NOTE 1 | FRAMEWORK FOR PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Basis of presentation
The accompanying consolidated financial statements of Odakyu Electric Railway Co., Ltd. (the "Company") and consolidated subsidiaries (together, the "Group") are prepared on the basis of accounting principles generally accepted in Japan, which differ in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

(2) U.S. dollar amounts
The Company and its domestic consolidated subsidiaries and affiliates maintain their books of account and other records in yen. The U.S. dollar amounts are included solely for convenience and are stated as a matter of arithmetical computation only at U.S.$1.00=¥107.51, the approximate exchange rate prevailing on March 31, 2020. This translation should not be construed as a representation that the yen amounts actually represent, or have been, or could be, converted into U.S. dollars at the above or any other rate.

NOTE 2 | BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Scope of consolidation
(a) Number of consolidated subsidiaries: 43
Primary consolidated subsidiaries include Odakyu Department Store Co., Ltd., Odakyu Shoji Co., Ltd. and Odakyu Real Estate Co., Ltd.

Enoden Bus Yokohama Co., Ltd. was merged with Enoden Bus Fujisawa Co., Ltd. in the fiscal year ended March 31, 2020. With this merger, Enoden Bus Fujisawa Co., Ltd. has changed its trade name to Enoden Bus Co., Ltd.

Hotels Odakyu Shizuoka Co., Ltd. has been excluded from the scope of consolidation, as it is no longer a subsidiary after the sale of shares. This company's statement of income has been consolidated until the date of sale of its shares.

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(b) Name of major non-consolidated subsidiaries
Fuji Oyama Golf Club Co., Ltd.

The non-consolidated subsidiaries are all small in scale and not material when measured by the impact of total amounts of assets, net sales, net income attributable to owners of the parent, and retained earnings (based on the Company's ownership percentage) of these companies in the consolidated financial statements. They have therefore been excluded from the scope of consolidation.

(2) Application of the equity method
(a) Number of affiliates accounted for under the equity method: 1
Kanagawa Chuo Kotsu Co., Ltd.

(b) Oyama Kanko Dentetsu Co., Ltd. and other non-consolidated subsidiaries and other affiliated company have not been accounted for under the equity method because the impact of net income and retained earnings (based on the Company's ownership percentage) of these companies are all small amounts and not material as compared to the net income attributable to owners of the parent and consolidated retained earnings.

(3) Fiscal year-end of consolidated subsidiaries
The fiscal year-end of eight consolidated subsidiaries differs from that of the Company; the fiscal year-end of UDS Co., Ltd. and Okinawa UDS Co., Ltd. is the end of December; that of Odakyu Department Store Co., Ltd., Odakyu Shoji Co., Ltd., Odakyu Shokuhin Co., Ltd., Hokuo Tokyo Co., Ltd., Odakyu Department Service Co., Ltd. and Shirohato Co., Ltd. is the end of February.

The financial statements of these subsidiaries have been consolidated with appropriate adjustments for the intervening transactions and events between the fiscal-year ends of these subsidiaries and the consolidated fiscal-year end.

(4) Summary of significant account policies
(a) Valuation standards and methods for significant assets

(I) Securities

① Held-to-maturity debt securities
Held-to-maturity debt securities are stated at amortized cost (straight-line method).

② Other securities
Marketable available-for-sale securities
Marketable available-for-sale securities are stated at market value based on market prices, etc. (unrealized valuation gains or losses are calculated by directly charged or credited method to net assets, while the cost of securities sold is calculated by the moving average method).
Non-marketable available-for-sale securities
Non-marketable available-for-sale securities are stated at cost using moving average method.

The Company records investments in limited liability investment partnerships, which are deemed "investments securities" under the provisions set forth in Article 2-2 of the Financial Instruments and Exchange Act of Japan, at the amount equivalent to its own percentage in the assets of such partnerships, based on the most recent financial statements available depending on the report date stipulated in the partnership agreement.

(II) Inventories
Inventories are stated at cost using (the balance-sheet value is calculated reflecting the write-down due to a decline in profitability).

Real estate development for sale,
work in process.................The identified cost method
Other inventories..............Principally, the retail cost method

(b) Depreciation and amortization methods for significant depreciable assets

(I) Property and equipment (excluding lease assets)
Property and equipment is stated generally at cost. Depreciation

is calculated primarily by the declining-balance method except for buildings (excluding ancillary facilities) for which depreciation is calculated principally based on the straight-line method.
Principal useful lives of depreciable assets are as follows:
Buildings and structures................................5 to 60 years
Machinery, equipment, rolling stock, and other vehicles..3 to 17 years

(II) Intangible fixed assets (excluding lease assets)
Intangible assets are amortized by the straight-line method.
Software for internal use is amortized by the straight-line method over their estimated internal useful lives (five years for the cost of software).

(III) Lease assets
Lease assets pertaining to finance lease transactions other than those where leases are deemed to transfer ownership of leased property to the lessee are valued by the straight-line method with the zero residual value over the term of the lease, which is deemed the useful life.

(c) Accounting standards for significant allowances and provisions
(I) Allowance for doubtful accounts
An allowance for doubtful accounts is provided based on the Company's and its consolidated subsidiaries' historical experience with respect to write-offs and based on an estimate of the amount of specific uncollectible accounts.

(II) Provision for bonuses
The Company provides for allowance for bonus based on the estimated amount of the payment for employees.

(III) Allowance for unredeemed gift certificates and others
The Company books expected use of unredeemed gift certificates and travel coupons, etc., to an allowance for unredeemed gift certificates and coupons, etc.

(IV) Provision for loss on disaster
The estimated amount is recorded to prepare for expenses such as restoration costs associated with a disaster.

(d) Method of railway business construction fund
The Group receives a portion of the construction costs applicable to construction works for the railway business in the form of a construction fund provided by local and other public authorities.
Upon completion of construction, an amount equivalent to the construction fund is recorded as a deduction from the acquisition costs of the property and equipment purchased.
In addition, the construction fund portion received is recorded in extraordinary income as "construction costs allotted to and received from others" in the consolidated statement of income. The corresponding amount recorded as a deduction from the acquisition costs of property and equipment purchased is posted to extraordinary losses in the accompanying consolidated statement of income.

(e) Method of accounting for retirement benefits
(I) Attribution of estimated retirement benefits
To calculate benefit liabilities, the estimated amount of retirement benefits is attributed to the consolidated fiscal year based on the straight-line attribution method.

(II) Treatment of unrecognized actuarial differences and past service costs
Past service costs are posted in expenses based on the straight-line method for a fixed period of years (10 years) within the average remaining service years of employees when costs accrue from their service.
Actuarial differences are posted in expenses after the consolidated fiscal year following their accruals based on the declining-balance method for a fixed period of years (10 years) within the average remaining service years of employees.

(f) Principal methods of hedge accounting
(I) Method of hedge accounting
Hedging activities are principally accounted for under the deferral hedge accounting. Exceptional accounting is applied for interest-rate swaps that meet their respective requirements.

(II) Hedging instruments and hedged items
① Hedging instruments: Interest-rate swap
② Hedged items: Interest expense on borrowings

(III) Hedge policy
The derivative transactions are executed in accordance with the resolution of the Fund Handling Department upon receiving approval from the individual responsible for settlements.

(IV) Method for evaluation of hedge effectiveness
The Company evaluates hedge effectiveness by comparing the cumulative changes in cash flows or changes in the fair value of the hedged items, and the cumulative changes in cash flows or the changes in fair value of hedging instruments during the period from commencement of hedging to the point of evaluating effectiveness, based on changes in both amount and others. As for interest-rate swap meeting the requirement for certain hedging criteria, the evaluation of hedge effectiveness is omitted as changes in the cash flow from fluctuation in interest rates are expected to be completely offset.

(g) Method and term of amortization of goodwill
Goodwill is amortized on a straight-line basis over its estimated useful life during which its effect will be realized.

(h) Scope of cash and cash equivalents in the consolidated statement of cash flows
Cash and cash equivalents consist of cash on hand, demand deposits, and short-term, highly liquid investments with maturities of three months or less and minimal risk of change in value.

(i) Other basic significant matters for preparation of consolidated financial statements
Accounting for consumption taxes
Accounting for consumption tax is based on the tax exclusion method.

Accounting Standard for Revenue Recognition, etc.

- "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020)
- "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 31, 2020)
- "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) of the United States have jointly developed a comprehensive accounting standard on revenue recognition, and the IASB issued IFRS 15 and the FASB issued Topic 606, "Revenue from Contracts with Customers." Considering that IFRS 15 is applied from the fiscal year beginning on or after January 1, 2018 and Topic 606 is applied from the fiscal year beginning after December 15, 2017, the ASBJ has developed a comprehensive accounting standard for revenue recognition, which was issued together with its implementation guidance.

The basic policy of the Accounting Standards Board of Japan (ASBJ) in developing the new revenue recognition standard is to first incorporate the core principle of IFRS 15 to improve the international comparability of financial statements, and then add additional alternative treatments to the extent that international comparability would not be significantly impaired where any business practices in Japan needed to be considered.

(2) Scheduled date of adoption

The Company will adopt the above accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of adoption of accounting standard and implementation guidance

The Company is currently evaluating the effect of the adoption of this accounting standard and implementation guidance on its consolidated financial statements.

Accounting Standard for Fair Value Measurement, etc.

- "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019)
- "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 4, 2019)
- "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019)
- "Implementation Guidance on Accounting Standard for Fair Value Management" (ASBJ Guidance No. 31, July 4, 2019)
- "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020)

(1) Overview

The IASB and FASB each established nearly identical and detailed guidance for fair value measurement (IFRS 13, "Fair Value Measurement," in IFRS, and Accounting Standards Codification Topic 820, "Fair Value Measurement," in Generally Accepted Accounting Principles in the United States [US-GAAP]). Given this fact, the ASBJ issued the "Accounting Standard for Fair Value Measurement" to establish consistency between Japanese standards and international standards regarding the guidance and disclosure mainly for fair value of financial instruments.

The ASBJ's basic policy in developing the accounting standard for fair value measurement was to adopt all of IFRS 13 with the unified measurement methodology for better comparability of the financial statements of domestic and foreign enterprises. The ASBJ, on the other hand, specified alternative treatments in individual items considering the current practices under Japanese GAAP as far as such treatments would not significantly impair international comparability.

(2) Scheduled date of adoption

The Company will adopt the above accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of adoption of accounting standards, etc.

The effect on the consolidated financial statements of the application of the "Accounting Standard for Fair Value Measurement, etc." has not yet been determined.

Accounting Standard for Disclosure of Accounting Estimates

- "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020)

(1) Overview

Paragraph 125 of International Accounting Standards ("IAS") 1 "Presentation of Financial Statements" issued by IASB in 2003 requires disclosure of "Sources of estimation uncertainty." As this information was considered highly useful to users of financial statements, there were requests for discussion on implementation of such disclosure requirement in Japanese GAAP.

Accordingly, ASBJ developed and issued the "Accounting Standard for Disclosure of Accounting Estimates." ASBJ's basic policy in developing this accounting standard was to refer to requirements of Paragraph 125 of IAS 1. The standard was intended not to enhance existing note disclosure requirements, but to require enterprises to specify the purposes of disclosure and to determine what to disclose according to such purposes.

(2) Scheduled date of adoption

The Company will adopt the above accounting standard from the end of the fiscal year ending March 31, 2021.

Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections

- "Revised Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No. 24, March 31, 2020)

(1) Overview

In response to suggestions to discuss improving the note disclosure of "principles and procedures applied to accounting treatments when related accounting standards are undefined," the ASBJ accordingly revised the "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections."

To avoid conflict with the current practices of disclosure when related accounting standards are defined, in adopting this standard, it should be noted that Paragraph 1-2 of annotations of Accounting Principles for Business Enterprises is still effective.

(2) Schedule date of adoption

The Company will adopt the above accounting standard from the end of the fiscal year ending March 31, 2021.

NOTE 4 | ADDITIONAL INFORMATION

Introduction of a New Stock-based Compensation Plan for Directors of the Company

Since August 2018, the Company has introduced a stock-based compensation plan (the "New Plan") for directors of the Company, excluding directors who do not concurrently serve as executive officers (the "Eligible Directors").

(1) Overview of transactions

The New Plan is a stock-based compensation plan whereby shares in the Company are acquired through a trust using funds contributed by the Company (such trust established pursuant to the New Plan, the "Trust"), and the acquired shares are distributed to each Eligible Director according to the award points granted in accordance with the share delivery rules laid down by the Board of Directors of the Company.

The payments of the shares shall in principle be made at the time of retirement of each Eligible Director.

(2) The Company's shares remaining in the Trust

The Company's shares remaining in the trust are recorded as treasury stock in the "Net Assets" section based on the book value in the Trust (excluding incidental expenses). The book value and the number of shares of such treasury stock were ¥399 million and 166 thousand shares for the fiscal years ended March 31, 2019 and 2020, respectively.

Damage Caused by Typhoon 19

Some railway facilities were damaged by Typhoon 19, which struck on October 12, 2019. With regard to expected expenditures in the future for restoration, the estimated amount is recorded as "Provision for loss on disaster" in current liabilities in the consolidated balance sheet, and as "Provision for loss on disaster" in extraordinary losses in the consolidated statement of income.

Impact of the Novel Coronavirus Infection on Accounting Estimates

The spread of the novel coronavirus infection is affecting the Group's business activities. Since it is difficult to predict how far the infection will spread in the future and when it will converge, it is extremely difficult to predict future cash flows in particular when making accounting estimates.

Based on information available at the time of preparation of the consolidated financial statements, the Company makes the best estimates to determine the collectibility of deferred tax assets and impairment losses, assuming that the impact will continue through September 2020 and gradually recover from October.

NOTE 5 | CONSOLIDATED BALANCE SHEET

(1) Accumulated depreciation and amortization of property and equipment is as follows:

Millions of yen		Thousands of U.S. dollars
2019	**2020**	**2020**
¥920,298	**¥952,024**	**$8,855,217**

(2) Investment securities relating to non-consolidated subsidiaries and affiliates are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	**2020**	**2020**
Investment securities (shares of stock)	¥17,138	**¥18,538**	**$172,434**

(3) Pledged Assets as collateral are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2019		**2020**		**2020**	
Buildings and structures	¥277,415	[¥277,263]	**¥274,477**	**[¥274,334]**	**$2,553,040**	**[$2,551,713]**
Machinery, equipment, rolling stock, and other vehicles	42,126	[42,126]	**43,451**	**[43,451]**	**404,155**	**[404,155]**
Land	182,184	[180,656]	**180,987**	**[179,459]**	**1,683,446**	**[1,669,233]**
Other in property and equipment	3,497	[3,497]	**4,500**	**[4,500]**	**41,854**	**[41,854]**
Total	¥505,222	[¥503,542]	**¥503,415**	**[¥501,744]**	**$4,682,495**	**[$4,666,955]**

Note: The amounts in brackets are the amounts for the Railway Foundation within the total of each category.

Secured liabilities relating to the pledged assets as collateral above are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2019		**2020**		**2020**	
Long-term loans (including current portion of long-term debts)	¥107,812	[¥107,352]	**¥108,131**	**[¥107,743]**	**$1,005,774**	**[$1,002,165]**
Long-term liabilities incurred for purchase of rail way transport facilities (including its repayments due within one year)	99,725	[99,725]	**88,615**	**[88,615]**	**824,248**	**[824,248]**
Other in long-term liabilities	127		**111**		**1,039**	
Total	¥207,664	[¥207,077]	**¥196,857**	**[¥196,358]**	**$1,831,061**	**[$1,826,413]**

Note: The amounts in brackets are the amounts for the Railway Foundation within the total of each category.

(4) Contingent liabilities are as follows:

The Group provides debt guaranty to the borrowings from financial institutions

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
DH Box Hill Pty Ltd.	¥ 2,949	¥ 2,483	$23,094
	[A$38]	[A$38]	
Employees' housing loan	195	127	1,183
Alliance mortgage	449	639	5,945
Total	¥ 3,593	¥ 3,249	$30,222

(5) Reclassification due to a change in the purpose of the assets is as follows:

(a) Amount to be reclassified from noncurrent assets to real estate developments for sale.

Millions of yen		Thousands of U.S. dollars
2019	2020	2020
¥2	¥533	$4,958

(b) Amount to be reclassified from real estate developments for sale to noncurrent assets.

Millions of yen		Thousands of U.S. dollars
2019	2020	2020
¥117	¥59	$551

(6) Accumulated construction fund directly deducted from the acquisition cost of noncurrent assets

Millions of yen		Thousands of U.S. dollars
2019	2020	2020
¥232,608	¥233,551	$2,172,367

(7) Reserve for land revaluation

Two consolidated subsidiaries, Odakyu Real Estate Co., Ltd. and Odakyu Shoji Co., Ltd., revaluated land for business use based on the Law Concerning Revaluations of Land (Law No. 34, promulgated on March 31, 1998 and Law No. 24, promulgated on March 31, 1999). Of the valuation differences identified as a result of this, the consolidated subsidiaries recorded the amount corresponding to the taxes on the valuation difference in the liability section as "Deferred tax liabilities related to land revaluation." The amount remaining after subtracting these was recorded in the net assets section as "Reserve for land revaluation."

(a) Odakyu Real Estate Co., Ltd.

(i) Revaluation method

The Revaluation was performed by adjusting the road rating pursuant to Article 2, Paragraph 4 of the Enforcement Ordinance for the Law Concerning Revaluation Reserve for Land (Law No. 119, proclaimed on March 31, 1998). Where the road rating is not provided, adjusted valuation of real estate tax prescribed in Article 2, Paragraph 5 of the Law was used.

(ii) Date of revaluation: March 31, 2000.

(b) Odakyu Shoji Co., Ltd.

(i) Revaluation method

The Revaluation was performed by adjusting the road rating pursuant to Article 2, Paragraph 4 of the Enforcement Ordinance for the Law Concerning Revaluation Reserve for Land (Law No. 119, proclaimed on March 31, 1998).

(ii) Date of revaluation: February 28, 2002.

NOTE 6 | CONSOLIDATED STATEMENT OF INCOME

(1) Provision for bonuses and employees' retirement benefit expenses are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Provision for bonuses	¥8,124	¥8,213	$76,391
Net periodic benefit cost	2,719	2,717	25,273

(2) Write-downs in inventories due to decline in profitability included in operating expenses and cost of sales of transportation are as follows:

Millions of yen		Thousands of U.S. dollars
2019	2020	2020
¥269	¥121	$1,124

(3) Major components of selling, general and administrative expenses are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Personnel expenses	¥44,154	¥45,169	$420,139
Expenses	38,092	42,369	394,096
Taxes	2,113	2,405	22,374
Depreciation and amortization	4,963	5,789	53,844
Amortization of goodwill	282	535	4,973

(4) Total amount of research and development expenses included in operating expenses is as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Research and development expenses	¥336	¥552	$5,131

(5) Details of gain on sales of noncurrent assets are as follows:

Millions of yen		Thousands of U.S. dollars
2019	**2020**	**2020**
Land and buildings	Land and buildings	Land and buildings
¥1,711	**¥4,661**	**$43,350**

(6) Details of loss on sales of noncurrent assets are as follows:

Millions of yen		Thousands of U.S. dollars
2019	**2020**	**2020**
Land and buildings	Land and buildings	Land and buildings
¥55	**¥46**	**$427**

(7) Loss on impairment of fixed assets are as follows:

(a) The Group recorded a loss on impairment of fixed assets for the following asset groups.

Year ended March 31, 2019

Usage for	Location	Type	Millions of yen
Properties of store business, etc	Setagaya-ku, Tokyo, etc.	Buildings and structures	¥ 202
		"Other" in property and equipment	134
		Other	35
Emission credit	Shinjuku-ku, Tokyo	"Other" in investments and other assets	371
Properties of restaurant business	Chiyoda-ku, Tokyo, etc.	Buildings and structures	140
		"Other" in property and equipment	35
Other	—	Land	169
		Buildings and structures	45
		Other	3
Total	—	—	¥1,134

Year ended March 31, 2020

Usage for	Location	Type	Millions of yen	Thousands of U.S. dollars
Goodwill	—	Goodwill	**¥1,190**	**$11,069**
		"Other" in intangible fixed assets	**371**	**3,447**
Properties of store business, etc	Ota-ku, Tokyo, etc.	Buildings and structures	**333**	**3,101**
		"Other" in property and equipment	**117**	**1,091**
Other	—	Land	**152**	**1,416**
		Buildings and structures	**149**	**1,382**
		Other	**39**	**363**
Total	—	—	**¥2,351**	**$21,869**

(b) Background to the recognition of a loss on impairment of fixed assets
The fixed assets groups that are no longer profitable as initially expected or for which a decision for dismantlement has been taken, are recognized as a loss on impairment of fixed assets.

(c) Method of grouping assets
The Group bases its grouping for assessing impairment losses on its business segments or on an individual property and store basis.

(d) Method of determining the recoverable value
The recoverable values of assets are measured at their estimated selling value, which is principally equivalent to the valuation submitted by real estate appraisers. When the recoverable values are measured at their value in use, a discount rate of 4.0% is used for the computation of present value of future cash flows for the assets. The recoverable values of goodwill are measured based on future business plans and other factors.

NOTE 7 | CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The amount of reclassification adjustment and tax effect relating to other comprehensive income are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	**2020**	**2020**
Unrealized gain (loss) on securities:			
Gain (loss) arising during the year	¥(2,938)	**¥(13,381)**	**$(124,460)**
Reclassification adjustments	(0)	**180**	**1,672**
Amount before income tax effect	(2,938)	**(13,201)**	**(122,788)**
Income tax effect	876	**3,948**	**36,722**
Subtotal	(2,062)	**(9,253)**	**(86,066)**
Remeasurements of defined benefit plans:			
Gain (loss) arising during the year	(57)	**(2,278)**	**(21,180)**
Reclassification adjustments	(380)	**(340)**	**(3,167)**
Amount before income tax effect	(437)	**(2,618)**	**(24,347)**
Income tax effect	220	**772**	**7,173**
Subtotal	(217)	**(1,846)**	**(17,174)**
Share of other comprehensive income of associates accounted for using equity method:			
Gain (loss) arising during the year	(285)	**(271)**	**(2,521)**
Reclassification adjustments	(2)	**(2)**	**(20)**
Share of other comprehensive income of associates accounted for using equity method	(287)	**(273)**	**(2,541)**
Total other comprehensive income	¥(2,566)	**¥(11,372)**	**$(105,781)**

NOTE 8 | CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31, 2019

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

Class	Number of shares at beginning of the fiscal year (shares)	Number of shares increased during the fiscal year (shares)	Number of shares decreased during the fiscal year (shares)	Number of shares at the end of the fiscal year (shares)
Common stock	368,497,717	—	—	368,497,717
Treasury stock (Notes)	8,041,486	184,072	239	8,225,319

Notes: 1. The number of treasury stock at the end of the fiscal year ended March 31, 2019 included 165,800 shares of the Company's shares held by the Director's Compensation Trust.

2. The increase in treasury stock included an increase of 8,773 shares due to the purchase of shares that were less than a share-trading unit, an increase of 165,800 shares due to acquisition of the Company's shares through the Director's Compensation Trust, and an increase of 9,499 shares due to a change of ownership interest for equity-method affiliates.

3. The decrease in treasury stock included a decrease of 239 shares due to the sale of odd-lot shares.

(2) Matters regarding subscription rights to shares

Not applicable

(3) Dividends

(a) Dividends paid

Resolution	Class of shares	Total amount of dividends	Dividends amount per share	Cut-off date	Effective date
		Millions of yen	Yen		
General meeting of share-holders on June 28, 2018	Common stock	¥3,624	¥10.00	March 31, 2018	June 29, 2018
Board of Directors' meeting on October 31, 2018	Common stock	3,624*	10.00	September 30, 2018	December 7, 2018

* Total amount of dividends includes dividends of ¥2 million of the Company's shares held by the Director's Compensation Trust.

(b) Dividends with the cut-off date in the year ended March 31, 2019 and the effective date in the year ended March 31, 2020

Resolution	Class of shares	Source of dividends	Total amount of dividends	Dividends amount per share	Cut-off date	Effective date
			Millions of yen	Yen		
General meeting of shareholders on June 27, 2019	Common stock	Retained earnings	¥3,986*	¥11.00	March 31, 2019	June 28, 2019

* Total amount of dividends includes dividends of ¥2 million of the Company's shares held by the Director's Compensation Trust.

Year ended March 31, 2020

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

Class	Number of shares at beginning of the fiscal year (shares)	Number of shares increased during the fiscal year (shares)	Number of shares decreased during the fiscal year (shares)	Number of shares at the end of the fiscal year (shares)
Common stock	**368,497,717**	**—**	**—**	**368,497,717**
Treasury stock (Notes)	**8,225,319**	**286,482**	**3,176,449**	**5,335,352**

Notes: 1. The number of treasury stock at the beginning and the end of the fiscal year ended March 31, 2020 included 165,800 shares of the Company's shares held by the Director's Compensation Trust.
2. The increase in treasury stock included an increase of 7,339 shares due to the purchase of shares that were less than a share-trading unit, an increase of 8 shares due to purchase of treasury stock accompanying the treatment of fractions of less than one share through a share exchange, an increase of 933 shares due to a change of ownership interest for equity-method affiliates, and an increase of 278,202 shares due to the portion of treasury stock attributable to the Company resulting from the acquisition by an equity-method affiliates through a share exchange.
3. The decrease in treasury stock included a decrease of 396 shares due to the sale of odd-lot shares and a decrease of 3,176,053 shares due to the delivery of treasury stock through a share exchange.

(2) Matters regarding subscription rights to shares

Not applicable

(3) Dividends

(a) Dividends paid

Resolution	Class of shares	Total amount of dividends		Dividends amount per share		Cut-off date	Effective date
		Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
General meeting of share-holders on June 27, 2019	Common stock	**¥3,986***[1]	**$37,078**	**¥11.00**	**$0.10**	March 31, 2019	June 28, 2019
Board of Directors' meeting on October 31, 2019	Common stock	**3,986***[2]	**37,077**	**11.00**	**0.10**	September 30, 2019	December 2, 2019

*1 Total amount of dividends includes dividends of ¥2 million of the Company's shares held by the Director's Compensation Trust.

*2 Total amount of dividends includes dividends of ¥2 million of the Company's shares held by the Director's Compensation Trust.

(b) Dividends with the cut-off date in the year ended March 31, 2020 and the effective date in the year ending March 31, 2021

Resolution	Class of shares	Source of dividends	Total amount of dividends		Dividends amount per share		Cut-off date	Effective date
			Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars		
General meeting of shareholders on June 26, 2020	Common stock	Retained earnings	**¥3,656***	**$34,002**	**¥10.00**	**$0.09**	March 31, 2020	June 29, 2020

* Total amount of dividends includes dividends of ¥2 million of the Company's shares held by the Director's Compensation Trust.

NOTE 9 | CONSOLIDATED STATEMENT OF CASH FLOWS

The following table represents a reconciliation of cash and cash equivalents and cash and time deposits in the consolidated balance sheet:

	Millions of yen		Thousands of U.S. dollars
	2019	**2020**	**2020**
Cash and time deposits	¥21,762	**¥28,594**	**$265,968**
Time deposits with a maturity of more than three months	(126)	**(130)**	**(1,210)**
Cash and cash equivalents	¥21,636	**¥28,464**	**$264,758**

NOTE 10 | LEASE TRANSACTIONS

(As lessee)

(1) Finance lease transactions

The description on the financial lease transactions is omitted because it is immaterial.

(2) Operating lease transactions

Future minimum lease payments for only non-cancelable contracts of operating lease transactions:

	Millions of yen		Thousands of U.S. dollars
	2019	**2020**	**2020**
Due within one year	¥1,701	**¥ 2,565**	**$ 23,857**
Due after one year	4,942	**16,104**	**149,792**
Total	¥6,643	**¥18,669**	**$173,649**

Note: Estimated amounts are used for transactions in which the lease amount is not finalized.

(As lessor)

(1) Finance lease transactions

The description on the financial lease transactions is omitted because it is immaterial.

(2) Operating lease transactions

Future minimum lease payments for only non-cancelable contracts of operating lease transactions:

	Millions of yen		Thousands of U.S. dollars
	2019	**2020**	**2020**
Due within one year	**¥1,176**	**¥1,394**	**$12,962**
Due after one year	**7,935**	**7,666**	**71,308**
Total	**¥9,111**	**¥9,060**	**$84,270**

Note: Estimated amounts are used for transactions in which the lease amount is not finalized.

(3) Sub-lease transaction

The description or the sub-lease transaction is omitted because it is immaterial.

NOTE 11 | FINANCIAL INSTRUMENTS

(1) Matters regarding the conditions of financial instruments

(a) Policies on financial instruments

It is the policy of the Group to limit its fund management to safe and highly liquid deposits while raising funds primarily through loans from financial institutions and the issuance of corporate bonds in view of the market climate and interest-rate trends. Derivatives are utilized for hedging against the risks described below, not for speculative purposes.

(b) Qualitative information (risks and risk management system) on financial instruments

Trade receivables, which are operating receivables, are exposed to credit risk of customers. In regard to the credit risk, the business management departments of each business unit periodically monitor the status of collection of trade receivables by each customer, manage due dates and balances of trade receivables, and identify and mitigate the default risk of customers at an early stage.

Investment securities are mainly equities acquired in connection with business and are exposed to volatility risks of their market prices. The monitored fair values are reported periodically to the Board of Directors.

Accounts payable, which are operating liabilities, are mostly due within one year.

Borrowings and corporate bonds are intended to procure funds necessary mainly for capital investments and working capital. Borrowings with floating interest rates are exposed to interest-rate fluctuation risk. Derivative transactions (interest-rate swaps) are utilized to hedge the interest-rate fluctuation risk for certain long-term borrowings. These derivative transactions are utilized for every individual agreement to convert variable interest rates on borrowings to fixed interest rates. As for interest-rate swap agreements meeting certain hedging criteria, the evaluation of hedge effectiveness is omitted.

In addition, the borrowings and account payable are exposed to liquidity risks. The Group manages liquidity risks in such a manner that each group company makes and updates its cash flow management plan on a monthly basis.

(c) Supplemental information on fair values

The fair values of financial instruments are calculated based on market prices, or by using reasonable estimates when market prices are no available. These estimates include variable factors, and are subject to fluctuation due to changes in the underlying assumptions. The contract amounts of the derivatives disclosed in NOTE 13, "DERIVATIVE FINANCIAL INSTRUMENTS" below are not an indicator of the market risk associated with derivative transactions.

(2) Matters regarding fair values of financial instruments

Book value, fair value and the differences between them as of the end of the previous fiscal year and fiscal year under review are as shown below. (It excludes those whose fair values were difficult to determine. Please see Note 2.)

	Millions of yen						Thousands of U.S. dollars		
	2019			**2020**			**2020**		
	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and time deposits	¥ 21,762	¥ 21,762	¥ —	**¥ 28,594**	**¥ 28,594**	**¥ —**	**$ 265,968**	**$ 265,968**	**$ —**
(2) Notes and accounts receivable	25,789	25,789	—	**22,622**	**22,622**	**—**	**210,419**	**210,419**	**—**
(3) Investment securities									
(a) Held-to-maturity debt securities	31	31	0	**10**	**10**	**—**	**93**	**93**	**—**
(b) Available-for-sale securities	67,392	67,392	—	**53,833**	**53,833**	**—**	**500,726**	**500,726**	**—**
(4) Notes and accounts payable	(25,866)	(25,866)	—	**(23,707)**	**(23,707)**	**—**	**(220,507)**	**(220,507)**	**—**
(5) Short-term loans	(179,833)	(179,833)	—	**(179,720)**	**(179,720)**	**—**	**(1,671,658)**	**(1,671,658)**	**—**
(6) Corporate bonds*1	(180,090)	(183,537)	3,447	**(215,050)**	**(216,129)**	**1,079**	**(2,000,279)**	**(2,010,311)**	**10,032**
(7) Long-term loans*2	(250,646)	(263,027)	12,381	**(247,643)**	**(257,856)**	**10,213**	**(2,303,439)**	**(2,398,441)**	**95,002**
(8) Long-term liabilities incurred for purchase of railway transport facilities*3	(99,725)	(99,725)	—	**(88,615)**	**(88,615)**	**—**	**(824,248)**	**(824,248)**	**—**
(9) Derivative transactions	—	—	—	**—**	**—**	**—**	**—**	**—**	**—**

*1. Corporate bonds include its redemptions due within one year.

*2. Long-term loans include a current portion of long-term debts.

*3. Long-term liabilities incurred for purchase of railway transport facilities includes its repayments due within one year.

Note 1. Calculation method of fair values of financial instruments

(1) Cash and time deposits and (2) Notes and accounts receivable

The book values of cash and time deposits and trade receivables approximate fair value because of their short-term maturities.

(3) Investment securities

The fair values of stocks are determined using the quoted price at the stock exchange, while the fair values of bonds are determined using the quoted price at the stock exchange or the quoted price obtained from the financial institutions. Regarding notes to securities according to holding purposes, refer to NOTE 12, "SECURITIES."

(4) Notes and accounts payable and (5) short-term loans

The book values of accounts payable and short-term loans approximate fair value because of their short-term maturities.

(6) Corporate bonds

The fair value of corporate bonds is based on the quoted market price.

(7) Long-term loans

The book value of long-term loans with floating interest rates approximates fair value because the fair value of long-term loans with floating interest rates reflects market interest rate within a short period of time. The fair value of long-term loans with fixed interest rates is determined by the present value of the total of principal and interest discounted by the interest rate to be applied if similar new loans are entered into.

(8) Long-term liabilities incurred for purpose of railway transport facilities

The book value of long-term liabilities incurred for purpose of railway transport facilities approximates fair value because the interest is updated within a short period of time.

(9) Derivatives

Please see NOTE 13, "DERIVATIVE FINANCIAL INSTRUMENTS" for information on derivative transactions.

Note 2. The book value of financial instruments whose fair value is extremely difficult to determine

	Millions of yen		Thousands of U.S. dollars
	2019	**2020**	**2020**
Unlisted stocks	¥ 646	**¥ 644**	**$ 5,994**
Investment in limited partnerships and the like	6,407	**5,068**	**47,137**

These items are not included in "(b) Available-for-sale securities in (3) Investment securities," because it is extremely difficult to determine fair values as market price or future cash flow is not available.

Note 3. Redemption schedule for financial assets with maturities

Year ended March 31, 2019

	Millions of yen			
	Within one year	One to five years	Five to 10 years	After 10 years
Cash and time deposits	¥21,762	¥—	¥—	¥—
Trade receivables	25,789	—	—	—
Held-to-maturity debt securities:				
Government bonds	31	—	—	—
Total	¥47,582	¥—	¥—	¥—

Year ended March 31, 2020

	Millions of yen				Thousands of U.S. dollars			
	Within one year	One to five years	Five to 10 years	After 10 years	Within one year	One to five years	Five to 10 years	After 10 years
Cash and time deposits	**¥28,594**	**¥—**	**¥—**	**¥—**	**$265,968**	**$—**	**$—**	**$—**
Trade receivables	**22,622**	**—**	**—**	**—**	**210,419**	**—**	**—**	**—**
Held-to-maturity debt securities:								
Government bonds	**10**	**—**	**—**	**—**	**93**	**—**	**—**	**—**
Total	**¥51,226**	**¥—**	**¥—**	**¥—**	**$476,480**	**$—**	**$—**	**$—**

Note 4. Redemption schedule for corporate bonds, long-term loans and long-term liabilities incurred for purchase of railway transport facilities after the consolidated closing date

Year ended March 31, 2019

	Millions of yen					
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Corporate bonds*1	¥30,040	¥30,025	¥20,010	¥10,010	¥ 5	¥ 90,000
Long-term loans*2	21,607	24,175	28,973	16,585	32,345	126,961
Long-term liabilities incurred for purchase of railway transport facilities*3	10,803	8,381	8,448	7,949	6,759	53,598

Year ended March 31, 2020

	Millions of yen					
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Corporate bonds*1	**¥30,025**	**¥20,010**	**¥30,010**	**¥ 5**	**¥ —**	**¥135,000**
Long-term loans*2	**24,212**	**29,206**	**18,692**	**34,052**	**25,541**	**115,940**
Long-term liabilities incurred for purchase of railway transport facilities*3	**8,712**	**8,353**	**7,777**	**6,712**	**6,508**	**47,029**

	Thousands of U.S. dollars					
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Corporate bonds*1	**$279,276**	**$186,122**	**$279,137**	**$ 47**	**$ —**	**$1,255,697**
Long-term loans*2	**225,207**	**271,660**	**173,860**	**316,737**	**237,568**	**1,078,407**
Long-term liabilities incurred for purchase of railway transport facilities*3	**81,039**	**77,696**	**72,339**	**62,435**	**60,531**	**437,434**

*1. Corporate bonds include its redemptions due within one year.

*2. Long-term loans include a current portion of long-term debts.

*3. Long-term liabilities incurred for purchase of railway transport facilities includes its repayments due within one year. The above amounts are equivalent sum of figures of the consolidated balance sheet that removed consumption taxes.

NOTE 12 | SECURITIES

(1) Marketable held-to-maturity debt securities

Year ended March 31, 2019

	Millions of yen		
	Book value	Fair value	Difference
Securities, whose fair value exceeds their book value:			
Government bonds	¥31	¥31	¥ 0
Securities, whose fair value does not exceed their book value:			
Government bonds	—	—	—
Total	¥31	¥31	¥ 0

Year ended March 31, 2020

	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Securities, whose fair value exceeds their book value:						
Government bonds	**¥ —**	**¥ —**	**¥—**	**$ —**	**$ —**	**$—**
Securities, whose fair value does not exceed their book value:						
Government bonds	**10**	**10**	**—**	**93**	**93**	**—**
Total	**¥10**	**¥10**	**¥—**	**$93**	**$93**	**$—**

(2) Marketable other securities

Year ended March 31, 2019

	Millions of yen		
	Book value	Acquisition value	Difference
Securities, whose fair value exceeds their book value:			
Stocks	¥66,683	¥17,980	¥48,703
Securities, whose fair value does not exceed their book value:			
Stocks	709	933	(224)
Total	¥67,392	¥18,913	¥48,479

Note: Unlisted stocks of ¥646 million on the consolidated balance sheet and investment in limited partnerships and the like of ¥6,407 million on the consolidated balance sheet are not included in the above "Marketable other securities" because it is extremely difficult to estimate fair values.

Year ended March 31, 2020

	Millions of yen			Thousands of U.S. dollars		
	Book value	Acquisition value	Difference	Book value	Acquisition value	Difference
Securities, whose fair value exceeds their book value:						
Stocks	**¥48,823**	**¥12,138**	**¥36,685**	**$454,125**	**$112,899**	**$341,226**
Securities, whose fair value does not exceed their book value:						
Stocks	**5,010**	**6,417**	**(1,407)**	**46,601**	**59,686**	**(13,085)**
Total	**¥53,833**	**¥18,555**	**¥35,278**	**$500,726**	**$172,585**	**$328,141**

Note: Unlisted stocks of ¥644 million on the consolidated balance sheet and investment in limited partnerships and the like of ¥5,068 million on the consolidated balance sheet are not included in the above "Marketable other securities" because it is extremely difficult to estimate fair values.

(3) The net gain (loss) on sale of other marketable securities

The description on the net gain (loss) on sale of other marketable securities is omitted because it is immaterial.

(4) Impairment losses on marketable securities

Impairment losses on marketable securities are omitted because they are immaterial.

The Group records an impairment loss on marketable securities if their market value declines by 50% or more below their respective book value. For securities whose market value has declined by more than 30% but less than 50% below the book value, the Group considers the possibility of recovery and records the amount expected to be unrecoverable as an impairment.

NOTE 13 | DERIVATIVE FINANCIAL INSTRUMENTS

(1) Derivatives to which hedge accounting is not applied

Not applicable

(2) Derivatives to which hedge accounting is applied

Not applicable

NOTE 14 | EMPLOYEES' RETIREMENT BENEFITS

(1) Overview of retirement benefit system adopted

The Company and its consolidated subsidiaries offer a corporate pension fund plan based on a defined benefit plan and a lump-sum retirement payment plan, as well as the Smaller Enterprise Retirement Allowance Mutual Aid Scheme, while the Company and certain consolidated subsidiaries have adopted a defined contribution scheme, in addition to a defined benefit plan. These Companies may also pay extra retirement allowances to employees at retirement.

Certain consolidated subsidiaries calculated the retirement benefit obligations using the simplified method.

(2) Defined benefit plans (including plans applying the simplified method)

(a) Movements in defined benefit obligations during the years ended March 31, 2019 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Balance at beginning of the year	¥95,568	**¥93,064**	**$865,630**
Service cost	3,718	**3,692**	**34,343**
Interest cost	271	**226**	**2,102**
Actuarial differences	(291)	**(204)**	**(1,894)**
Benefits paid	(6,316)	**(5,062)**	**(47,082)**
Increase due to newly consolidated subsidiaries	106	**—**	**—**
Other	8	**(33)**	**(312)**
Balance at end of the year	¥93,064	**¥91,683**	**$852,787**

(b) Movements in plan assets during the years ended March 31, 2019 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Balance at beginning of the year	¥76,911	**¥74,879**	**$696,483**
Expected return on plan assets	890	**861**	**8,006**
Actuarial differences	(348)	**(2,482)**	**(23,075)**
Contributions paid by the employer	1,918	**1,879**	**17,476**
Benefits paid	(4,492)	**(3,407)**	**(31,693)**
Balance at end of the year	¥74,879	**¥71,730**	**$667,197**

(c) Reconciliation between the ending balance of the funded defined benefit obligation and plan assets and net defined benefit liabilities recorded in the consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Funded defined benefit obligations	¥ 66,262	**¥ 65,353**	**$ 607,876**
Plan assets	(74,879)	**(71,730)**	**(667,197)**
	(8,617)	**(6,377)**	**(59,321)**
Unfunded defined benefit obligations	26,802	**26,330**	**244,911**
Net liability recorded in the consolidated balance sheet	18,185	**19,953**	**185,590**
Net defined benefit liabilities	18,185	**19,953**	**185,590**
Net liability recorded in the consolidated balance sheet	18,185	**19,953**	**185,590**

(d) The components of retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Service cost	¥3,718	**¥3,692**	**$34,343**
Interest cost	271	**226**	**2,102**
Expected return on plan assets	(890)	**(861)**	**(8,006)**
Amortization of actuarial differences	(372)	**(332)**	**(3,089)**
Amortization of prior service cost	(8)	**(8)**	**(77)**
Retirement benefit expenses on defined benefit plans	¥2,719	**¥2,717**	**$25,273**

(e) The components of remeasurements of defined benefit plans (before tax effects) included in other comprehensive income for the years ended March 31, 2019 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Prior service cost	¥ (8)	**¥ (8)**	**$ (77)**
Actuarial differences	(429)	**(2,610)**	**(24,270)**
Total	¥(437)	**¥(2,618)**	**$(24,347)**

(f) The components of remeasurements of defined benefit plans (before tax effects) included in accumulated other comprehensive income for the years ended March 31, 2019 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	**2020**	**2020**
Unrecognized prior service cost	¥ (15)	**¥ (7)**	**$ (65)**
Unrecognized actuarial differences	(1,359)	**1,251**	**11,634**
Total	¥(1,374)	**¥1,244**	**$11,569**

(g) Plan assets

(i) Components of plan assets

The plan assets consist of the following:

	2019	**2020**
Bonds	40%	**40%**
Equity securities	16	**15**
General account assets	22	**24**
Cash and time deposits	11	**10**
Other	11	**11**
Total	100%	**100%**

(ii) Method of determining the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined considering the current and future expected allocation of plan assets and the current and future expected long-term rates of return from the various components of the plan assets.

(h) The assumptions used for the years ended March 31, 2019 and 2020 are as follows:

	2019	**2020**
Discount rate	Primarily 0.2%	**Primarily 0.2%**
Long-term expected rate of returns	Primarily 1.0%	**Primarily 1.0%**
Expected salary increase rate	Primarily 1.3%	**Primarily 1.3%**

(3) Defined contribution plans

The amounts of required contribution to the defined contribution plan of the Company and its consolidated subsidiaries and to the Smaller Enterprise Retirement Allowance Mutual Aid Scheme of its consolidated subsidiaries for the years ended March 31, 2019 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	**2020**	**2020**
Defined contribution plan	¥465	**¥462**	**$4,299**
Smaller Enterprise Retirement Allowance Mutual Aid Scheme	290	**282**	**2,626**

NOTE 15 | STOCK OPTIONS

(1) Submitting company

Not applicable

(2) Consolidated subsidiary (Shirohato Co., Ltd.)

(a) Item and amount of expenses for stock options
Not applicable

(b) Details including size and changes of stock options
(i) Stock options plans

	2nd stock option	3rd stock option
Date of resolution	August 13, 2013	August 13, 2013
Number of eligible persons by position	Directors of the company: 5	Employees of the company: 88
Total number and type of stock granted	909 shares of common stock	520 shares of common stock
Grant date	August 30, 2013	August 30, 2013
Prerequisite to be vested	Vesting requires continuous service from the grant date (August 30, 2013) to the vesting date (the date of public offering).	Vesting requires continuous service from the grant date (August 30, 2013) to the vesting date (the date of public offering).
Required service period	There is no provision for a required service period.	There is no provision for a required service period.
Exercise period	From April 23, 2014 to April 22, 2019	From April 23, 2014 to April 22, 2019

(ii) Size and changes of stock options
The following table summarizes movements of stock options during the year and price information on stock options as of March 31, 2020. The number of stock options are translated into the number of shares.
① Number of stock options

	2nd stock option	3rd stock option
Unvested stock options (shares)		
Outstanding at March 31, 2019	—	—
Granted	—	—
Forfeited	—	—
Vested	—	—
Outstanding at March 31, 2020	—	—
Vested stock options (shares)	—	—
Outstanding at March 31, 2019	22,400	10,700
Vested	—	—
Exercised	22,400	5,800
Forfeited	—	4,900
Outstanding at March 31, 2020	—	—

Notes: 1. Number of shares in the above table reflects a 100-for-1 stock split executed on November 29, 2013.

② Price information

	2nd stock option	3rd stock option	2nd stock option	3rd stock option
Exercise prices (yen)	**¥260**	**¥260**	**$ 2**	**$ 2**
Average stock price at exercise (yen)	**353**	**357**	**3**	**3**
Fair value at the grant date (yen)	**—**	**—**	**—**	**—**

Notes: Price information in the above table reflects a 100-for-1 stock split executed on November 29, 2013.

(3) Method for estimating fair value of stock options

As Shirohato Co., Ltd. was not a public company at the time of the grant of stock options, the method for estimating fair value of stock options is based on the estimate of the intrinsic value per unit.

In addition, the method for estimating the intrinsic value per unit is calculated by deducting the exercise price from the valuation of the company's shares, and the method for evaluating the shares of the company is determined by considering the value calculated by the discounted cash flow (DCF) method.

(4) Method for estimating number of vested stock options

Because it is difficult to reasonably estimate the number of options that will expire in the future, only the number of options that have actually forfeited is applied.

(5) The aggregate intrinsic value of stock options outstanding at March 31, 2020 and the aggregated intrinsic value of stock options exercised on the exercise date during the fiscal year ended March 31, 2020, based on intrinsic value.

	Millions of yen	Thousands of U.S. dollars
The aggregate intrinsic value of stock options outstanding	**¥—**	**$—**
The aggregate intrinsic value of stock options exercised during the fiscal year ended March 31, 2020	**¥ 3**	**$25**

NOTE 16 | DEFERRED TAX

(1) Significant components of deferred tax assets and liabilities

	Millions of yen		Thousands of U.S. dollars
	2019	**2020**	**2020**
Deferred tax assets:			
Net defined benefit liabilities	¥ 7,573	**¥ 8,073**	**$ 75,087**
Unrealized profits	6,486	**6,276**	**58,374**
Net operating loss carryforwards (Note 2)	3,833	**5,125**	**47,670**
Loss on impairment of fixed assets	5,512	**4,744**	**44,130**
Reserve for employees' bonuses	2,642	**2,666**	**24,795**
Excess depreciation	1,174	**1,072**	**9,976**
Asset retirement obligation	581	**679**	**6,312**
Accrued enterprise taxes	544	**493**	**4,587**
Loss on revaluation of land for sale	501	**490**	**4,562**
Allowance for doubtful accounts	352	**434**	**4,034**
Allowance for unredeemed gift certificates and others	402	**425**	**3,957**
Accrued fare	208	**186**	**1,731**
Other	4,119	**3,955**	**36,783**
Gross deferred tax assets	33,927	**34,618**	**321,998**
Valuation allowance pertaining to net operating loss carryforwards (Note 2)	(3,129)	**(5,067)**	**(47,135)**
Valuation allowance pertaining to future deductible temporary differences	(10,717)	**(12,462)**	**(115,911)**
Less: Valuation allowance (Note 1)	(13,846)	**(17,529)**	**(163,046)**
Total deferred tax assets	¥ 20,081	**¥ 17,089**	**$ 158,952**
Deferred tax liabilities:			
Unrealized gains on securities	¥(14,693)	**¥(10,713)**	**$ (99,649)**
Reserve for deduction of property and equipment	(3,496)	**(4,601)**	**(42,796)**
Valuation difference due to business combinations	(1,961)	**(1,750)**	**(16,277)**
Gain on securities contribution to employees' retirement benefits trust	(1,365)	**(1,365)**	**(12,697)**
Other	(445)	**(687)**	**(6,391)**
Total deferred tax liabilities	(21,960)	**(19,116)**	**(177,810)**
Net deferred tax assets and liabilities	¥ (1,879)	**¥ (2,027)**	**$ (18,858)**

Aside from the above, deferred tax assets and liabilities related to land revaluation are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	**2020**	**2020**
Deferred tax asset related to land revaluation	¥ 494	**¥ 494**	**$ 4,595**
Less: Valuation allowance	(494)	**(494)**	**(4,595)**
Total	—	**—**	**—**
Deferred tax liabilities related to land revaluation	(954)	**(954)**	**(8,875)**
Net deferred tax assets and liabilities related to land revaluation	(954)	**(954)**	**(8,875)**

Notes: 1. The changes in the valuation allowance principally reflected an increase in the valuation allowance for operating loss carryforwards.
2. A breakdown of net operating loss carryforwards and valuation allowance by expiry date is as follows:

Year ended March 31, 2019

	Millions of yen						
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years	Total
Operating loss carryforwards*	¥154	¥438	¥ 292	¥ 133	¥ 359	¥ 2,457	¥ 3,833
Valuation allowance	(53)	(147)	(283)	(133)	(359)	(2,154)	(3,129)
Deferred tax assets	101	291	9	—	—	303	704

* Operating loss carryforwards are derived after multiplying the statutory tax rate.

Year ended March 31, 2020

	Millions of yen						
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years	Total
Operating loss carryforwards*	**¥255**	**¥176**	**¥ 131**	**¥ 274**	**¥ 415**	**¥ 3,874**	**¥ 5,125**
Valuation allowance	**(255)**	**(173)**	**(131)**	**(274)**	**(380)**	**(3,854)**	**(5,067)**
Deferred tax assets	**—**	**3**	**—**	**—**	**35**	**20**	**58**

	Thousands of U.S. dollars						
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years	Total
Operating loss carryforwards*	**$2,370**	**$1,638**	**$ 1,222**	**$ 2,545**	**$ 3,859**	**$ 36,036**	**$ 47,670**
Valuation allowance	**(2,370)**	**(1,610)**	**(1,222)**	**(2,545)**	**(3,534)**	**(35,854)**	**(47,135)**
Deferred tax assets	**—**	**28**	**—**	**—**	**325**	**182**	**535**

* Operating loss carryforwards are derived after multiplying the statutory tax rate.

(2) A reconciliation of the significant differences between the normal effective statutory tax rate and the effective tax rate reflected in the accompanying consolidated statement of income

	2019	**2020**
The normal effective statutory tax rate	30.6%	**30.6%**
Adjustment for:		
Entertainment expenses not deductible for income tax purposes	0.3	**0.7**
Dividends received not taxable	(0.4)	**(0.4)**
Per capita inhabitants taxes	0.3	**0.4**
Valuation allowance on deferred tax assets	(5.1)	**14.4**
Other	1.6	**(1.9)**
The effective tax rate	27.3%	**43.8%**

NOTE 17 | BUSINESS COMBINATION

(Transactions under common control, etc.)

Enoshima Electric Railway Co., Ltd. to Become a Wholly Owned Subsidiary through a Share Exchange

(1) Overview of the transactions

At the Board of Directors meeting held on April 26, 2019, Odakyu Electric Railway Co., Ltd. (Odakyu Electric Railway) passed a resolution to effect a share exchange (the "Share Exchange") with its consolidated subsidiary Enoshima Electric Railway Co., Ltd., (Enoshima Electric Railway), under which Odakyu Electric Railway will become the wholly owning parent company and Enoshima Electric Railway will become the wholly owned subsidiary. The two companies entered into a share exchange agreement (the Share Exchange Agreement). The Share Exchange was implemented on October 1, 2019, and Enoshima Electric Railway became a wholly owned subsidiary of the Company.

(a) Name and business description of the parties implemented the business combination

	Wholly owning parent company in the share exchange	Wholly owned company in the share exchange
Company name	Odakyu Electric Railway	Enoshima Electric Railway
Business	Railway, real estate businesses, etc.	Railway, automobile, leisure/service, real estate businesses, etc.

(b) Date of business combination

October 1, 2019

(c) Legal form of the business combination

In the Share Exchange, Odakyu Electric Railway became the wholly owning parent company and Enoshima Electric Railway became the wholly owned subsidiary.

The Share Exchange was conducted as follows with an effective date of October 1, 2019: Odakyu Electric Railway conducted simplified share exchange procedures based on the provisions of Article 796, Paragraph 2 of the Companies Act without the approval of the ordinary general meeting of shareholders, and Enoshima Electric Railway received approval at the ordinary general meeting of shareholders held on June 27, 2019.

(d) Name of the company after the business combination

No change

(e) Purpose of the business combination

Through the Share Exchange, the Odakyu Group aims to achieve sustainable growth of Enoshima Electric Railway and the Enoshima and Kamakura areas, and to increase the Group's corporate value through strategic planning, rapid decision-making, and promotion of measures from a long-term perspective by integrating management.

(2) Outline of Accounting Treatment

The Share Exchange is accounted for as a transaction under common control in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and "Implementaion Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

(3) Additional acquisition of subsidiary's shares

(a) Acquisition cost of the acquired company and breakdown by type of consideration

	Millions of yen	Thousands of U.S. dollars
Consideration for the acquisition (common shares of the Company)	**¥8,220**	**$76,455**
Acquisition cost	**¥8,220**	**$76,455**

(b) Details of allotment in the Share Exchange

	Odakyu Electric Railway (wholly owning parent company in the share exchange)	Enoshima Electric Railway (wholly owned company in the share exchange)
Allotment ratio for the Share Exchange	1	1.2
Number of shares delivered through the Share Exchange	Number of common shares of the Company: 3,176,053 shares	

Notes: 1. Odakyu Electric Railway allotted and delivered 1.2 of its common shares per common share of Enoshima Electric Railway; provided, however, that no shares have been allotted for the 3,353,289 common shares of Enoshima Electric Railway held by Odakyu Electric Railway in the course of the Share Exchange.

2. All of the shares delivered by the Company were allocated from the Company's treasury stock.

(c) Method of calculating the share exchange ratio

In order to ensure the fairness and appropriateness of the calculation of the allotment ratio used in the Share Exchange (the Share Exchange Ratio), Odakyu Electric Railway and Enoshima Electric Railway decided to each separately request a third-party valuation institution, independent of both companies, to calculate the share exchange ratio for the Share Exchange. Odakyu Electric Railway and Enoshima Electric Railway appointed Mizuho Securities Co., Ltd. and AGS Consulting Co., Ltd., respectively, as third-party valuation institutions.

Odakyu Electric Railway and Enoshima Electric Railway have carefully considered the results of the due diligence review of the other party and other aspects with reference to the calculation results of the share exchange ratio received from their respective third-party valuation institution. They have also repeatedly conducted mutual negotiations and consultations with comprehensive consideration given to, among other factors, their respective financial conditions, asset status and future prospects. As a result, Odakyu Electric Railway and Enoshima Electric Railway have come to the conclusion that the Share Exchange Ratio is appropriate, and thus implemented the Share Exchange at the Share Exchange Ratio.

(4) Changes in the ownership interest of the parent due to transactions with non-controlling interests

(a) Major reason for changes in capital surplus
Additional acquisition of subsidiary's shares

(b) The amounts decreased in capital surplus through the transaction with non-controlling interests

Millions of yen	Thousands of U.S. dollars
¥569	**$5,298**

NOTE 18 | LEASING REAL ESTATE

The Company and certain consolidated subsidiaries own leasing commercial facilities and leasing office buildings centering on the area around Tokyo and Kanagawa prefectures. As real estate of which some portions are used as leasing property includes portions used by the Company and certain consolidated subsidiaries, it is shown as "Other properties used as leasing properties."

The book values in the consolidated balance sheet, changes during the fiscal year under and fair values of real estate, of which some portions are used as leasing property, are determined as follows.

(1) Fair value of leasing and other properties

Year ended March 31, 2019

	Millions of yen			
	Book value			Fair value
	2018	Changes during the year	2019	2019
Leasing properties	¥216,748	¥6,644	¥223,392	¥305,462
Other properties used as leasing properties	75,384	871	76,255	119,092

Year ended March 31, 2020

	Millions of yen			
	Book value			Fair value
	2019	Changes during the year	**2020**	**2020**
Leasing properties	**¥223,392**	**¥11,314**	**¥234,706**	**¥318,842**
Other properties used as leasing properties	**76,255**	**3,814**	**80,069**	**130,070**

	Thousands of U.S. dollars			
	Book value			Fair value
	2019	Changes during the year	**2020**	**2020**
Leasing properties	**$2,077,876**	**$105,232**	**$2,183,108**	**$2,965,697**
Other properties used as leasing properties	**709,280**	**35,481**	**744,761**	**1,209,841**

Notes: 1. The amount posted in the consolidated balance sheet is calculated by deducting the accumulated depreciation and amortization, and the accumulated loss on impairment of fixed assets from the acquisition cost.
2. For the fiscal year ended March 31, 2019, the main factor attributable to the increase were ¥2,896 million due to acquisition of the Odakyu Kanda Iwamotocho Building. For the fiscal year ended March 31, 2020, the main factors attributable to the increase were ¥3,599 million ($33,477 thousand) due to construction work for Nishi-Shinjuku 7-chome leasing facilities (Odakyu Nishi-Shinjuku O-PLACE, Resia Nishi-Shinjuku O-PLACE).
3. The market value as of end of the fiscal year is based, for main properties, on a real estate appraisal report prepared by a certified real estate appraiser, and for other properties, on certain appraised value or a price index considered to reflect the market value.

(2) Profit and loss on leasing properties

Year ended March 31, 2019

	Millions of yen			
	Leasing income	Leasing expenses	Difference	Other gains or losses
Leasing properties	¥17,972	¥ 8,926	¥9,046	¥(1,259)
Other properties used as leasing properties	17,964	12,440	5,524	(808)

Year ended March 31, 2020

	Millions of yen			
	Leasing income	Leasing expenses	Difference	Other gains or losses
Leasing properties	**¥18,555**	**¥ 9,394**	**¥9,161**	**¥ 86**
Other properties used as leasing properties	**19,393**	**14,401**	**4,992**	**(304)**

	Thousands of U.S. dollars			
	Leasing income	Leasing expenses	Difference	Other gains or losses
Leasing properties	**$172,595**	**$ 87,382**	**$85,213**	**$ 802**
Other properties used as leasing properties	**180,385**	**133,952**	**46,433**	**(2,830)**

Note: Others gains or losses, primarily composed of gains or losses on sale and losses on disposal, are recorded in extraordinary income (losses).

NOTE 19 | SEGMENT INFORMATION

(1) Segment information

(a) Overview of the reportable segments

The Group's reportable segments are determined on the basis that separate financial information for such segments is available and examined periodically by the Board of Directors, which makes decisions regarding the allocation of management resources and assesses the business performances of such segments.

The Group's businesses provide goods and services that support our customers' daily lives primarily along the Odakyu lines, centered on transportation but including merchandising, real estate, hotel, restaurant and other services.

For this reason, the Group consists of business segments with the business department as the basis. The three reportable segments are "transportation," "merchandising," and "real estate."

The main goods and services that fall under these reportable segments are listed below.

Transportation…Railway, bus, taxi, sightseeing boat, ropeway, etc.
Merchandising…Department store, supermarket, etc.
Real estate.........Sale of land and buildings, leasing of buildings

(b) Valuation method for reportable operating income (loss) and asset amounts

The accounting method for reportable business segments is presented in accordance with "Summary of significant accounting policies" in NOTE 2. The reportable operating income figures are based on operating income. Intersegment transactions are presented based on the current market prices.

(c) Information about revenue, operating income (loss), assets and others by reportable segment, for the years ended March 31, 2019 and 2020 was as follows:

Year ended March 31, 2019

	Millions of yen						
	Reportable segment						
	Transportation	Merchandising	Real estate	Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Revenue from operations:							
Customers	¥176,373	¥207,429	¥ 62,624	¥ 80,250	¥ 526,676	¥ —	¥ 526,676
Intragroup sales and transfers	2,920	3,253	6,383	26,687	39,243	(39,243)	—
Total	¥179,293	¥210,682	¥ 69,007	¥106,937	¥ 565,919	¥(39,243)	¥ 526,676
Segment income	¥ 29,266	¥ 2,960	¥ 13,759	¥ 5,939	¥ 51,924	¥ 166	¥ 52,090
Segment assets	¥682,269	¥ 74,073	¥391,603	¥119,170	¥1,267,115	¥ 45,319	¥1,312,434
Other:							
Depreciation and amortization (Note 4)	¥ 30,889	¥ 3,664	¥ 9,038	¥ 3,378	¥ 46,969	¥ (241)	¥ 46,728
Amortization of goodwill	—	83	—	167	250	32	282
Loss on impairment of fixed assets	63	371	153	175	762	371	1,134
Investment for affiliates applied for equity methods	12,113	—	—	—	12,113	—	12,113
Increase in property and equipment and intangible assets (Note 4)	43,136	11,058	20,931	14,429	89,554	—	89,554

Notes: 1. "Other" represents the following businesses, which are not included in the above reportable segment: hotel, restaurant, travel agent, golf course, railway maintenance service, building management and maintenance, advertising agency, horticulture and gardening, bookkeeping service, insurance agency and planning design and operation, and temporary staffing service.

2. Adjustments are as follows:

(a) Adjustments of ¥166 million for segment income include ¥198 million of intersegment elimination and negative ¥32 million of amortization of goodwill.

(b) Adjustments for segment assets amounting to ¥45,319 million include negative ¥99,369 million of intersegment elimination and ¥144,688 million of the Group's assets that have not been distributed to reportable segments.

(c) Adjustment for depreciation and amortization amounting to negative ¥241 million represents intersegment elimination.

(d) Adjustments for loss on impairment of fixed assets amounting to ¥371 million relates to corporate assets that are not allocated to each reportable segment.

3. "Segment income" is reconciled to operating income of consolidated statement of income.

4. "Depreciation and amortization," and "Increase in property and equipment and intangible assets" include additions to long-term prepaid expenses and its amortization.

Year ended March 31, 2020

	Millions of yen						
	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Transportation	Merchandising	Real estate				
Revenue from operations:							
Customers	**¥170,423**	**¥203,564**	**¥ 73,926**	**¥ 86,220**	**¥ 534,133**	**¥ —**	**¥ 534,133**
Intragroup sales and transfers	**2,752**	**3,000**	**6,552**	**26,036**	**38,340**	**(38,340)**	**—**
Total	**¥173,175**	**¥206,564**	**¥ 80,478**	**¥112,256**	**¥ 572,473**	**¥(38,340)**	**¥ 534,133**
Segment income	**¥ 21,641**	**¥ 4,374**	**¥ 12,940**	**¥ 2,090**	**¥ 41,045**	**¥ 59**	**¥ 41,104**
Segment assets	**¥682,224**	**¥ 72,653**	**¥396,030**	**¥137,514**	**¥1,288,421**	**¥ 39,883**	**¥1,328,304**
Other:							
Depreciation and amortization (Note 4)	**¥ 32,392**	**¥ 3,792**	**¥ 9,375**	**¥ 4,151**	**¥ 49,710**	**¥ (82)**	**¥ 49,628**
Amortization of goodwill	**—**	**87**	**—**	**448**	**535**	**—**	**535**
Loss on impairment of fixed assets	**1**	**1,199**	**205**	**946**	**2,351**	**—**	**2,351**
Investment for affiliates applied for equity methods	**12,399**	**—**	**—**	**—**	**12,399**	**—**	**12,399**
Increase in property and equipment and intangible assets (Note 4)	**40,941**	**5,498**	**29,548**	**15,612**	**91,599**	**—**	**91,599**

	Thousands of U.S. dollars						
	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Transportation	Merchandising	Real estate				
Revenue from operations:							
Customers	**$1,585,178**	**$1,893,438**	**$ 687,623**	**$ 801,975**	**$ 4,968,214**	**$ —**	**$ 4,968,214**
Intragroup sales and transfers	**25,600**	**27,906**	**60,946**	**242,170**	**356,622**	**(356,622)**	**—**
Total	**$1,610,778**	**$1,921,344**	**$ 748,569**	**$1,044,145**	**$ 5,324,836**	**$(356,622)**	**$ 4,968,214**
Segment income	**$ 201,293**	**$ 40,680**	**$ 120,361**	**$ 19,443**	**$ 381,777**	**$ 546**	**$ 382,323**
Segment assets	**$6,345,677**	**$ 675,783**	**$3,683,660**	**$1,279,081**	**$11,984,201**	**$ 370,966**	**$12,355,167**
Other:							
Depreciation and amortization (Note 4)	**$ 301,296**	**$ 35,267**	**$ 87,201**	**$ 38,613**	**$ 462,377**	**$ (763)**	**$ 461,614**
Amortization of goodwill	**—**	**806**	**—**	**4,167**	**4,973**	**—**	**4,973**
Loss on impairment of fixed assets	**7**	**11,152**	**1,909**	**8,801**	**21,869**	**—**	**21,869**
Investment for affiliates applied for equity methods	**115,329**	**—**	**—**	**—**	**115,329**	**—**	**115,329**
Increase in property and equipment and intangible assets (Note 4)	**380,807**	**51,142**	**274,838**	**145,219**	**852,006**	**—**	**852,006**

Notes: 1. "Other" represents the following businesses, which are not included in the above reportable segment: hotel, restaurant, travel agent, golf course, railway maintenance service, building management and maintenance, advertising agency, bookkeeping service, insurance agency and planning design and operation, and temporary staffing service.

2. Adjustments are as follows:

(a) Adjustment for segment income amounting to ¥59 million ($546 thousand) represents intersegment elimination.

(b) Adjustments for segment assets amounting to ¥39,883 million ($370,966 thousand) include negative ¥104,436 million (negative $971,413 thousand) of intersegment elimination and ¥144,319 million ($1,342,379 thousand) of the Group's assets that have not been distributed to reportable segments.

(c) Adjustment for depreciation and amortization amounting to negative ¥82 million (negative $763 thousand) represents intersegment elimination.

3. "Segment income" is reconciled to operating income of consolidated statement of income.

4. "Depreciation and amortization," and "Increase in property and equipment and intangible assets" include additions to long-term prepaid expenses and its amortization.

(2) Related information

(a) Information by product and service
Since the segments of products and services are the same as the reportable segments, information by product or service is omitted.

(b) Information by geographical area
(i) Revenue from operations
Since the revenues to external customers in Japan exceed 90% of the revenues from operations on the consolidated statement of income, the information is omitted.

(ii) Property and equipment
Since the amount of property and equipment located in Japan exceeds 90% of the amount of property and equipment recorded on the consolidated balance sheet, the information is omitted.

(c) Information by major customer
Since no customer accounts for 10% or more of the revenues from operations on the consolidated statement of income, information by major customer is omitted.

(3) Loss on impairment of fixed assets by reportable segments

The description on the loss on impairment of fixed assets by segment for the years ended March 31, 2019 and 2020 is omitted because it is disclosed in "Segment information."

(4) Information on amortization of goodwill and unamortized balance by reportable segment

Year ended March 31, 2019

	Millions of yen					
	Transportation	Merchandising	Real estate	Other	Adjustment	Consolidated
Balance at the end of the fiscal year under review	¥—	¥749	¥—	¥3,107	¥—	¥3,856

Year ended March 31, 2020

	Millions of yen					
	Transportation	Merchandising	Real estate	Other	Adjustment	Consolidated
Balance at the end of the fiscal year under review	**¥—**	**¥10**	**¥—**	**¥2,147**	**¥—**	**¥2,157**

	Thousands of U.S. dollars					
	Transportation	Merchandising	Real estate	Other	Adjustment	Consolidated
Balance at the end of the fiscal year under review	**$—**	**$95**	**$—**	**$19,969**	**$—**	**$20,064**

Note: The description on amortization by reportable segment for the years ended March 31, 2019 and 2020 is omitted because it is disclosed in "Segment information."

(5) Information on gain on negative goodwill by reportable segment

Not applicable

NOTE 20 | RELATED PARTY TRANSACTIONS

Year ended March 31, 2019
Not applicable

Year ended March 31, 2020
Not applicable

NOTE 21 | PER SHARE INFORMATION

The following tables show net assets per share and net income per share.

	Yen		U.S. dollars
	2019	**2020**	**2020**
Net assets	¥1,061.37	**¥1,066.01**	**$9.92**
Net income—basic	90.11	**55.08**	**0.51**

Notes: 1. Diluted net income per share is not presented, as the Group did not hold any potentially dilutive securities for the years ended March 31, 2019 and 2020.

2. For the purpose of calculating net assets per share, the Company's shares held by the Director's Compensation Trust (the Trust) are included in treasury shares excluded from the total number of outstanding shares as of the fiscal year-end (166 thousand shares for the fiscal year ended March 31, 2019 and 166 thousand shares for the fiscal year ended March 31, 2020).
For the purpose of calculating net income per share, these shares held by the Trust were included in treasury shares excluded from the calculation of the average number of outstanding shares during the fiscal year (104 thousand shares for the fiscal year ended March 31, 2019 and 166 thousand shares for the fiscal year ended March 31, 2020).

3. The basis for the respective calculation of net income per share is as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	**2020**	**2020**
Net income attributable to owners of the parent	¥32,468	**¥19,923**	**$185,316**
Amount not attributable to common stockholders	—	**—**	**—**
Net income attributable to owners of the parent related to common shares	32,468	**19,923**	**185,316**
Weighted average number of shares issued and outstanding during the period (shares)	360,338,635	**361,717,333**	**361,717,333**

NOTE 22 | SUBSEQUENT EVENTS

Establishment of Subsidiary through Simplified Incorporation-Type Company Split

Based on a resolution of the Board of Directors held on December 20, 2019, the Company established the wholly owned subsidiary Odakyu SC Development Co., Ltd. (the "New Company") through a simple incorporation-type company split with an effective date of April 1, 2020, and implemented the demerging of the Company's commercial facility management business into the New Company (the "Company Split").

(1) Purpose of the Company Split

Through the Company Split, the Company aims to strength the business promotion system for the real estate leasing business.

(2) Outline of the Company Split

(a)Schedule of the Company Split

Approval date of the Company Split	December 20, 2019
Date of the Company Split (effective date)	April 1, 2020

Note: The Company Split satisfies the requirements for a simplified demerger pursuant to the provisions of Article 805 of the Companies Act, and therefore, approval by the shareholders meeting has been omitted.

(b) Method of the Company Split
This is a simple incorporation-type company split in which the Company is the splitting company and the New Company is the succeeding company.

(c) Allocation of the Company Split
The New Company will issue 1,000 shares upon the Company Split, all of which have been allotted to the Company.

(d) Treatment of stock acquisition right and bonds with stock acquisition right in the Company Split
Not applicable

(e) Increase/decrease in capital stock due to the Company Split
There will be no change in the Company's capital stock as a result of the Company Split.

(f) Rights and obligations to be succeeded by the New Company
The New Company shall, except as otherwise provided for in the incorporation-type company split plan approved on December 20, 2019, inherit all of the assets, liabilities, contractual positions and accompanying rights and obligations related to the commercial facility management business from the Company.

(g) Prospects of fulfilling financial obligations
The Company has determined that the obligations of the New Company falling due on or after the effective date of the Company Split are likely to be fulfilled.

(3) Outline of parties involved in the Company Split

	Splitting company	New Company
Company name	Odakyu Electric Railway Co., Ltd.	Odakyu SC Development Co., Ltd.
Head office	2-28-12 Yoyogi, Shibuya-ku, Tokyo	1-8-3 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Representative	Koji Hoshino, Executive President and Representative Director	Yoshihiko Shimooka, Representative Director
Business	Railway business, real estate business, etc.	Commercial facility management business, commercial facility development business
Capital stock	¥60,360 million [$561,435 thousand]	¥100 million [$930 thousand]
Established	June 1, 1948	April 1, 2020
Issued shares	368,497,717 shares	1,000 shares
Fiscal year-end	March 31	March 31

Note: There are no changes to the above items of the Company, the splitting company.

(4) Outline of the business divisions to be split

(a) Business of the division to be split
Operation of commercial facilities

(b) Operating results of the business divisions to be split (fiscal year ended March 31, 2020)

Operating revenue	**¥32,169 million [$299,220 thousand]**

(c) Amounts of assets and liabilities to be split

(As of March 31, 2020)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	**¥137 million [$1,280 thousand]**	Current liabilities	**¥2,577 million [$23,968 thousand]**
Noncurrent assets	**¥35,142 million [$326,870 thousand]**	Long-term liabilities	**¥23,911 million [$222,414 thousand]**
Total	**¥35,279 million [$328,150 thousand]**	Total	**¥26,488 million [$246,382 thousand]**

(5) Outlook for the future

Since the New Company will become a wholly owned subsidiary of the Company, the Company Split will have only a minor impact on the consolidated results of the Company, but it will contribute to improving the business results of the Odakyu Group over the medium to long term.

(6) Outline of the accounting treatment implemented

The Company Split is accounted for as a transaction under common control based on "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

Issuance of Unsecured Bonds

The Company issued the unsecured bonds based on the resolution of the Board of Directors' meeting convened on March 27, 2020. Details of the issuance are summarized as follows:

	Series 88 unsecured corporate bonds
(1) Amount	¥22 billion [$204.632 thousand]
(2) Interest rate	0.73% per annum
(3) Date of payment	April 23, 2020
(4) Date of redemption	April 23, 2040
(5) Purpose	Capital expenditures and bond redemption funds