May 2024

Odakyu Electric Railway Co., Ltd.

Principle Questions and Answers from the Teleconference for Institutional Investors and Analysts (Financial Results) for the Fiscal Year Ended March 31, 2024

Q1 Operating revenue in the Hakone area is recorded as ¥24.1 billion in fiscal 2023 and ¥26.7 billion in fiscal 2024 (Information for Investors page 33) and appears to be growing steadily. What are the main reasons for the increase in revenue?

- Operating revenues in the Hakone area include non-commuter and limited express Romancecar services of the Company's railways business, as well as transportation services such as Hakone Tozan Railway and Hakone Tozan Bus, and hotels in Hakone and Gotemba, etc.

Q2 I believe you sold UDS in April 2024, but what is the future direction of the hotel business?

- Currently, the Group is concentrating its management resources on hotels specializing in lodging and resort hotels that take advantage of local characteristics, mainly in areas along the railway lines where demand for lodging is expected to grow, such as Shinjuku and Hakone. The hotel business is also performing well, capturing growing domestic and inbound demand.
- Each hotel in Hakone has its own unique characteristics, attracting a wide range of guests, including the wealthy, the young, and inbound visitors. The Company aims to enhance profitability by promoting renewal of existing hotels.

Q3 "Continuous asset replacement, including the sale of property and equipment," is mentioned on the slide on Capital Allocation (Information for Investors page 22). On what scale is this planned to be carried out?

- During the period of structural reform from 2021 to 2023, the Company has been actively engaged in asset sales, with sales of ¥140 billion of real estate holdings and ¥20 billion of cross-shareholdings.
- Although we have no confirmed plans for major sales at this time, we will continue to replace assets, including sales of property and equipment, to control total assets with an awareness of capital costs and to strengthen the real estate domain.

Q4 The change in the basic policy for shareholder return from "consolidated dividend payout ratio" to "consolidated total return ratio" shows a change in the Company's stance toward shareholder returns. Still, it gives the impression that it is somewhat insufficient. I recognize that this is a time of investment, but can I expect to see a further strengthening of earnings in line with excess operating cash flow, etc.?

- Based on the assumption of a 30% shareholders' equity ratio, the Company will implement stable dividends and flexible share buybacks, with a target total consolidated payout ratio of at least 40% on average for FY2023 through FY2026
- The Company will consider strengthening shareholder returns while working to further increase operating cash flow.

Q5 I believe that Kanagawa Chuo Kotsu, an equity-method affiliate, is a listed parent/subsidiary pair. What is the future direction of this relationship?

- We are fully aware that there are negative opinions about parent-subsidiary listings due to governance issues. On the other hand, the Company and Kanagawa Chuo Kotsu are collaborating on the premise of creating business synergies, and we do not believe any issues such as conflicts of interest between the Company and other shareholders, which are generally referred to, have arisen.
- I assume you are asking if the Company is considering dissolving the parent-subsidiary listing. Nothing has been decided at this time.

Q6 You have set a consolidated financial target of 7% or more ROE for FY2030. What level of ROE will you aim for after completing the major investment in the Shinjuku West Gate Development Project?

- Although ROE was high in FY2023 and FY2024 due in part to the posting of substantial extraordinary income, it is projected at 5.7% in FY2025, reflecting an increase in net assets from the booking of extraordinary income.
- We will set ROA targets for each business moving forward and strengthen monitoring. While we will continue to expand growth investment, particularly in development along our railway lines, such as the Shinjuku West Gate Development Project, we are targeting ROE of 7% or more for FY2030, considering the timing of profits materialized. We aim to increase our profits further in the medium to long term.

Q7 Will schedule delays or material price increases affect the Shinjuku West Gate Development Project?

- We announced this February that our total investment would be approximately ¥130 billion, and we have factored in material price hikes and the like.
- We do not expect any significant changes to the schedule or profit contribution for the completion of the project in FY2029.

Note: This document is not a word-for-word transcription of questions and answers at the result briefing, but rather a summary prepared by the Company that contains additions and revisions.