

Information for Investors

Results for the First Half of FY2024

November 18, 2024



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I. Message from the President & CEO

Message from the President & CEO

~ Rapid Growth as a Community-Based Value Creation Company ~

<Looking back on the first half>

- The financial results were favorable mainly due to higher-than-expected demand in the railways and hotel businesses. Based on this, we have made upward revisions to our full-year earnings forecast, and operating income is approaching our target for FY2026. We are currently reviewing our plans for the next fiscal year and beyond, but we will continue to lead the entire Group to steadily earn profits.
- In addition, the sale of UDS Ltd. was completed in the first half of the fiscal year. During the period of structural reform, we implemented measures of selling assets and rebuilding our business portfolio to ensure financial soundness. In the period of rapid growth, we will continue monitoring to improve our capital efficiency.
- The stock price fell due to the exclusion from the MSCI Japan Index, etc. in May. Although it improved after the announcement of the buyback of the Company shares in August, it is currently struggling to rise. We will continue to work to enhance corporate value while also keeping an eye on the stock price.

<Enhancing corporate value>

- Even in the period of rapid growth, we will **proactively control our balance sheet** in order to achieve our consolidated financial targets and further improve our profit levels and capital efficiency. In particular, we will continue to **invest actively** in growth areas and **strengthen shareholder returns** based on the shareholder return policy announced in May, with the **aim of improving ROE**. In addition, to **enhancing our human capital**, we will promptly address issues such as resolving labor shortages and investment in human resources focusing in growth areas.
- Although our Medium-Term Management Plan outlines various directions for growth, we are first and foremost a **“community-based value creation company.”** With the Shinjuku West Gate Development Project scheduled for completion in FY2029 at the forefront, we will continue to invest and develop areas mainly along the Odakyu Line, **grow together with the local community**, and enhance our corporate value.

Shigeru Suzuki President & CEO, November 2024

Ⅱ. Overview of Performance in First Half of FY2024 and Forecasts

II. (1) Actual performance overview for First Half of FY2024

Results compared to previous year

- Increased revenues and earnings due to change in the fiscal year-end for the Department Store and Stores and retail businesses (7-months consolidated accounting period). Increase in extraordinary income due to gain on sale of UDS Ltd.

Compared to initial forecast

- Revenue from operations** was below the plan in the Life Services business, but the Company's railway business exceeded the plan, resulting in an increase in revenue from operations of 0.9 billion
- Operating income** increased by ¥ 5 billion, mainly due to a decrease in expenses in the Company's railway business, and **net income attributable to owners of parent** increased by ¥ 3.9 billion

Millions of yen	First Half of FY2023	First Half of FY2024	Change	Initial forecast	Change
Revenue from operations	196,254	209,744	+13,490 (+6.9%)	208,800	+944 (+0.5%)
Transportation	85,554	87,139	+1,584	86,100	+1,039
Real Estate	38,671	41,979	+3,308	41,700	+279
Life Services	78,982	88,019	+9,036	89,100	△1,080
Adjustments	△6,954	△7,393	△438	△8,100	+706
Operating income	26,601	29,037	+2,436 (+9.2%)	24,000	+5,037 (+21.0%)
Transportation	15,246	17,250	+2,004	13,800	+3,450
Real Estate	8,427	7,244	△1,182	6,700	+544
Life Services	2,904	4,531	+1,626	3,500	+1,031
Adjustments	23	10	△12	0	+10
Ordinary income	27,041	29,770	+2,729 (+10.1%)	24,800	+4,970 (+20.0%)
Net income attributable to owners of parent	26,124	32,980	+6,856 (+26.2%)	29,000	+3,980 (+13.7%)

<Changes in segment presentation>

The former "Merchandising" and "Others" segments have been integrated under "Life Services".

Former segments (up to FY2023)	New segments (from FY2024)
Transportation	Transportation
Railways	Railways
Busses	Busses
Others	Others
Merchandising	Real Estate
Department Stores	Sales
Stores and retail	Leasing
Others	Others
Real Estate	Life Services
Sales	Department Stores
Leasing	Stores and retail
Others	Hotels
Hotels	Restaurants
Restaurants	Others
Others	

* Since the segment presentation has changed from FY2024, the previous fiscal year's results have been reclassified.

II. (2) Performance forecast for FY2024

Millions of yen	FY2023	FY2024	Change	Initial forecast	Change
Revenue from operations	409,837	424,000	+14,162 (+3.5%)	424,000	– (–)
Transportation	171,730	174,600	+2,869	173,300	+1,300
Real Estate	92,027	99,200	+7,172	97,900	+1,300
Life Services	161,505	167,100	+5,594	170,000	△2,900
Adjustments	△15,425	△16,900	△1,474	△17,200	+300
Operating income	50,766	48,000	△2,766 (△5.5%)	42,000	+6,000 (+14.3%)
Transportation	25,913	25,100	△813	20,400	+4,700
Real Estate	17,759	14,900	△2,859	14,200	+700
Life Services	7,058	8,000	+941	7,400	+600
Adjustments	36	0	△36	0	–
Ordinary income	50,670	46,700	△3,970 (△7.8%)	41,000	+5,700 (+13.9%)
Net income attributable to owners of parent	81,524	42,400	△39,124 (△48.0%)	38,000	+4,400 (+11.6%)
Capital investments	83,402	74,200	△9,202	86,900	△12,700
Depreciation	45,785	44,500	△1,285	45,100	△600
Interest-bearing debt	626,950	667,100	+40,149	663,700	+3,400
Interest-bearing debt / EBITDA ratio (times)	6.5	7.2	+0.7p	7.6	△0.4p
ROE*	20.3%	9.7%	△10.6p	8.8%	+0.9p

Results compared to previous year

- **Revenue from operations** increased due to the change in fiscal year-end for the Department Store and Store and retail businesses (13-months consolidated accounting period) and other factors
- **Operating income** decreased due to increased costs in the railway business and repercussions related to the increase in self-developed properties in the Real Estate business in the previous year and other factors
- **Net income attributable to owners of parent** decreased significantly due to repercussions related to gains on the sale of the Odakyu Century Building and other properties in the previous fiscal year

Compared to initial forecast

- **Revenue from operations** is expected to increase in the Transportation and Real Estate businesses, but decrease in the Life Services business, so the initial forecast remains unchanged
- **Operating income** has been revised upwards by ¥6 billion, due to the expected decrease in expenses in the railway business and other factors
- Taking into account share buybacks from August onwards, ROE of the fiscal year is expected to be 9.7%

* Net income attributable to owners of parent / Shareholders' equity (excluding unrealized gains on investment securities)

Ⅲ. Direction to Achieve Consolidated Financial Targets

Ⅲ. (1) Consolidated Financial Targets

- Aim to become a “community-based value creation company” and achieve sustainable profit growth while enhancing social and shareholder value

Approach to key indicators			FY2026 plan	FY2030 target	Long-term policies
Profit growth	Operating income	<ul style="list-style-type: none"> • Increase transportation revenue to record levels • Concentrate capital investment in real estate as the first pillar • Growth in digital • Continuation of business structure reforms 	¥50.0 billion Comparison with previous target*1 +¥4.0 billion	¥70.0 billion Comparison with previous target*1 +¥10.0 billion	Sustainable profit growth
Management with an awareness of capital cost	ROE*2	<ul style="list-style-type: none"> • Maintain a shareholders’ equity ratio of 30% • Strengthen growth investments and shareholder returns (Control total assets and net assets) • Set ROA targets by business and strengthen monitoring 	6.2%	7% or more	Further improvement
Securing of financial soundness	Interest-bearing debt/ EBITDA ratio	<ul style="list-style-type: none"> • Maintain the 7.0 times level and significantly improve it after the opening of the West Gate area of Shinjuku Station • Strengthen growth investments while maintaining current rating levels 	7.8 times	Approx. 7 times	Improvement through profit growth

*1 Comparison with targets announced in April 2023

*2 Net income attributable to owners of parent / shareholders’ equity (excluding net unrealized gain on securities)

Ⅲ. (2) Controlling ROA to achieve ROE targets

✓ **ROE** *1

FY2024 forecast

6 %*2

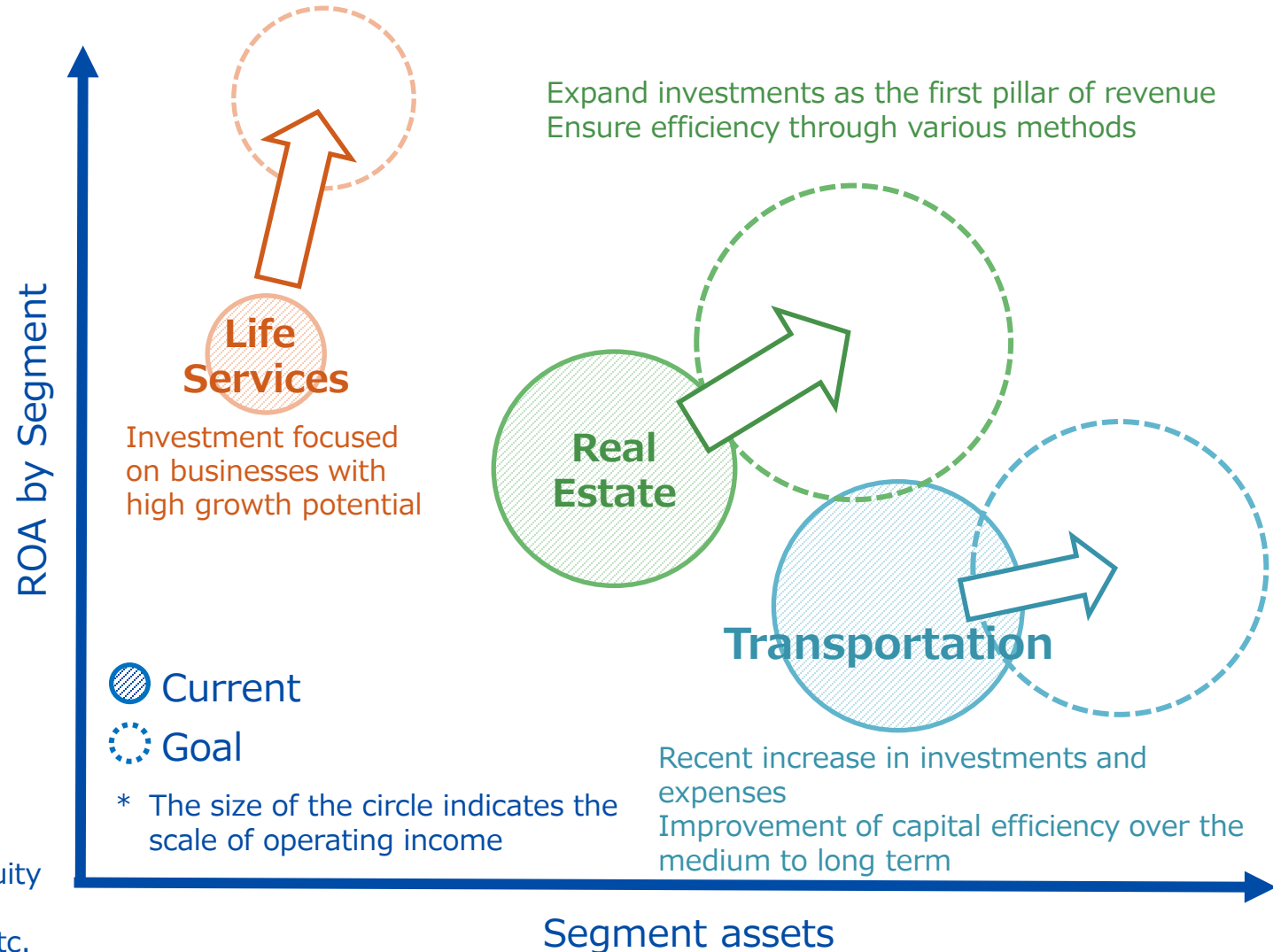


FY2030 target

7 % or more

- Sold large-scale assets and implemented drastic cost structure reforms during the period of structural reform (FY2021–FY2023)
- Improve and enhance profitability and efficiency by reviewing capital investments and business operations during the period of rapid growth (FY2024–2030)
- Set ROA targets for each segment and conduct monitoring for each business and company
- Continuously control properties and businesses that fall below the hurdle rate with a view to sale

■ ROA by Segment (conceptual image)



* 1 Net income attributable to owners of parent / shareholders' equity (excluding net unrealized gain on securities)

* 2 Excluding extraordinary income from the sale of large assets, etc.

Ⅲ. (3) Securing the capacity to raise funds for sustainable growth investments

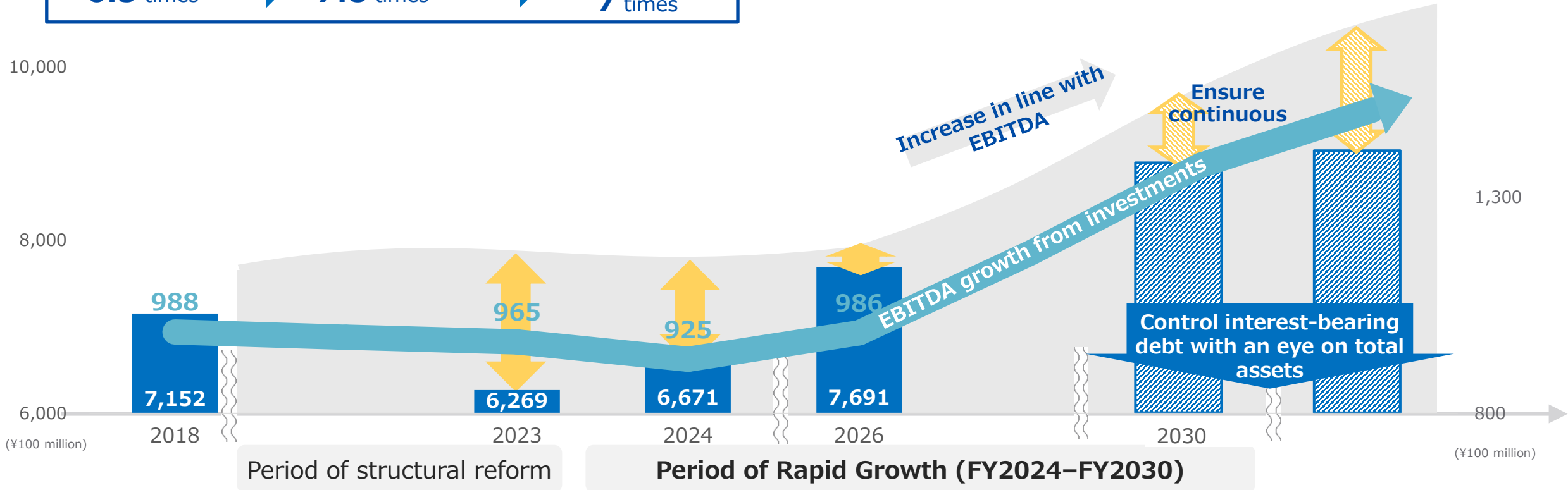
■ Capacity to raise funds based on interest-bearing debt and EBITDA (conceptual image)

✓ **Interest-bearing debt/ EBITDA ratio**

FY2023 results **6.5** times → FY2026 plan **7.8** times → FY2030 target **7** times

■ Interest-bearing debt ■ Amount of funds that can be raised based on target interest-bearing debt/EBITDA ratio

— EBITDA(right axis) ⇕ Capacity to raise funds



- Reduced interest-bearing debt by selling large-scale assets and recovering EBITDA, and created the capacity to raise funds
- Preparations in place for growth investments (including the Shinjuku West Gate Development Project), securing sufficient margin for dealing with the risk of rising construction and personnel costs

By increasing EBITDA through investments and controlling interest-bearing debt levels, we will continuously secure the capacity to raise funds, creating a virtuous cycle that will enable us to make sustainable growth investments

IV. Progress of Medium-Term Management Plan

IV. (1) Aggressive investment ① Transportation

- Investment and expenses for labor-saving and efficiency improvement are increasing to create a sustainable operating structure in response to labor shortages and disasters
- Aim to improve capital efficiency over the medium to long term by maximization of revenue, etc.

Sustainable Operating Structure

✓ **Structure for necessary personnel (by FY2035) -30%**

Note: Compared with FY2020 for the Company's railways business

[Creation of operating structure utilizing a small number of people]

- Launch of trial operation for conductor-less trains (from FY2025 on some sections of Hakone Tozan Railway)
- Making efficient of railway operations and downsizing of facilities

[Strengthening of safety and disaster prevention measures]

- Received an award for being an accident-free railway operator (10 years)
- Installation of platform doors on 107 platforms at 37 stations by FY2032

Target station : All stations from Shinjuku to Hon Atsugi, Chuo-Rinkan, Yamato, Fujisawa

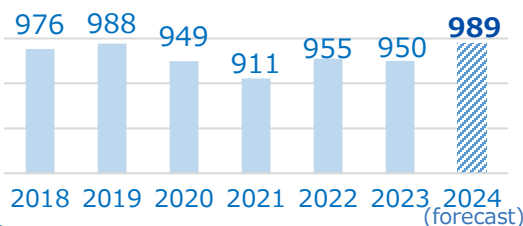
*Already installed on 34 platforms at 11 stations (As of November 2024)



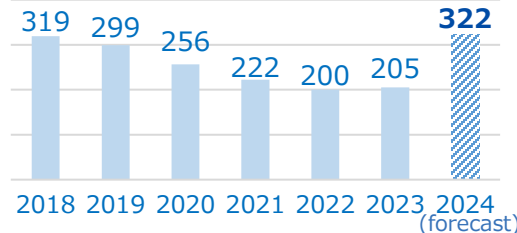
Hon-Atsugi Station

- Large-scale facility upgrades including the rail yard relocation plan (from Sagami-Ono to Isehara)

Operating expenses in the railways business of the Company (¥100 million)



Capital investment in the railways business of the Company (¥100 million)



Maximization of Revenue

[Strategic pricing]

- Railways business**
Ongoing review of fare revisions based on partial revision of the Cost of revenue calculation guidelines
- Bus business**
Fare revision (since June 2024 for Odakyu Bus in the parts of Tokyo metropolitan area and parts of Kawasaki City and Yokohama City)

[Creation of demand for outings]

- Begin designing the new Romancecar (scheduled to start operation in FY2028)
Commemorating 100 years of operation in 2027, a new train car that will lead the next 100 years
- Demonstration sales of the "Odakyu Ebina Passport," a limited-area subscription service that combines limited express train tickets and commercial services (from September 2024)
- New measures to increase revenue utilizing customer data, etc.
Expansion of "Odakyu Odekake Points" service, which allow customers to earn Odakyu points when using PASMO cards, to Odakyu Bus (from October 2024)
- Enhance measures to support families raising children using "mocoron"



December 2024 Odakyu Family Fun Festival

IV. (1) Aggressive investment ② Real Estate (Expansion of Investment)

- We aim to improve our medium- to long-term capital efficiency by focusing the investments in the real estate business as the first pillar of revenue
- During the period of rapid growth, we will expand investment in methods and fields with high capital efficiency, but after that period, we will increase regional value through a combination of aforementioned and investment in development along the Odakyu Line

Breakdown of Development along the Odakyu Line/Expansion of Investment Methods and Fields

✓ Real Estate Investment

Period of Rapid Growth
(FY2024–FY2030) Cumulative Total

Approximately **¥300.0 billion***

Investment Breakdown

Development along
the Odakyu Line

Approximately **60%**

Expansion of methods
and fields

Approximately **40%**

Zone A
(joint project)



Zone B
(Odakyu independent project)



■ Conceptual Image of Investment Breakdown



Odakyu Real Estate Logistics Center Kanie (Aichi Prefecture)
Completion in September 2024

Shinjuku West Gate Development Project

Construction started in FY2023 and is scheduled for completion in FY2029

Expand the scale

New offices, residences and commercial properties
(including Shinjuku West Gate Development Project)

Maintain a certain scale

Focus on large-scale redevelopment
along the Odakyu Line
(Shin-Yurigaoka, Machida, Ebina, etc.)

Asset rotation, SPC, overseas

Development and renewal

Maintenance and update

Period of structural reform

Secure investment capacity through property sales

Period of Rapid Growth (FY2024–FY2030)

Aim for early profit and future growth
Investments > Operating CF

After the period of rapid growth

Realize profits of development along the Odakyu Line

Investments < Operating CF

* Excluding investments in the real estate sales and asset rotation

IV. (1) Aggressive investment ② Real Estate (Profit Making)

- During the period of rapid growth, it takes time for the profits of development along the Odakyu Line to be realized, so we will expand investment methods and fields to acquire funds and expertise
- After the period of rapid growth when the profits of the Shinjuku West Gate Development Project are realized, we will further promote the development along the Odakyu Line while also obtaining profits through expansion of investment methods and fields

Profit making through expansion of investment methods and fields

✓ Operating income in the real estate business

FY2023 results
¥**17.8** billion



FY2030 target
¥**30.0** billion

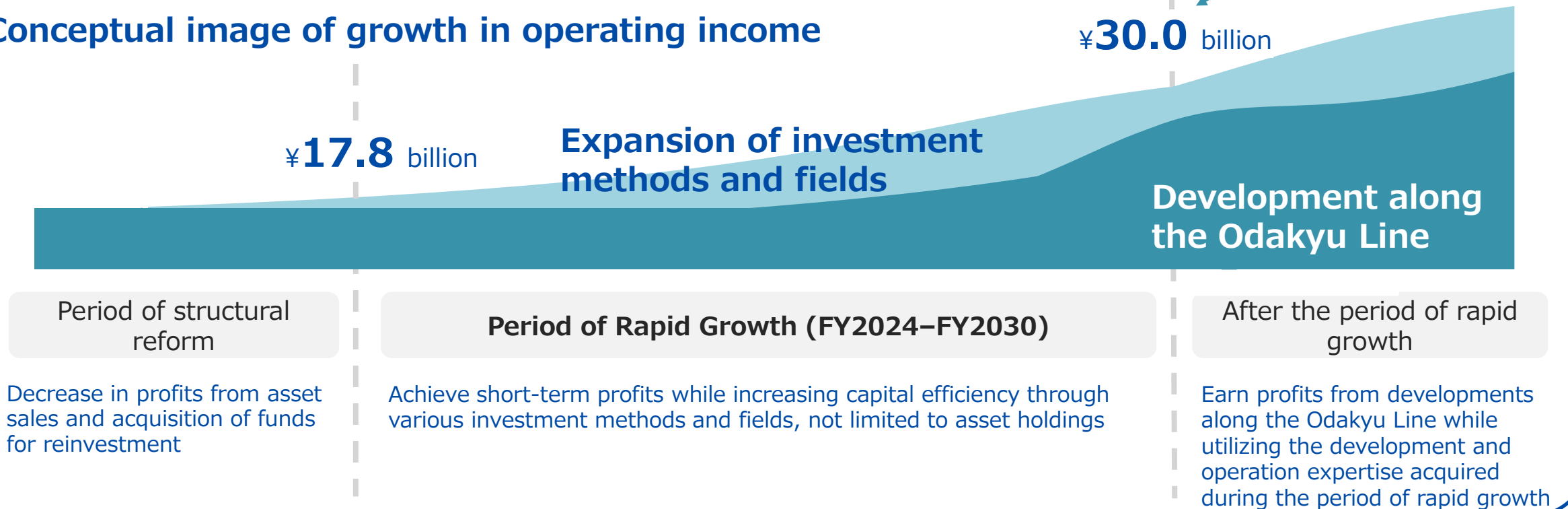
Breakdown of the ¥12.2 billion profit growth

Development along the Odakyu Line
Approximately **50%**

Expansion of methods and fields
Approximately **50%**

Shinjuku West Gate Development Project (scheduled for completion in FY2029)
Contribute to profit growth in the Shinjuku area

■ Conceptual image of growth in operating income



IV. (1) Aggressive investment (2) Real Estate (Business Expansion and Revenue Maximization through the Shinjuku West Gate Development Project)

- Increase the value of the area through the project (commerce, office, etc.) directly above the station that will become a symbol of Shinjuku, and maximize revenue, including existing businesses
- Making Shinjuku the top tourist hub (destination/gateway) in Japan and sending passengers to various areas along the Odakyu Line will bring about a ripple effect

Maximize revenue in the Shinjuku area

Shinjuku West Gate Development Project



Total investment by the Company
Approximately
¥130.0 billion



✓ Business opportunity

[Shinjuku West Gate Development Project]

• Joint project directly above the station* (Zone A)

- Commercial functions offering new experiences
- High-grade office functions
- Customer-centered business emergent functions

(Former: Odakyu Department Store Shinjuku Main Building)

[Existing businesses]

- ① Shinjuku Nishiguchi HALC (commerce)
- ② Odakyu Ace (commerce, restaurant, etc.)
- ③ Flags (commerce)
- ④ Odakyu Southern Tower (hotels, offices, etc.)

Construction started in FY2023 and is scheduled for completion in FY2029

• Odakyu independent project (Zone B)

- Commercial functions that respond to the needs of station users and capture changing trends (current: Shinjuku MYLORD)

*The Company, Tokyo Metro, and Tokyu Land

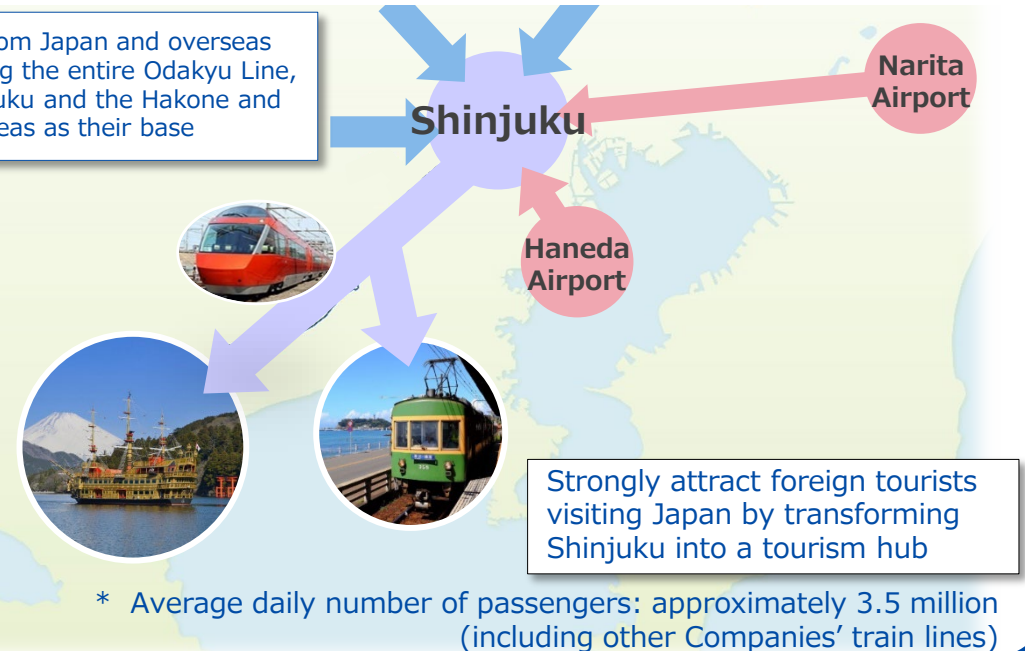
Capture tourism demand starting from Shinjuku

- Become the top inbound tourism hub in Japan that all foreign tourists visiting Japan will visit
- Focusing on Shinjuku Station*, which boasts the highest number of passengers of all stations in the world, we will work with other business operators to improve the attractiveness of the entire city and attract visitors and tourists from both Japan and overseas

✓ Business opportunity

- Increase tourism revenue along the Odakyu Line, including the Hakone and Shonan areas (transportation, commerce, hotels, etc.)

Tourists from Japan and overseas travel along the entire Odakyu Line, with Shinjuku and the Hakone and Shonan areas as their base



IV. (1) Aggressive investment ③Life Services (hotels)

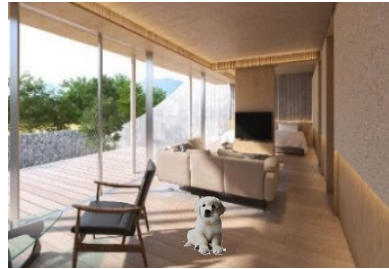
- Strengthen the hotel business by taking initiatives such as enhancing the value of existing facilities to maximize the capture of tourism demand
- Develop business mainly in the Hakone and Gotemba areas to capture domestic and overseas tourism demand

Enhance profitability through facility renovation

- Plan to increase the value of existing facilities such as the Hakone Lake Hotel (Togendai), Hakone Highland Hotel (Sengokuhara), and Hotel Century Southern Tower (Shinjuku) through renovations

[Hakone Lake Hotel Renovation]

New name: RETONA HAKONE
 Concept: The most exclusive hotel in the Hakone area specializing in dogs
 Opening date: December 2025 (plan)



Expanding revenues from hotel-related facilities

[Hotel Century Sagami-Ono Opening of restaurant floor]

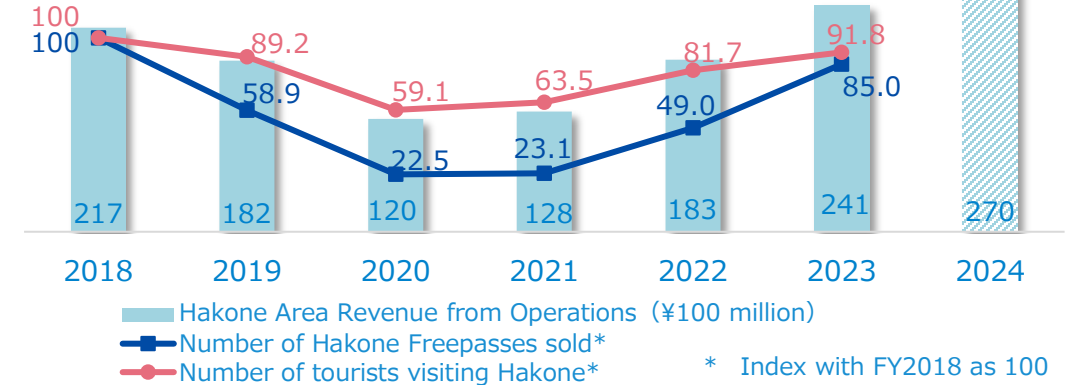
Name of dining facility: Gateway Sagamihara
 Overview: As a tenant, four restaurants and a banquet hall opened (direct management ended in 2021)
 Opening date: December 2024 (plan)



[Opening of glamping facility (Name TBD)]

Area: Near Hakonemachi-ko on Lake Ashi
 Overview: Invited a glamping facility to operate on land owned by our group
 Opening date: Spring of 2025 (plan)

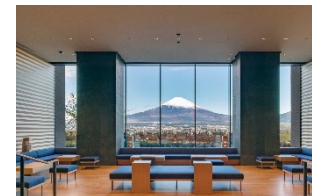
Hakone Area Operating Revenue and Tourism Data



[Hotels recently opened or renovated]



Hakone Yutowa (Gora)
 Newly opened in August 2019
 "All Inclusive" style
 "Condominium" type rooms are also available



HOTEL CLAD (Gotemba)
 Newly opened in December 2019
 Adjacent to the outlet mall, the view of Mt. Fuji is popular
 A single-day hot spring facility "Konohana no Yu" is also available

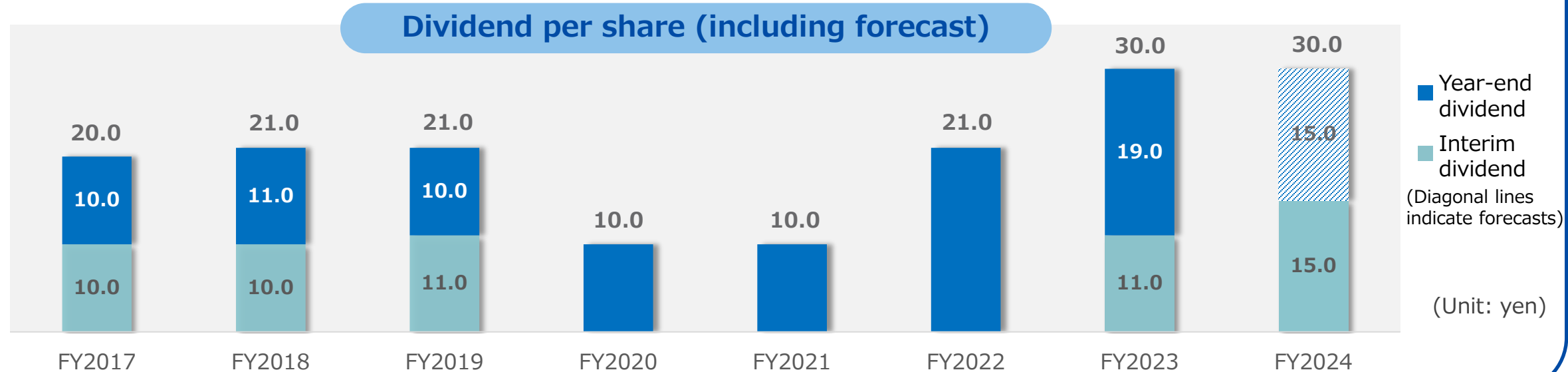


HATSUHANA (Okuyumoto)
 Renovated and reopened in September 2022
 All guest rooms are equipped with open-air baths, and new private baths have also been installed
 The unit price of a room more than doubled to a higher price range

IV. (2) Strengthen shareholder returns

- Based on the basic policy on shareholder returns announced in May, we will buy back Company shares again this year. We will continue to flexibly consider measures based on our basic policy

Basic policy	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
Dividend	FY2024: Annual dividends scheduled to be ¥30 per share
Share buybacks	Implementing for two consecutive years, taking stock prices and financial conditions into consideration FY2023 (actual): ¥12.3 billion Implemented considering business performance recovery and external environment FY2024 (maximum limit): ¥20.0 billion Utilizing funds from sales of shares of affiliated companies and cross-shareholdings



IV. (3) Enhancing our human capital

- Work on “securing and establishing human resources,” “leveraging the diversity of individuals,” and “strengthening the organizational foundation” to reinforce human capital
- We are currently tackling issues such as “investment in human resources focusing in growth areas,” and are promoting human resource strategies with a sense of speed

Overview of Human Resource Strategies

- Three priority issues are set to achieve our desired state and strengthen human capital by addressing each issue

Desired state

Development of value-creating human resources

- Cultivation of a corporate culture that enables all employees to work in their own unique way
- Development of human resources to achieve sustainable management

Human Resource Management Policy

- (Principle of action)
- Continue learning
 - Create value through co-creation
 - Communicate, resonate, and empathize

Strengthening of human capital

Improvement of employee engagement

Improvement of labor productivity

Priority issues

Securing and establishing human resources

Leveraging the diversity of individuals

Strengthening the organizational foundation

Recent Initiatives

[Securing and establishing human resources]

- Achieved a wage increase of approximately 10%, the highest level in the industry over a two-year period from FY2023

[Employee engagement]

- Conducted first engagement survey among our employees (99.4% response rate)
- While recognizing “good human relations” as one of our strengths, we will promptly consider measures to address issues and lead to improvements

[Recent issues addressed]

Investment in human resources focusing in growth areas

Systematic development of next-generation management personnel

Promotion of structural reforms to resolve labor shortages and securing human resources

Improvement of ease and satisfaction of working

小田急電鉄株式会社

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.