



TOBU RAILWAY CO., LTD.



ANNUAL REPORT 2017

Profile

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.

Tobu Railway's network has a total operating length of 463.3 kilometers. The Company manages 206 stations, and its average daily passenger count is 2.49 million.

Tobu Group companies, which operate in five broad industrial sectors — transportation, leisure, real estate, retail distribution and other — continue to grow in concert with the region. Working in collaboration with Tobu Railway, they offer high-value-added products and services to meet the needs of customers along the railway lines.

Contents

Message from the President	1
Medium-Term Business Plan 2017–2020.....	2
Principal Subsidiaries and Affiliates	4
Review of Operations	5
Financial Review	9
Corporate Governance	10
Risks to which the Company's Business is Subject.....	12
Five-Year Summary	13
Consolidated Balance Sheets	14
Consolidated Statements of Income and Comprehensive Income.....	16
Consolidated Statement of Changes in Equity	17
Consolidated Statements of Cash Flows	19
Corporate Directory	20

Attention regarding forward-looking statements

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

Message from the President



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 capital investment and the employment situation, so there was a mild economic recovery, but consumer spending and home construction stalled.

In the midst of these circumstances, the Tobu Group engaged in efforts to ensure sustainable growth into the future, including working to create vitality in tourist areas along the railroad in the Nikko/Kinugawa area and promoting aggressive measures to attract foreign tourists such as opening the Taipei Branch. These efforts were undertaken in accordance with the Tobu Group Medium-Term Business Plan 2014-2016 based on the Tobu Group Policy, which seeks the creation of Tobu railroads that are safe, reliable, dynamic, convenient and attractive to visitors.

As for our consolidated results, revenues from operations were ¥568,887 million (a decrease of 0.9% year on year), operating income was ¥68,335 million (an increase of 6.1% year on year), and net income attributable to owners of the parent company was ¥36,137 million (an increase of

32.5% year on year). Both operating income and recurring income were the highest ever.

As a result, we achieved the numerical targets (operating income of ¥65,000 million, net income attributable to owners of the parent company of ¥32,000 million, a ratio of operating income to sales of at least 10% and an interest-bearing debt/EBITDA multiple of around 7x) of the Medium-Term Business Plan.

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.

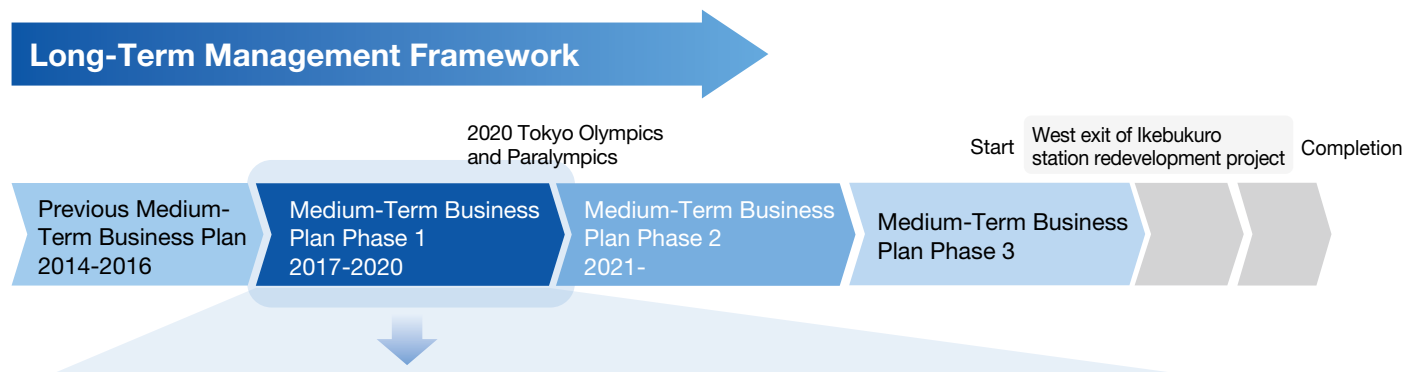
A handwritten signature in black ink that reads "Yoshizumi Nezu". The signature is written in a cursive, flowing style.

Yoshizumi Nezu

President and Representative Director

Medium-Term Business Plan 2017-2020

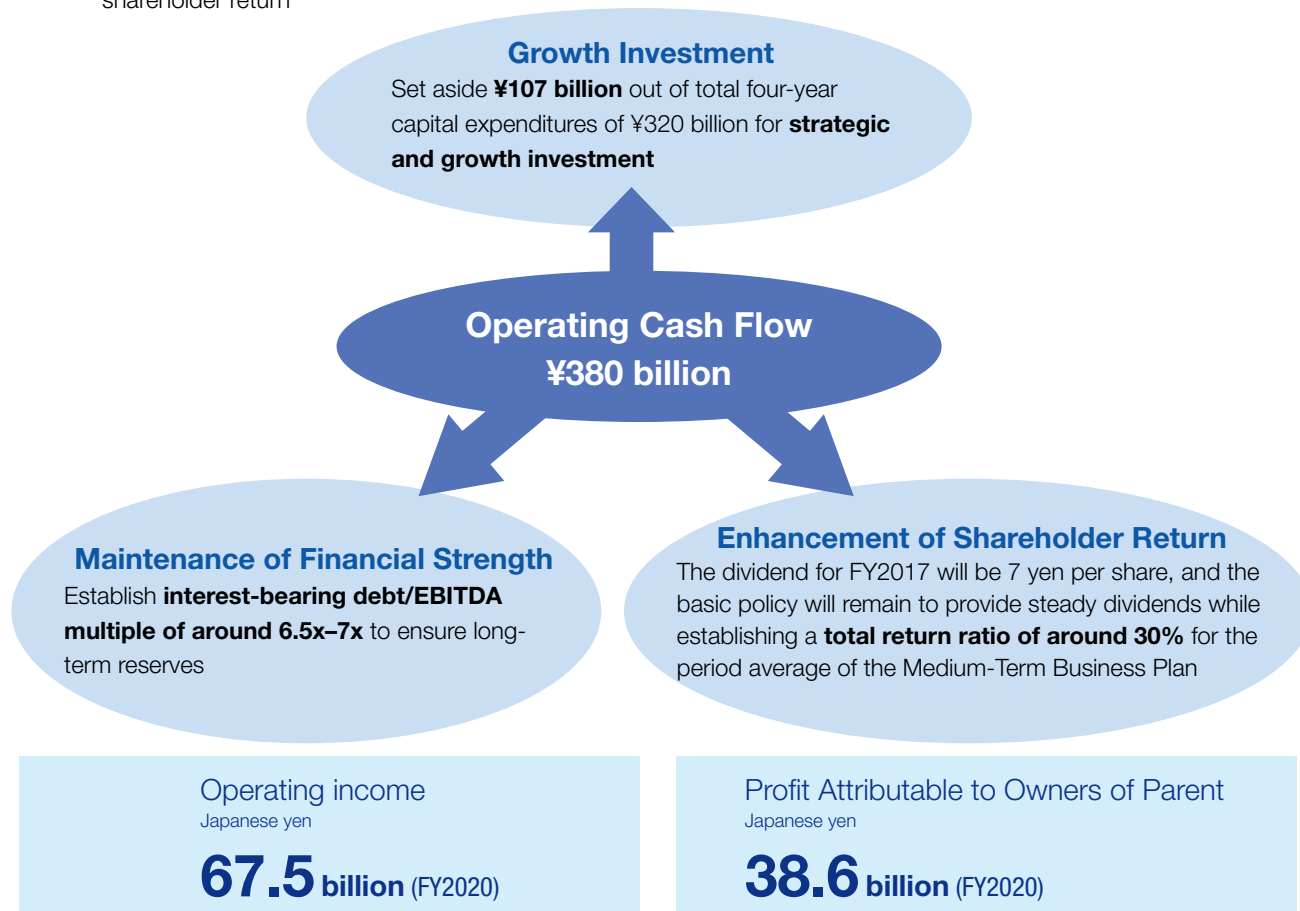
The consolidated numerical targets set forth in the Tobu Group Medium-Term Business Plan 2014-2016 have all been achieved, and in April 2017 we established the Tobu Group Medium-Term Business Plan 2017-2020. Within the long-term management vision, this new medium-term business plan is positioned as Phase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



New 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

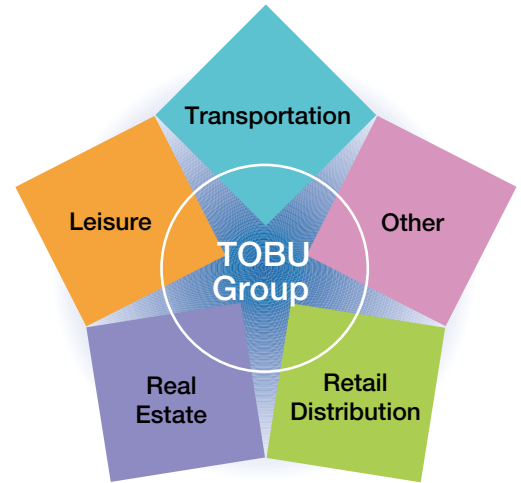
In addition to the main railway network and its characteristics summarized in the profile above, Tobu Railway engages in the development businesses outlined in the following paragraph.

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.

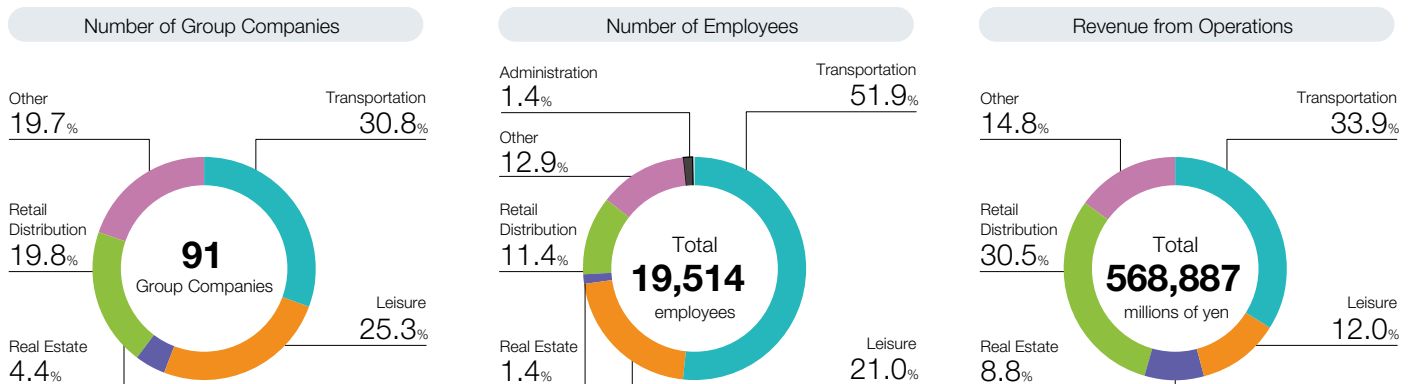


Future Measures

We will aggressively promote investments in sustainable growth and the cultivation of new growth fields and further enhance shareholder return while maintaining financial soundness.

We have played a role in railway development through our railways and other existing businesses via many connections, including town to town, people to towns and mutual through train operations utilizing our railway network as well as the current steam locomotive (SL) comeback operations project we are implementing with the cooperation of various companies. We will continue to change “connect” to “the power to attract” and “earning power” as we aim to bring about regional revitalization and improve railway value by increasing the resident population and expanding the nonresident population.

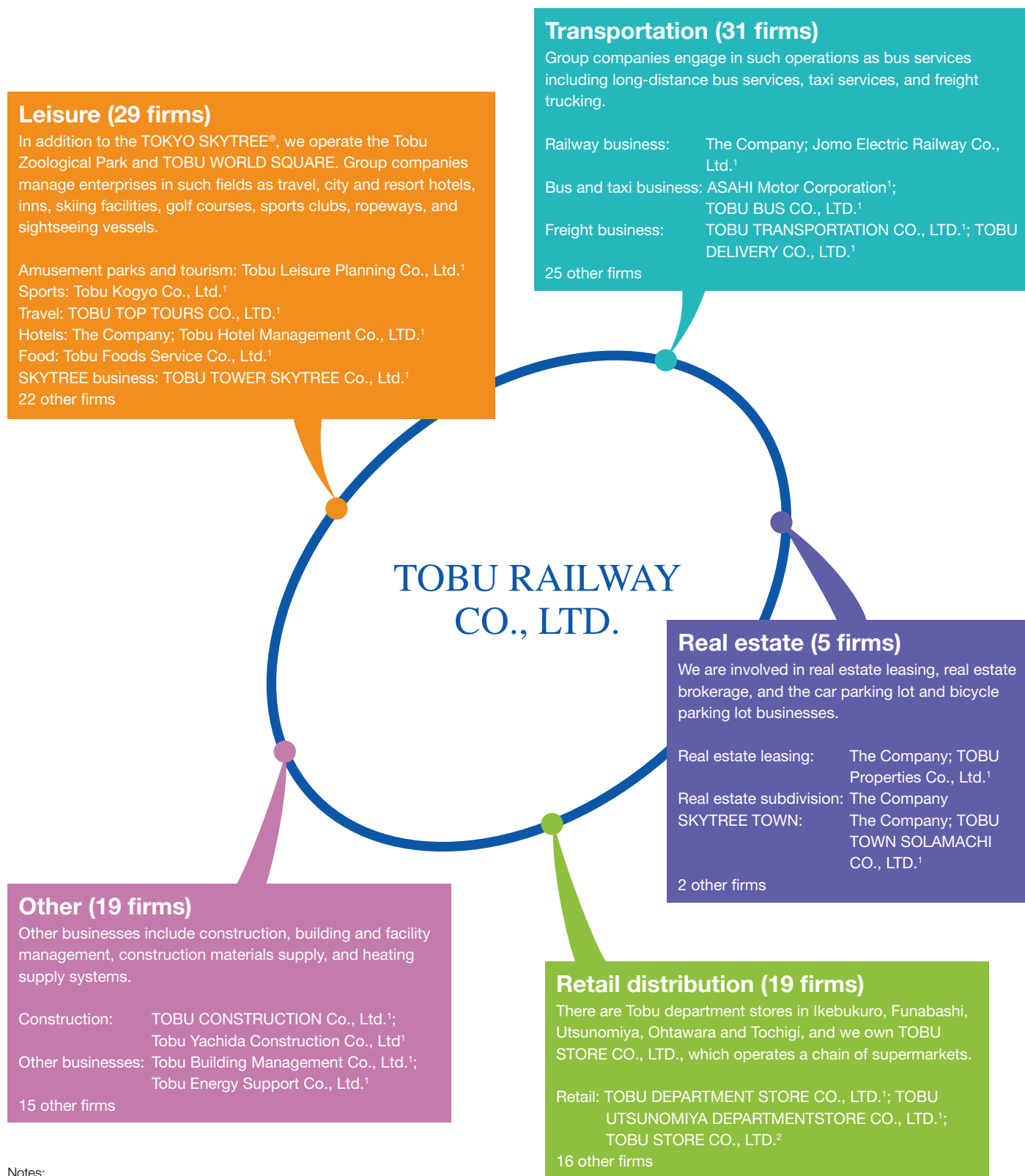
Basic Indicators



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

Principal Subsidiaries and Affiliates

The Group comprises TOBU RAILWAY CO., LTD., 89 subsidiaries, and 11 affiliates. Their relation to major businesses and segments is as follows.



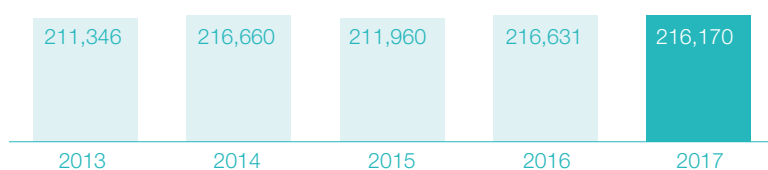
Notes:

1. Consolidated subsidiary.
2. Affiliate according to the equity method.
 TOBU RAILWAY CO., LTD. is counted multiple times in the above segment breakdown.

Review of Operations

Transportation

Sales by Sector (¥ million)



Steam locomotive (SL) TAIJU



TJ liner



Limited Express Ryomo, SPACIA and Revaty

In our railway operations, we promoted an elevation project around Takenotsuka Station and began using an elevated bridge for express down-trains as part of our safety efforts. We also decided to install platform doors at 31 stations as a measure to ensure platform safety.

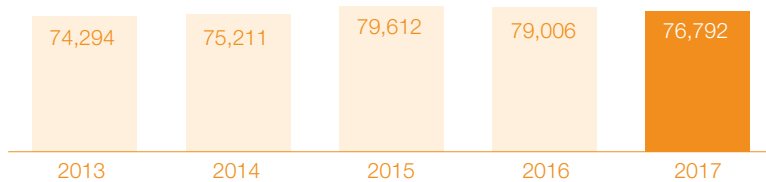
In marketing, the timetable revision for the TOBU URBAN PARK and Tojo lines implemented last year was successful and contributed to increased revenues as the number of customers using Omiya Station and the number of TJ liner passengers both increased. Additionally, we introduced the new limited express car Revaty and engaged in preparations for the launch of operations in April 2017. Moreover, we have been steadily working on preparations for the launch of steam locomotive (SL) comeback operations in August 2017 to further revitalize the Nikko/Kinugawa area. We also made the decision to open a new station called “Tobu World Square” in July 2017 to improve the convenience of access to the popular TOBU WORLD SQUARE theme park and increase navigability in the Nikko/Kinugawa area as a tourist destination. Lastly, we introduced tablets to be used by station attendants to provide information to customers and implemented an English conversation training program for all employees, including station attendants and train crew, as part of our efforts to improve service for foreign tourists.

In the transportation business overall, revenues from operations were ¥216,170 million (a decrease of 0.2% year on year). Although revenues increased in the railways business owing to the success of the timetable revision implemented in the previous year, the amount of freight handled in the freight business was down. On the other hand, operating income came to ¥40,696 million (an increase of 8.1% year on year), due primarily to the effect of lower fuel costs associated with the drop in crude oil prices.

Review of Operations

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 creating news hooks. With date specific tickets, we offered a TEMBO DECK and TEMBO GALLERIA admission ticket set and introduced a morning discount for admission in the morning hours. Moreover, we finished the renovation work on the TEMBO Shuttle (elevators) that was started last year and developed a system that allows us to operate in stormy weather other than typhoons, and we can now welcome more visitors than before the renovation.

In the hotels business, we made the historic and time-honored KANAYA HOTEL Co., Ltd. a group company to build a new channel for attracting customers. We also made the decision to open THE RITZ-CARLTON, the luxury brand of the leading global hotel chain Marriott International, at the former site of Nikko Lakeside Hotel in the summer of 2020 and promoted efforts to capture the expected further increase in foreign tourists.

In the leisure business overall, revenues from operations were ¥76,792 million (a decrease of 2.8% year on year), while operating income was ¥6,791 million (a decrease of 17.3% year on year). This was due to the impact of elevator renovation work at TOKYO SKYTREE performed in anticipation of medium- to long-term operations, suspending Nikko Lakeside Hotel operations ahead of the opening of THE RITZ-CARLTON and bad weather.



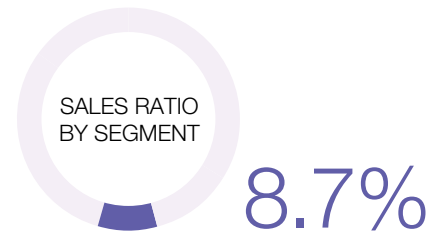
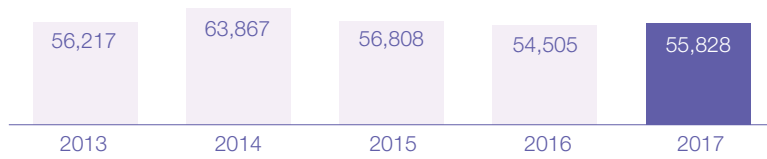
TOKYO SKYTREE illumination



TEMBO GALLERIA

| Real Estate

Sales by Sector (¥ million)



Solaie Shimizu Park



Solamachi Shotengai Shopping District

In the SKYTREE TOWN business, we worked to attract customers and increase revenues. As part of these efforts, we held various seasonal events at TOKYO SOLAMACHI®, and with our Christmas illuminations, we used projection mapping on TOKYO SKYTREE for the first time. We also brought in a café featuring popular characters like Kirby and Doraemon and opened an ice skating rink.

In the real estate leasing business, we invited a hospital to be the first one to be directly connected to one of our stations as part of our efforts to improve daily life value along railway lines, and it was opened on April 1, 2017. We have also invited day care centers and after school care centers in order to establish an environment convenient for families raising children, and as of April 1, 2017 we have a total of 13 such facilities.

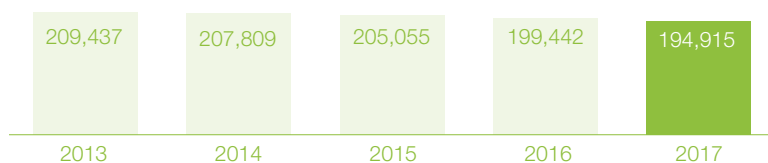
In the real estate subdivision business, we sold condominiums, built-for-sale houses and land in order to raise the value of properties and increase the resident populations along our lines.

In the real estate business overall, revenues from operations were ¥55,828 million (an increase of 2.4% year on year) due primarily to an increase in the number of condominiums sold, and operating income was ¥14,394 million (an increase of 2.8% year on year).

Review of Operations

Retail Distribution

Sales by Sector (¥ million)



HANA 3 TERRACE



TOBU UTSUNOMIYA DEPARTMENT STORE

In the retail distribution business, we worked to attract customers and secure profits. At the Ikebukuro branch of TOBU DEPARTMENT STORE, we opened the HANA 3 TERRACE event space and created a lively atmosphere where various events are held. At the Utsunomiya branch of TOBU UTSUNOMIYA DEPARTMENT STORE, we implemented the first large-scale renovation project in 21 years and worked to improve the satisfaction of our regular customers and acquire new ones in their 30s and 40s.

In the retail distribution business overall, revenues from operations were ¥194,915 million (a decrease of 2.3% year on year) as a result of sluggishness in consumer spending, but thanks to structural reform at TOBU DEPARTMENT STORE to secure recurring income, operating income was ¥1,897 million (an increase of 379.7% year on year).

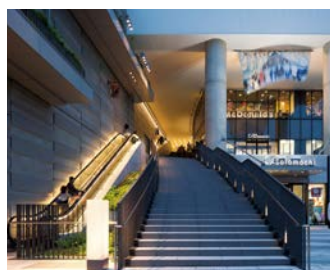
Other

In other businesses overall, due in part to an increase in construction completed, revenues from operations were ¥94,507 million (an increase of 3.8% year on year), and operating income was ¥6,196 million (an increase of 18.3% year on year).

TOKYO SKYTREE TOWN Project

TOKYO SKYTREE TOWN, which has TOKYO SKYTREE at its core, is located in an area which covers approximately 6.4 hectares, adjoins Asakusa, Ueno, Ryogoku and other expansive areas that attract customers, and provides highly convenient transportation including good access to airports and the intersection of four railway networks.

In addition to the TOKYO SKYTREE, TOKYO SKYTREE TOWN is comprised of the TOKYO SOLAMACHI commercial facility, the TOKYO SKYTREE EAST TOWER office facility, and other features designed to create a prosperous urban development in collaboration with the surrounding areas, contributing to the further revitalization of the community.



Financial Review

Business Performance

In the railway business, the improvement in the employment situation led to an increase in commuters, and the Tojo Line timetable revision resulted in the launch of TJ Liner up-train operations and an increase in down-trains. In the real estate business, the increase in the number of condominium units sold was a factor for increased revenues, but due to sluggish performance of women's clothing and high-priced items like jewelry in the department stores business and stagnation in the leisure business caused by bad weather, revenues were down. As a result, revenues from operations were ¥568,887 million (a decrease of 0.9% year on year).

Due primarily to the decrease in the cost of sales resulting from decreased revenues and the decrease in fuel costs associated with the drop in crude oil prices, operating income was ¥68,335 million (an increase of 6.1% year on year).

As for non-operating income, contributions toward small construction decreased, and as for non-operating expenses, interest expenses and financial fees were down. As a result, recurring income came to ¥62,128 million (an increase of 10.9% year on year).

These factors brought net income attributable to owners of the parent company to ¥36,137 million (an increase of 32.5% year on year).

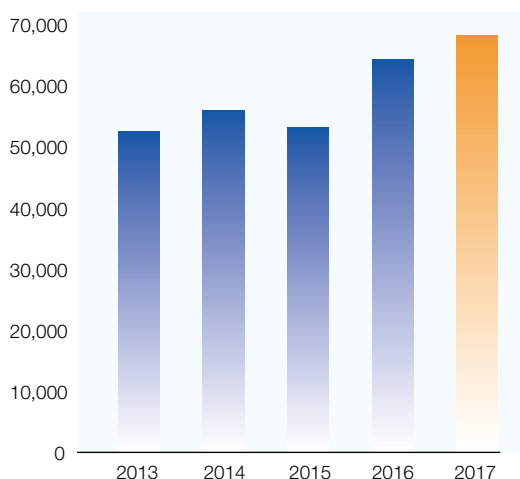
Financial Position

Total assets were ¥1,597,733 million, up ¥5,257 million compared to the end of the previous consolidated fiscal year (an increase of 0.3% year on year). This was a result of increased purchases of property, plant and equipment.

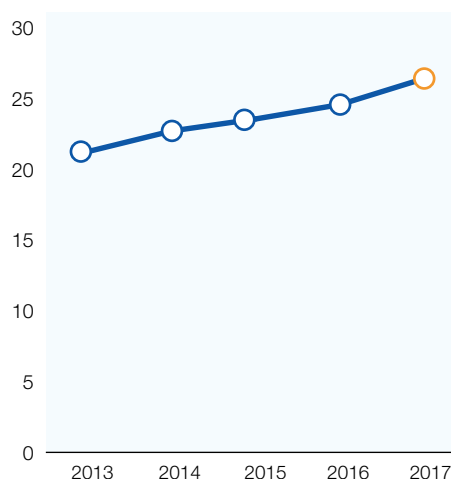
Liabilities came in at ¥1,154,960 million, down ¥26,232 million compared to the end of the previous consolidated fiscal year (a decrease of 2.2% year on year) due primarily to a decrease in interest-bearing debt.

Net assets were ¥442,772 million, up ¥31,489 million compared to the end of the previous consolidated fiscal year (an increase of 7.7% 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 Corporate Governance Policies

In order to repay the trust placed in Tobu Railway by its shareholders and many other stakeholders, the Company has an obligation to establish a fair and transparent system of corporate governance. Hitherto, internal management control has been carried out by our Board of Directors and Audit & Supervisory Board, but from here onward, we intend to further enhance the performance of this system with respect to the proactive disclosure of corporate information in a timely and appropriate manner. We will work to materialize the level of corporate governance expected of us by society as a whole through the maintenance of high ethical standards of behavior and legal compliance, and by dealing in good faith with all our customers and other business counterparties.

Corporate Governance

(1) Corporate governance structure

The Company's Board of Directors consists of 16 directors, of whom two are outside directors. The Board's responsibilities are to make decisions on issues of importance to the management of the Company, after due consideration and debate, and also to exercise supervisory functions over the execution of day-to-day business operations. In addition, the Board of Managing Directors, comprising directors of the Company with the rank of Managing Director or above and standing audit & supervisory board members, assists the Board of Directors by examining important issues, including those to be placed on the agenda for discussion by the Board of Directors, and by sharing with the Board information on significant matters gleaned from the actual conduct of business operations.

In an effort to ensure the reliability of the internal control system, establish corporate ethics, and ensure that its officers and all its employees are fully aware of compliance, the Company has been promoting compliance management, primarily by setting out specific guidelines for day-to-day activities and developing training systems. It is also seeking to develop a compliance management system on a Group level. The Company has established guidelines and organizations for its contingency management, and is in the process of creating an effective contingency management system. To prepare for the possible materialization of legal risks, the Company has developed a system in which advice can be sought from corporate lawyers through the General Affairs Department's Legal Center. The Company is resolved to further strengthen its legal functions. To ensure the proper operation of the Tobu Group under the Group companies' management rules, 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. To further strengthen Group governance, Group management policies are communicated and management information is shared by holding Tobu Group Corporate Meetings and other meeting on a regular basis. In cooperation with its subsidiaries and other companies, the Company has developed a compliance management system for the entire 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.

Regarding audits conducted by the audit & supervisory board members of the Company, each of the five audit & supervisory board members, of whom three are outside audit & supervisory board members, attends meetings of the Board of Directors. In addition, in accordance with auditing policies, auditing plans and the delegation of auditing operations, which have been drawn up to conform to the stipulations of the Auditing Standards for Audit & Supervisory Board Members, which were drawn up and published by the Audit & Supervisory Board, the audit & supervisory board members attend important meetings and peruse all documentation relevant to important management issues. The audit & supervisory board members also conduct audits of Tobu Group companies focused on specific issues, interview directors and general managers, hold meetings of audit & supervisory board members from all Group companies, attend analyst meetings, and investigate the business performance and financial situation of the parent company and other members of the Group. In these ways, the audit & supervisory board members evaluate the performance of Company directors' duties, giving due consideration to the principles of risk management. The results of these evaluations are reported at meetings of the audit & supervisory board that are held on a regular basis. Through deliberations in the meetings, audit opinions are developed to ensure the effectiveness of auditing.

With respect to its internal auditing system, the Company has set up the Internal Audit Office 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 and advice and proposals for improvement to representative directors and related departments, including the Internal Control Department. In this way, the Company maintains appropriate operational management, and 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.

(2) The Company's internal control system

Tobu Railway has drawn up policies regarding its internal control system which encompass a system for ensuring that the performance of duties by the members of the Board of Directors of the Company, both as a body and as individuals, is in conformity with the law and with the Company's Articles of Incorporation, as well as a system for ensuring that business practices are appropriate.

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 23, 2017).

(1) Changes in the Law

In the railway business in Japan, 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 the Railway Business Law.

Under 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 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

In Japan, the birthrate continues to decline as the population ages, and although it varies in degree according to the region, it is predicted that the population along Tobu railway lines will continue to shrink in association with this social 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.

(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				
	2013	2014	2015	2016	2017
Revenues from operations.....	¥ 577,223	¥ 593,649	¥ 583,268	¥ 574,334	¥ 568,887
Operating income.....	52,544	56,013	53,158	64,399	68,335
Profit attributable to owners of parent.....	28,648	31,521	30,653	27,277	36,137
Net assets	327,739	354,066	394,826	411,282	442,772
Total assets	1,463,370	1,480,938	1,596,725	1,592,475	1,597,733
	Yen				
Net income per share — basic	¥26.81	¥29.51	¥28.7	¥25.54	¥33.76
Net income per share — diluted	26.73	29.42	28.62	25.47	—

Sales by Sector

	Millions of Yen				
	2013	2014	2015	2016	2017
Transportation	¥ 211,346	¥ 216,660	¥ 211,960	¥ 216,631	¥ 216,170
Leisure.....	74,294	75,211	79,612	79,006	76,792
Real estate	56,217	63,867	56,808	54,505	55,828
Retail distribution.....	209,437	207,809	205,055	199,442	194,915
Other	87,471	96,061	95,635	91,027	94,507

Non-Consolidated

	Millions of Yen				
	2013	2014	2015	2016	2017
Revenues from operations.....	¥ 221,847	¥ 229,453	¥ 221,825	¥ 222,617	¥ 223,761
Operating income.....	33,528	34,534	37,430	47,334	50,597
Net income	17,824	20,188	20,010	22,361	28,771
Net assets	281,109	297,641	318,699	329,981	355,220
Total assets	1,367,728	1,375,379	1,477,008	1,472,169	1,487,353
	Yen				
Dividends per share of common stock.....	¥6	¥6	¥6	¥6	¥6.5

Consolidated Balance Sheet

March 31, 2016 and 2017

Assets	Millions of Yen	
	2016	2017
Current assets		
Cash and deposits	¥ 32,746	¥ 34,413
Notes and accounts receivable - trade	57,225	57,983
Short-term loans receivable.....	710	1,306
Securities	4	9
Land and buildings for sale in lots	22,484	23,556
Prepaid expenses	2,009	2,118
Deferred tax assets.....	3,524	3,528
Other.....	29,906	23,383
Allowance for doubtful accounts.....	(252)	(281)
Total current assets	148,359	146,017
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	562,306	*550,332
Machinery, equipment and vehicles, net.....	77,542	79,475
Land.....	618,385	621,526
Construction in progress.....	41,168	50,460
Other, net	15,448	14,813
Property, plant and equipment, net	1,314,851	1,316,608
Intangible assets		
Public facilities charges	1,900	1,610
Other	28,190	25,994
Total intangible assets.....	30,091	27,604
Investments and other assets		
Investment securities.....	68,980	75,287
Long-term loans receivable	958	939
Claims provable in bankruptcy, claims provable in rehabilitation and other.....	887	875
Net defined benefit asset.....	1,971	1,998
Deferred tax assets.....	7,458	7,373
Other	21,049	23,086
Allowance for doubtful accounts.....	(2,133)	(2,058)
Total investments and other assets.....	99,172	107,502
Total non-current assets	1,444,116	1,451,715
Total assets	¥ 1,592,475	¥ 1,597,733

Liabilities	Millions of Yen	
	2016	2017
Current liabilities		
Notes and accounts payable - trade	¥ 42,291	¥ 40,704
Short-term loans payable.....	55,435	54,609
Current portion of long-term loans payable	73,418	69,615
Current portion of bonds	31,000	23,600
Accrued expenses	6,172	5,954
Accrued consumption taxes.....	3,470	2,222
Income taxes payable	8,570	11,015
Advances received.....	61,409	61,995
Provision for bonuses	2,417	2,600
Allowance for collection loss on gift certificates and other items.....	4,100	4,194
Asset retirement obligations.....	39	66
Provision for loss on disaster.....	139	—
Other	81,573	78,266
Total current liabilities.....	370,039	354,845
Non-current liabilities		
Bonds payable	127,000	134,400
Long-term loans payable	501,152	486,755
Long-term accounts payable to Japan railway construction, transport and technology agency.....	31,917	27,230
Deferred tax liabilities	11,424	12,482
Deferred tax liabilities for land revaluation.....	50,484	50,421
Provision for directors' retirement benefits	856	771
Net defined benefit liability	48,235	48,473
Asset retirement obligations.....	2,830	2,771
Other.....	37,250	36,809
Total non-current liabilities	811,153	800,115
Total liabilities.....	1,181,193	1,154,960
Net assets		
Shareholders' equity		
Capital stock.....	102,135	102,135
Capital surplus.....	70,576	70,484
Retained earnings	152,735	180,765
Treasury stock	(2,501)	(2,567)
Total shareholders' equity	322,947	350,818
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities.....	19,216	21,830
Revaluation reserve for land.....	44,992	46,497
Foreign currency translation adjustment	143	99
Remeasurements of defined benefit plans	3,890	2,624
Total accumulated other comprehensive income.....	68,242	71,051
Non-controlling interests.....	20,092	20,901
Total net assets	411,282	442,772
Total liabilities and net assets.....	¥ 1,592,475	¥ 1,597,733

Consolidated Statements of Income and Comprehensive Income

Years ended March 31, 2016 and 2017

Consolidated Statement of Income	Millions of Yen	
	2016	2017
Revenues from operations	¥ 574,334	¥ 568,887
Operating expenses		
Operating expenses and cost of sales of transportation	398,257	393,777
Selling, general and administrative expenses	111,677	106,774
Total operating expenses	509,934	500,552
Operating income (loss)	64,399	68,335
Non-operating income		
Interest income	50	32
Dividend income	1,347	1,511
Dividends income of insurance	455	468
Share of profit of entities accounted for using equity method	89	115
Other	2,648	2,411
Total non-operating income	4,591	4,539
Non-operating expenses		
Interest expenses	9,128	7,963
Other	3,856	2,783
Total non-operating expenses	12,985	10,746
Ordinary income (loss)	56,006	62,128
Extraordinary income		
Contribution for construction	11,726	5,741
Gain on sales of investment securities	42	1,478
Other	1,086	1,819
Total extraordinary income	12,854	9,039
Extraordinary losses		
Loss on retirement of non-current assets	3,143	2,018
Loss on reduction of non-current assets	11,771	5,782
Impairment loss	1,758	4,648
Loss on disaster	1,155	—
Provision for loss on disaster	139	—
Special extra retirement payments	3,110	—
Other	1,202	1,901
Total extraordinary losses	22,281	14,351
Income before income taxes	46,580	56,816
Income taxes - current	17,688	18,486
Income taxes - deferred	295	1,188
Total income taxes	17,983	19,675
Profit (loss)	28,596	37,141
Profit (loss) attributable to non-controlling interests	1,319	1,004
Profit attributable to owners of parent	27,277	36,137

Consolidated Statement of Comprehensive Income	Millions of Yen	
	2016	2017
Profit (loss)	28,596	37,141
Other comprehensive income		
Valuation difference on available-for-sale securities	(9,986)	2,594
Revaluation reserve for land	1,918	(52)
Foreign currency translation adjustment	(5)	(44)
Remeasurements of defined benefit plans, net of tax	1,049	(1,241)
Share of other comprehensive income of entities accounted for using equity method	(99)	(9)
Total other comprehensive income	(7,122)	1,246
Comprehensive income	21,473	38,387
Profit attributable to		
Comprehensive income attributable to owners of parent	20,159	37,387
Comprehensive income attributable to non-controlling interests	1,313	1,000

Consolidated Statement of Changes in Equity

Previous Consolidated Fiscal Year
(April 1, 2015 to March 31, 2016)

	Millions of Yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2015	¥102,135	¥70,398	¥131,681	¥(3,872)	¥300,343
Cumulative effects of changes in accounting policies ...			(99)		(99)
Restated balance	102,135	70,398	131,582	(3,872)	300,244
Changes of items during period					
Dividends of surplus.....			(6,406)		(6,406)
Profit (loss) attributable to owners of parent.....			27,277		27,277
Purchase of treasury stock.....				(117)	(117)
Disposal of treasury stock		163		1,489	1,652
Change of scope of consolidation			9		9
Reversal of revaluation reserve for land.....			271		271
Change in parent company equity associated with transactions with non-controlling shareholders		14			14
Net changes of items other than shareholders' equity ...					
Total changes of items during period.....	—	177	21,152	1,371	22,702
Balance as of March 31, 2016	¥102,135	¥70,576	¥152,735	¥(2,501)	¥322,947

	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, 2015	¥29,219	¥43,344	¥148	¥2,956	¥75,669	¥18,813	¥394,826
Cumulative effects of changes in accounting policies ...					—		(99)
Restated balance.....	29,219	43,344	148	2,956	75,669	18,813	394,727
Changes of items during period							
Dividends of surplus.....							(6,406)
Profit (loss) attributable to owners of parent.....							27,277
Purchase of treasury stock.....							(117)
Disposal of treasury stock							1,652
Change of scope of consolidation							9
Reversal of revaluation reserve for land.....							271
Change in parent company equity associated with transactions with non-controlling shareholders							14
Net changes of items other than shareholders' equity...	(10,002)	1,648	(5)	933	(7,426)	1,279	(6,147)
Total changes of items during period.....	(10,002)	1,648	(5)	933	(7,426)	1,279	16,555
Balance as of March 31, 2016	¥19,216	¥44,992	¥143	¥3,890	¥68,242	¥20,092	¥411,282

	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
Cumulative effects of changes in accounting policies ...			—		—
Restated balance.....	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
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	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	
Cumulative effects of changes in accounting policies ...					—		—	
Restated balance.....	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	
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 Statement of Cash Flows

Years ended March 31, 2016 and 2017

	Millions of Yen	
	2016	2017
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	¥ 46,580	¥ 56,816
Depreciation	52,912	52,780
Impairment loss	1,758	4,648
Share of (profit) loss of entities accounted for using equity method	(89)	(115)
Increase (decrease) in allowance for doubtful accounts	(188)	(46)
Increase (decrease) in provision for bonuses	181	183
Increase (decrease) in provision for loss on disaster	139	(139)
Increase (decrease) in net defined benefit liability	(1,971)	(1,645)
Increase (decrease) in provision for retirement benefits and directors' retirement benefits	(284)	(59)
Increase (decrease) in allowance for collection loss on gift certificates and other items	253	93
Interest and dividend income	(1,397)	(1,544)
Interest expenses	9,128	7,963
Proceeds from contribution for construction	(12,425)	(6,006)
Loss on retirement of non-current assets	2,999	1,824
Loss on reduction of non-current assets	11,771	5,782
Special extra retirement payments	3,110	—
Decrease (increase) in notes and accounts receivable - trade	(348)	(740)
Decrease (increase) in inventories	(4,676)	491
Increase (decrease) in notes and accounts payable - trade	551	(1,624)
Other	615	(5,090)
Subtotal	108,620	113,571
Interest and dividend income received	1,408	1,546
Interest expenses paid	(10,443)	(8,059)
Special extra retirement payments	(133)	(2,977)
Income taxes (paid) refund	(21,337)	(16,609)
Cash flows from operating activities	78,114	87,470
Cash flows from investing activities		
Net decrease (increase) in short-term loans receivable	101	(571)
Payments of long-term loans receivable	(3)	(24)
Collection of long-term loans receivable	8	18
Purchase of short-term and long-term investment securities	(1,850)	(3,512)
Proceeds from sales and redemption of short-term and long-term investment securities	5,406	1,924
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(318)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	—	(310)
Purchase of property, plant and equipment and intangible assets	(80,217)	(66,990)
Proceeds from sales of property, plant and equipment and intangible assets	501	1,099
Proceeds from contribution received for construction	10,967	12,945
Payments for guarantee deposits	(128)	(218)
Proceeds from collection of guarantee deposits	1,517	306
Other	103	(229)
Cash flows from investing activities	(63,593)	(55,881)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(84,269)	1,191
Proceeds from long-term loans payable	146,638	53,513
Repayments of long-term loans payable	(62,814)	(72,568)
Proceeds from issuance of bonds	25,000	31,000
Redemption of convertible bonds	(24,820)	(31,000)
Net decrease (increase) in treasury stock	(115)	(65)
Cash dividends paid	(6,412)	(6,431)
Redemption of accounts payable to Japan railway construction, transport and technology agency	(4,793)	(4,862)
Dividends paid to non-controlling interests	(7)	(7)
Other	(508)	(677)
Cash flows from financing activities	(12,102)	(29,907)
Effect of exchange rate change on cash and cash equivalents	(12)	(39)
Net increase (decrease) in cash and cash equivalents	2,406	1,640
Cash and cash equivalents at beginning of period	30,051	32,477
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	19	—
Cash and cash equivalents at end of period	¥ 32,477	¥ 34,118

Corporate Directory

Board of Directors and the Audit & Supervisory Board (As of July 1, 2017)

President and Representative Director

Yoshizumi Nezu

Vice President and Representative Director

Kenichi Tsunoda

Senior Managing Directors and Representative Directors

Osamu Makino

Shinji Inomori

Hiroaki Miwa

Managing Directors

Akihiro Ojira

Yutaka Tsuzuki

Yoshimi Yokota

Koichi Sekiguchi

Directors

Yasuyoshi Okuma

Toshiaki Onodera

Hiroya Otsuka

Takashi Kobiyama

Tsutomu Yamamoto

Noriko Yagasaki

Hirofumi Nomoto

Audit & Supervisory Board Members

Naotaka Nakajima (Standing)

Ikuo Toyoda (Standing)

Osamu Shoda

Yuzaburo Mogi

Takashi Kobayashi

Investor Information (As of March 31, 2017)

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:

3,476

Common Stock:

¥102,135 million

Number of Shareholders:

67,332

Principal Shareholders:

Name	Number of Shares Held (Thousands)	Percentage of Total Shares in Issue
The Master Trust Bank of Japan, Ltd. (trust account).....	57,662	5.38
Japan Trustee Services Bank, Ltd. (trust account)	46,324	4.32
Fukoku Mutual Life Insurance Company	26,178	2.44
Mizuho Bank, Ltd.	23,266	2.17
Japan Trustee Services Bank, Ltd. (trust account 5)	19,634	1.83
Nippon Life Insurance Company	17,709	1.65
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	17,523	1.63
STATE STREET BANK WEST CLIENT- TREATY 505234.....	17,282	1.61
Japan Trustee Services Bank, Ltd. (trust account 7)	14,448	1.34
Japan Trustee Services Bank, Ltd. (trust account 1)	14,445	1.34

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

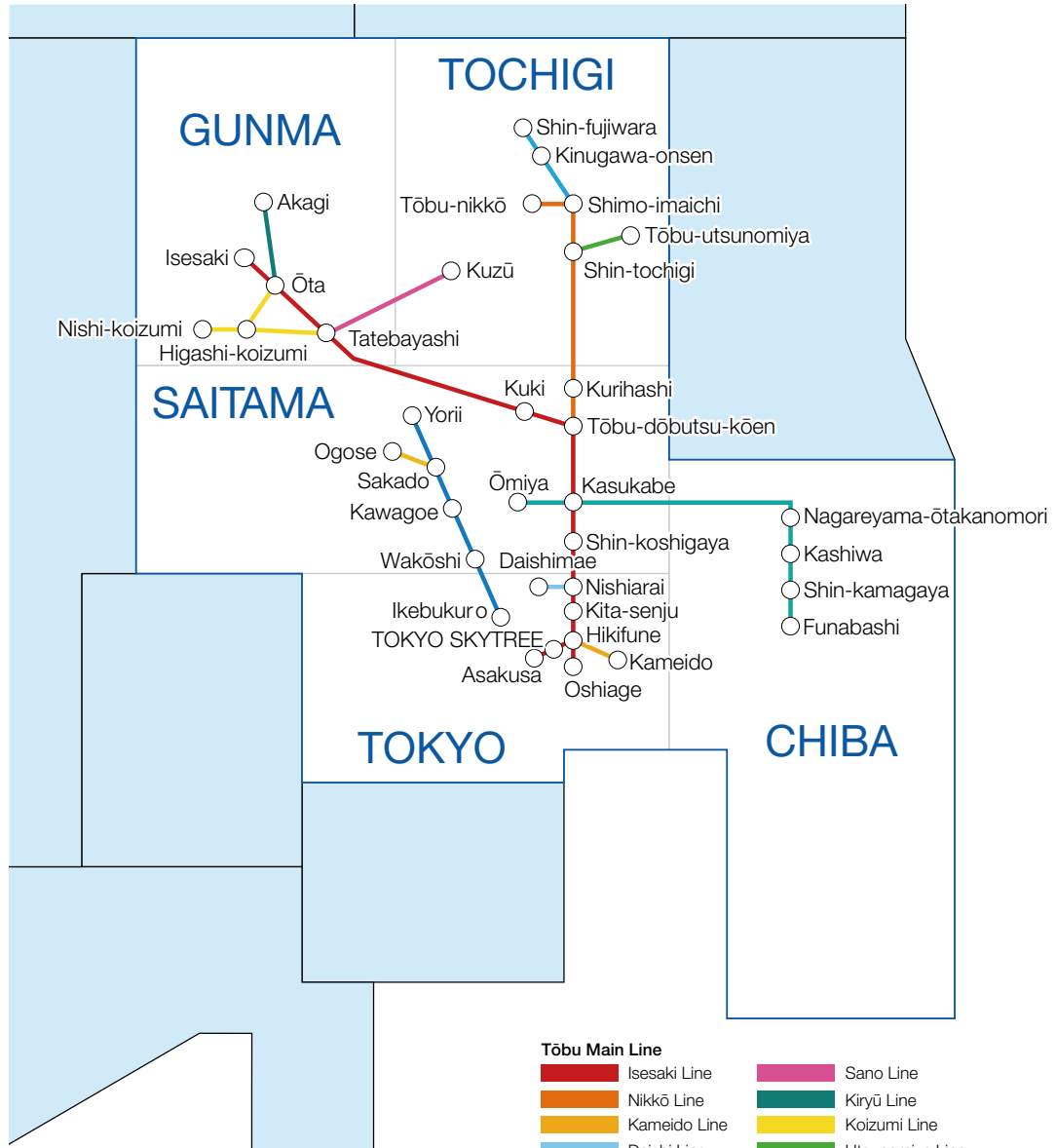
TOBU RAILWAY CO., LTD.

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"