

October 28, 2022

Odakyu Electric Railway Co., Ltd.

IR Office

## Financial Results in the Second Quarter of the Fiscal Year Ending March 31, 2023— FAQ

Note: This document presents some of the anticipated questions relating to the Company's financial results of the second quarter of the fiscal year ending March 31, 2023, together with answers to these questions. If you have any queries, etc., please contact the IR Office of Odakyu Electric Railway Co., Ltd. (+81-3-3349-2526)

### Q1. What is the current status of the Company's main businesses?

Railways (Odakyu Electric Railway Co., Ltd.)	Number of people passing through ticket gates (October 1-16 2022) Remained at approximately 80% of FY2019 for commuters and 90% of FY2019 for non-commuters Note: Excluding the impact of service suspension due to the typhoon in FY2019
Odakyu Department Stores	Sales (October 1-16 2022) Remained at approximately 60% for the Shinjuku Store, approximately 120% for the Machida Store, and 105% for the Fujisawa Store Note: Compared to FY2019 (excluding the impact of temporary closures due to the typhoon in FY2019) Note: The Odakyu department store main store ceased operation on October 2, 2022. Shinjuku West Gate HALC reopened following remodeling on October 4, 2022.
Hyatt Regency Tokyo	Occupancy rate (October 1-12 2022) 32.8%
Hakone area	Number of passengers using Hakone-Yumoto Station (October 9-15 2022) Weekdays: (32%) Weekends and public holidays: (33%) (compared with same period in FY2018)
	Hakone resort hotel* occupancy rate (October 1-12 2022) Remained at approximately 50% *Hakone resort hotels: Hotel De Yama, Hakone Highland Hotel, and Hakone Hatsuhana

### Q2. What is the construction schedule for the Shinjuku West Gate Redevelopment Plan?

- As stated in the news release from September 29, 2022, the Odakyu department store main store ceased operation on October 2, 2022 and demolition commenced from October 3, 2022.
- Going forward, demolition is scheduled to commence from April 2023 for Mosaic Street and second floor of Shinjuku MYLORD and from April 2025 for the MYLORD main store.

- Furthermore, while new construction is scheduled to overlap with demolition, the timing is still under consideration and will be announced once this timing has been confirmed.

(Reference) September 29 news release

“Notification Regarding the Commencement of Demolition of Existing Buildings in the Shinjuku West Gate Redevelopment Plan” (Japanese only)

<https://www.odakyu.jp/news/d9gsgg00000018v9-att/d9gsgg00000018vg.pdf>

### **Q3. Are you considering fare revisions and dynamic pricing in the railway business of the Odakyu Electric Railway?**

<Fare Revisions>

- While it remains difficult to predict future revenues due to the impact of COVID-19, we will first utilize a barrier-free fare system to accelerate the installation of barrier-free equipment, particularly on platform doors. We will consider an increase in fares as necessary, at the same time as monitoring future business circumstances.
- Additionally, we will continue to closely monitor the review of the Japanese government’s railway fare system.

<Dynamic Pricing>

- These measures are not under consideration at this time as a result of achieving a major decrease in congestion due to the completion of multiple double tracks, as well as the increasing decentralization of our customers resulting from the impact of COVID-19. Going forward, we will monitor changes to the business environment, including transportation trends, and will consider measures as necessary.

### **Q4. What will the impact of fare revisions and other changes be in FY2022 (including on Group companies)?**

Company Name	Impact in FY2022 (Estimation)	Implementation Date
Odakyu Electric Railway (express fare increase)	¥200 million	October 1, 2022
Hakone Tozan Railway (fare revision)	¥110 million	
Hakone Tozan Bus (fare revision)	¥80 million	
Odakyu Koutsu (fare revision)	¥70 million	November 14, 2022 (scheduled)

- Additionally, the impact from FY2023 onward is expected to be approximately ¥4.7 billion annually due to the utilization of a barrier-free fare system in the Odakyu Electric Railway.

**Q5. Are you considering fare revisions in the bus business, excluding Hakone Tozan Bus?**

- Each bus company is currently struggling with revenue and expenditure due to factors including people staying at home and widespread adoption of working from home. However, we are first engaging in expenditure improvement through self-supporting endeavors, such as reducing costs and reviewing capital investment.
- We are examining fare revisions, including their feasibility, while placing emphasis on passenger trends and other factors.

**Q6. What kind of impact has rising oil prices had on power costs?**

- Railway power costs have increased by approximately ¥1.0 billion in 2Q compared to the previous fiscal year and we expect an annual increase of approximately ¥2.8 billion compared to the previous fiscal year.
- Fuel costs for buses and taxis in each company increased by ¥0.2 billion in 2Q compared to the previous fiscal year and we expect an annual increase of approximately ¥0.3 billion compared to the previous fiscal year.

**Q7. What is the status of reservations at all Odakyu Group Hotels from November?**

- Occupancy rates from November onward are expected to be approximately 70% at city hotels and at Hakone resort hotels\*.

\*Hakone resort hotels: Hotel De Yama, Hakone Highland Hotel, and Hakone Hatsuhana

**Q8. What was the reasoning behind revising performance forecasts in FY2022?**

- We have partially revised the forecast of consolidated operations for FY2022 in light of performance up to 2Q and because forecasts are expected to be lower than those announced on April 28, 2022. This was despite expecting a certain recovery in demand in each business from 3Q onward, due to factors including decreasing cases of COVID-19.
- We made a downward revision to revenue from operations by ¥9.7 billion to ¥391.4 billion (2.4%

less than the previous forecast). At the same time, we made a downward revision to operating income by ¥5.0 billion to ¥19.6 billion (20.3% less than the previous forecast) and a downward revision to ordinary income by ¥4.0 billion to ¥18.3 billion (17.9% less than the previous forecast).

- Meanwhile, net income attributable to owners of the parent remained unchanged from the previous forecast of ¥10.0 billion through incorporation of factors including proceeds from sale of property and equipment up to 2Q.

### **Remarks**

Figures about business plans, future forecasts, and strategies other than historical facts are forward-looking statements reflecting management's view.

Since the forward-looking statements are based on information available at the time of disclosure, the actual results may differ from these forecasts due to changes in the economic climate, etc.