May 2023

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, 2023

Q1 With an FY2023 operating income target in the transportation business of ¥20.0 billion, what are the main causes for increased income?

- Amid the return to normal for social and economic activities, we expect an increase in income from non-commuter passengers, such as routine travel due to the promotion of initiatives for supporting people raising children and through stimulation of tourism demand, including inbound tourists. Furthermore, we anticipate effects from continued structural reforms.

Q2 Is the Company considering fare revisions?

- We will give consideration to fare revisions as necessary from the perspectives of maintaining and improving safety and services and ensuring sustainability, with a focus the recovery of revenue from transportation and the status of commodity prices and power costs, among other expenses.

Q3 Has utilization of the railway station barrier-free fare system contributed to an increase in income?

- Despite being the main source of revenue for installing barrier-free facilities and temporarily being recorded as income due to a disparity in the timing of recording income and depreciation, the railway station barrier-free fare system will not contribute to income in the long term.
- Furthermore, while we expect to collect approximately ¥4.8 billion annually by utilizing this system, a total of approximately ¥48.0 billion over the 10 year period of implementation, overall installation costs for facilities, including platform doors and elevators, during this period will be approximately ¥63.0 billion.

Q4 Please give a breakdown of the FY2030 operating income target in the real estate business of ¥30.0 billion.

- The ratio of sales and leasing in FY2022 operating income for the real estate business was 2:8, but sales fluctuates year on year due to the number of units recorded.
- In the FY2030 operating income target, we anticipate the expansion of condominium sales and growth of income, including an asset rotation model and special purpose company (SPC) investments, in the sales business. We also expect the Shinjuku West Gate Redevelopment Plan to contribute to income in the leasing business.

Q5 Please explain the amount invested by Odakyu in the Shinjuku West Gate Redevelopment Plan and the necessity of procuring additional funds.

- While the operating bodies developing the Shinjuku area are the Odakyu Group and Tokyo Metro, we signed a basic agreement with Tokyu Land Corporation as a candidate for a joint venture. This basic agreement is intended to maximize the value of this project through mutual cooperation between the two companies by providing management resources, in addition to their expertise. However, we also believe that the equivalent exchange system* will also contribute to reducing investments as an effect of this agreement.
- Specifically, the currently publicized total project cost (excluding the contribution of Tokyo Metro) of ¥200 billion is covered by Odakyu and the Tokyu Land Corporation.
- Furthermore, we are not currently considering procurement of funds through equity, such as increasing capital.

*An equivalent exchange system is a method of acquiring land and buildings according to the respective investment ratio of each party as a result of the outside company constructing buildings and the land owner investing (transferring) the land, where the land owner (Odakyu) and outside company (Tokyo Land Organization) become joint venture partners. Furthermore, the investment ratios are currently under consideration.

Q6 What has the impact of inbound tourism been on each section?

- Inbound revenue for the Odakyu Group (including transportation, department stores, and hotels) was approximately ¥24.0 billion in FY2018, but decreased to ¥6.4 billion in FY2022 due to the impact of COVID-19 and the closure of the Odakyu Department Store Shinjuku Store.
- Nevertheless, unit sales of the Hakone Freepass at the travel service counter for foreign tourists (Odakyu Sightseeing Service Center) in March 2023 recovered to approximately 70% compared to FY2019 (before COVID-19). The trend of recovery is remarkable, approximately 25 times sales in September 2022 (before border entry restrictions were eased). In particular, there has been an increase in tourists from South Korea, Hong Kong, Taiwan, and Singapore.
- In addition to the ratio of foreign guests staying at Hotel Century Southern Tower in Shinjuku returning to 80% of pre-COVID-19 levels in March 2023, we expect further recovery in inbound revenue for the entire Group going forward, such as the opening of HOTEL CLAD, a large hotel in Gotemba with a view of Mt. Fuji that is popular with inbound customers, in FY2019.

Q7 In your approach to shareholder returns, you state that you “take into account factors including capital efficiency.” How do you plan to allocate capital to shareholder returns?

- The sale of real estate and other items recorded in cash inflow include the sale of the Odakyu Dai-ichi Seimei Building in FY2022 and planned sale of the Odakyu Century Building in FY2023. Additionally, we plan to consider replacing assets in the future from the perspective of optimizing Odakyu-owned real estate and enhancing capital efficiency, taking into account factors including the age of properties and their profitability. As a result, we will consider increasing shareholder returns while maintaining financial soundness, without significantly increasing interest-bearing debt

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.