interest expenses paid.....	(8,059)	(7,065)
Contract settlement money received	—	3,456
Special extra retirement payments	(2,977)	—
Income taxes (paid) refund.....	(16,609)	(18,632)
Cash flows from operating activities.....	87,470	91,967
Cash flows from investing activities		
Net decrease (increase) in short-term loans receivable	(571)	123
Payments of long-term loans receivable	(24)	(16)
Collection of long-term loans receivable	18	12
Purchase of short-term and long-term investment securities	(3,512)	(38)
Proceeds from sales and redemption of short-term and long-term investment securities.....	1,924	46
Purchase of investments in subsidiaries resulting in change in scope of consolidation.....	(318)	—
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	3,423
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(310)	(17)
Purchase of property, plant and equipment and intangible assets.....	(66,990)	(85,090)
Proceeds from sales of property, plant and equipment and intangible assets	1,099	664
Proceeds from contribution received for construction	12,945	14,056
Payments for guarantee deposits.....	(218)	(530)
Proceeds from collection of guarantee deposits.....	306	650
Other.....	(229)	(234)
Cash flows from investing activities.....	(55,881)	(66,951)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable.....	1,191	1,056
Proceeds from long-term loans payable.....	53,513	69,843
Repayments of long-term loans payable.....	(72,568)	(71,765)
Proceeds from issuance of bonds	31,000	23,000
Redemption of convertible bonds.....	(31,000)	(23,600)
Purchase of subsidiary treasury stock	—	(850)
Net decrease (increase) in treasury stock	(65)	(10,036)
Cash dividends paid	(6,431)	(7,491)
Redemption of accounts payable to Japan railway construction, transport and technology agency	(4,862)	(6,856)
Dividends paid to non-controlling interests	(7)	(5)
Purchase of investments in subsidiaries not resulting in change in scope of consolidation	(102)	(6,854)
Other.....	(574)	(552)
Cash flows from financing activities	(29,907)	(34,111)
Effect of exchange rate change on cash and cash equivalents	(39)	(11)
Net increase (decrease) in cash and cash equivalents	1,640	(9,106)
Cash and cash equivalents at beginning of period	32,477	34,118
Cash and cash equivalents at end of period	¥ 34,118	¥ 25,011

Corporate Directory

Board of Directors and the Audit & Supervisory Board (As of July 1, 2018)

President and Representative Director

Yoshizumi Nezu

Representative Director

Kenichi Tsunoda

Directors

Hiroaki Miwa

Koichi Sekiguchi

Toshiaki Onodera

Takashi Kobiyama

Tsutomu Yamamoto

External Directors

Mitsuyoshi Shibata

Takaharu Ando

Standing Audit & Supervisory Board Members

Naotaka Nakajima

Ikuo Toyoda

External Audit & Supervisory Board Members

Osamu Shoda

Yuzaburo Mogi

Takashi Kobayashi

Investor Information (As of March 31, 2018)

TOBU RAILWAY CO., LTD.

Registered Office:

1-2 Oshiage 1-chome, Sumida-ku,
Tokyo 131-8522, Japan
<http://www.tobu.co.jp/>

Head Office:

18-12 Oshiage 2-chome, Sumida-ku,
Tokyo 131-8522, Japan

Date of Establishment:

November 1897

Number of Employees:

3,477

Common Stock:

¥102,135 million

Number of Shareholders:

65,008

Principal Shareholders:

Name	Number of Shares Held (Thousands)	Percentage of Total Shares in Issue
The Master Trust Bank of Japan, Ltd. (trust account)	12,957	6.13
Japan Trustee Services Bank, Ltd. (trust account)	9,278	4.39
Fukoku Mutual Life Insurance Company	5,235	2.47
STATE STREET BANK WEST CLIENT- TREATY 505234.....	4,776	2.26
Mizuho Bank, Ltd.	4,653	2.20
Japan Trustee Services Bank, Ltd. (trust account 5)	4,083	1.93
MUFG Bank, Ltd.	3,504	1.65
Nippon Life Insurance Company.....	3,187	1.50
Japan Trustee Services Bank, Ltd. (trust account 1)	3,025	1.43
Japan Trustee Services Bank, Ltd. (trust account 2)	2,952	1.39

Securities Traded:

Common Stock

Tokyo Stock Exchange, 1st Section

Annual Meeting of Shareholders:

The annual meeting of shareholders is normally held in June.

Transfer Agent and Registrar:

Sumitomo Mitsui Trust Bank, Limited

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

Tokyo 100-8233, Japan

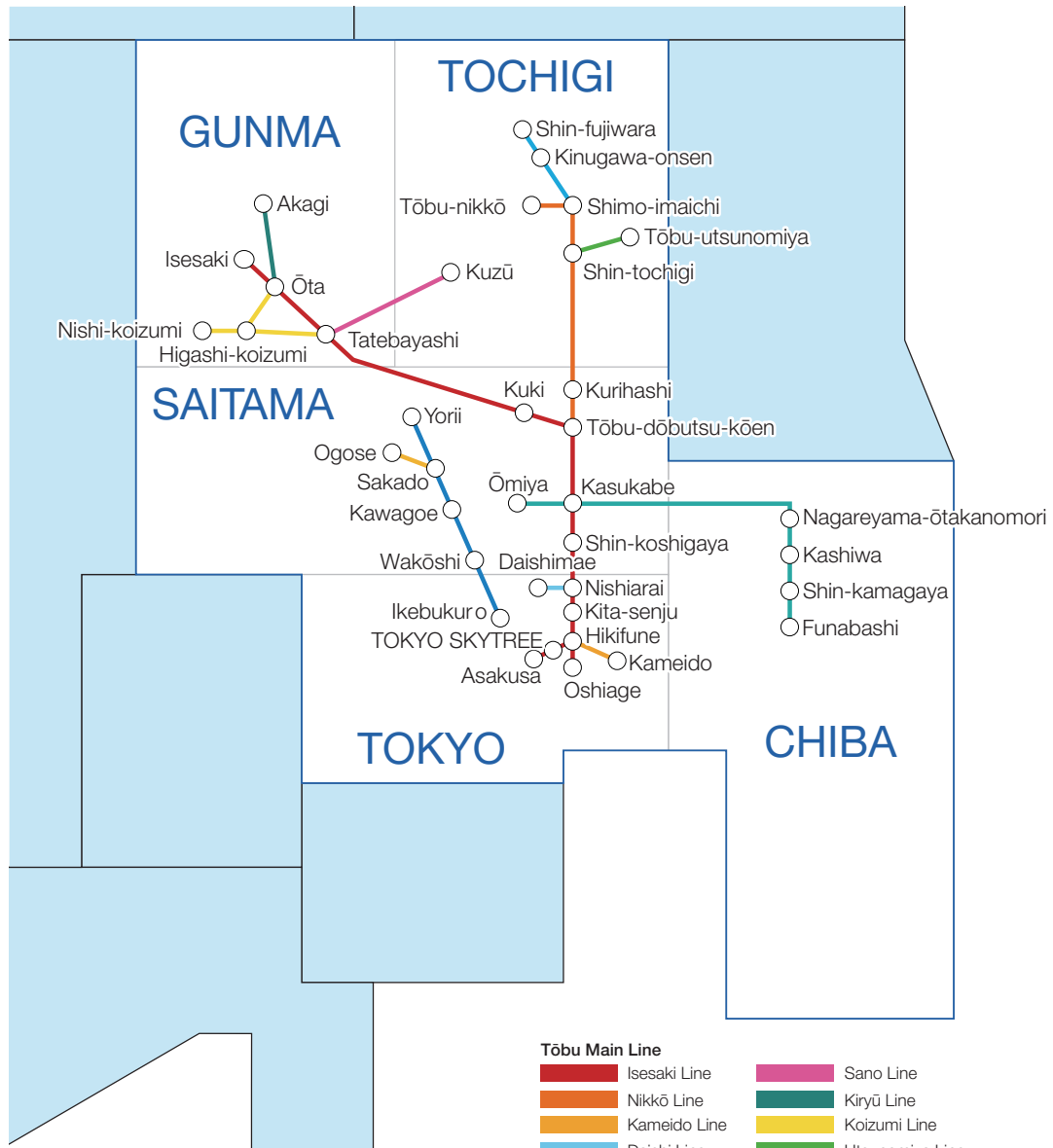
TOBU RAILWAY CO., LTD.

Head Office:

18-12 Oshiage 2-chome, Sumida-ku, Tokyo 131-8522, Japan

<http://www.tobu.co.jp/foreign/en/>

Tobu Railway Lines (major stations only)



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