Information for Investors
Results for the First Half of FY2024

November 18, 2024

思う 誰かを 今日も

odakyu

Copyright 2024 Odakyu Electric Railway Co.,Ltd. All Rights Reserved.

Presenter President & CEO Shigeru Suzuki

Managing Executive Officer Hideo Mizuyoshi

Movie (Odakyu Electric Railway Official YouTube) :

https://youtu.be/EXpyJfe0IVI

*** Only available in Japanese**

Contents

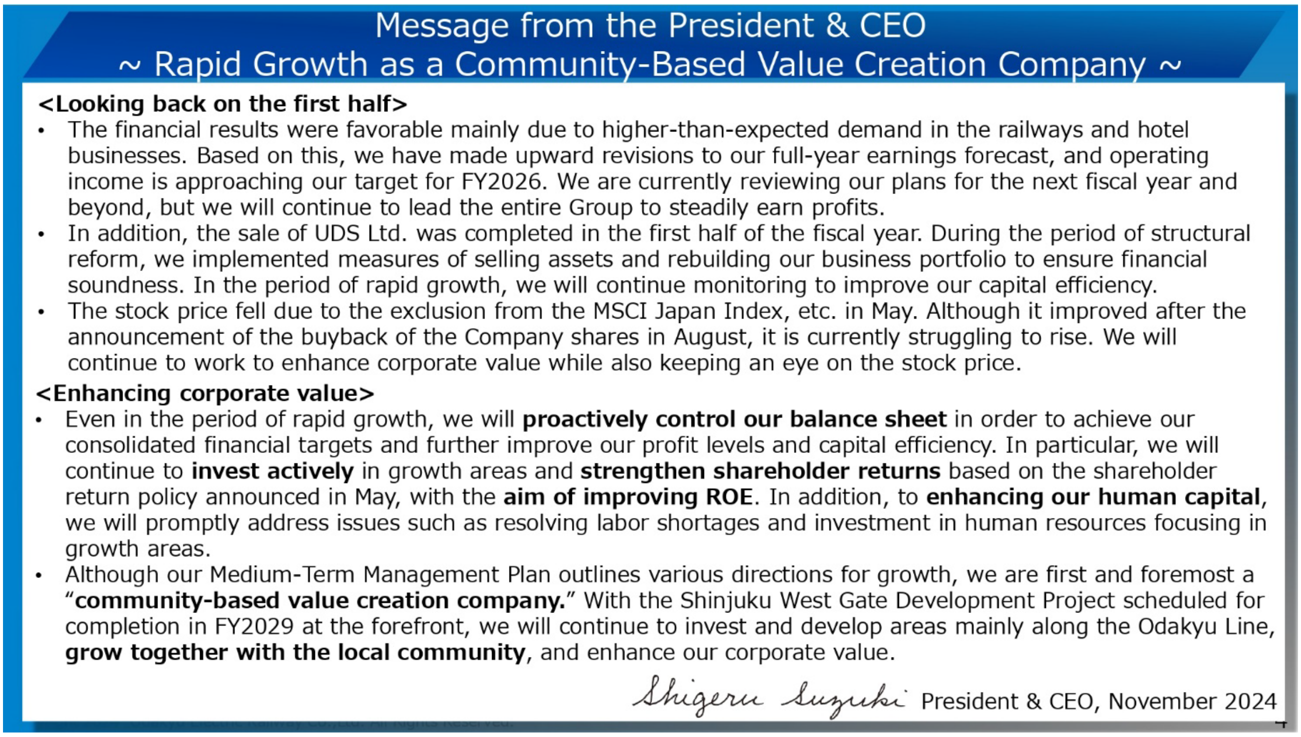
Copyright 2024 Odakyu Electric Railway Co.,Ltd. All Rights Reserved.

Suzuki: Once again, I am Suzuki. Thank you very much for taking time out of your busy schedule to join us today.

First, today's flow is as described. After I deliver my message, secondly, Director in charge of finance and IR Mizuyoshi will give an overview of this year's financial results and forecasts, and thirdly, an explanation of the direction to achieve our consolidated financial targets. And finally, fourthly, I would like to talk again about the progress of the medium-term management plan.

I. Message from the President & CEO

Copyright 2024 Odakyu Electric Railway Co.,Ltd. All Rights Reserved.



First of all, I would like to start with the top message, which summarizes what I would like to convey today. I will read and explain.

First, a review of H1.

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 H1. 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.

Next, 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.

Next, Director in charge of Finance & IR Mizuyoshi will give an overview of the financial results and forecasts. Please go ahead.

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

Copyright 2024 Odakyu Electric Railway Co.,Ltd. All Rights Reserved.

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

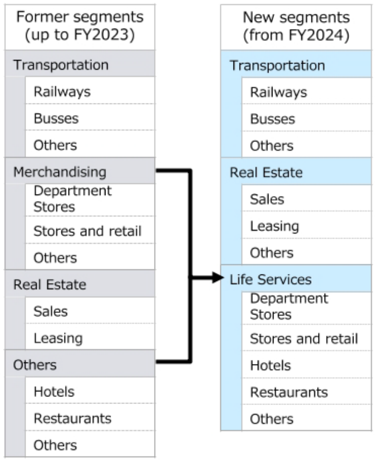
Results compared to previous year
- Increased revenues and earnings due to change in the fiscal year-end for the Department Store and Stores and retail businesses (7-months consolidated accounting period). Increase in extraordinary income due to gain on sale of UDS Ltd.

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%)

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

<Changes in segment presentation>
The former "Merchandising" and "Others" segments have been integrated under "Life Services".



Copyright 2024 Odakyu Electric Railway Co.,Ltd. All Rights Reserved.

Mizuyoshi: I am Mizuyoshi. Thank you.

I will now explain the results for H1 of FY2024. As shown on the right side of this slide, we have changed the segment presentation from this fiscal year. The former merchandising and others segments have been integrated under life services segment.

First, compared to the previous year, due to the change in fiscal year end in the department store and stores and retail businesses of the life services segment, 13 months were consolidated for the full year, and seven months for H1, resulting in a significant increase in both revenues and earnings. In addition, extraordinary income included a gain on the sale of shares in UDS Ltd., which was deconsolidated at the end of June, resulting in a JPY6.8 billion increase in final income compared to the previous year.

Compared to the initial forecast announced in May of this year, overall revenue increased by JPY0.9 billion due to better-than-expected results in our railway and other businesses, despite a decrease in revenue in the life services segment. In addition, a decrease in expenses in our railway business led to an increase in operating income of JPY5 billion and a corresponding increase in final income of JPY3.9 billion.

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)

Copyright 2024 Odakyu Electric Railway Co.,Ltd. All Rights Reserved.

Next, I will explain our full-year forecast for the current fiscal year in comparison with the initial forecast shown on the right side of the table.

Revenue from operations is expected to increase in the transportation and real estate segments and decrease in the life services segment, respectively, leaving the May forecast unchanged overall. Operating income, on the other hand, has been revised upward by JPY6 billion to JPY48 billion, mainly due to an expected decrease in expenses in our railway business.

We had initially expected a large increase in equipment replacement costs for our railway business, but we have partially revised our forecast in light of the current situation. Final income is also revised upward by JPY4.4 billion to JPY42.4 billion. In addition, the acquisition of treasury stock, which began in August, is progressing well, and ROE for the current fiscal year is expected to be 9.7%, 0.9 percentage points higher than originally planned.

Ⅲ. Direction to Achieve Consolidated Financial Targets

Copyright 2024 Odakyu Electric Railway Co.,Ltd. All Rights Reserved.

Ⅲ.（1）Consolidated Financial Targets

reprint

- 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	• 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	• 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	• 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)

Copyright 2024 Odakyu Electric Railway Co.,Ltd. All Rights Reserved.

I will continue with an explanation of our direction to achieve our consolidated financial targets.

In May of this year, we presented three targets as shown in the table: operating income, ROE, and interest-bearing debt/EBITDA ratio. On the right side, the target values for FY2030, when the period of rapid growth ends, are listed.

We have set targets of JPY70 billion in operating income, ROE of 7% or more, and an interest-bearing debt/EBITDA ratio of approximately 7x.

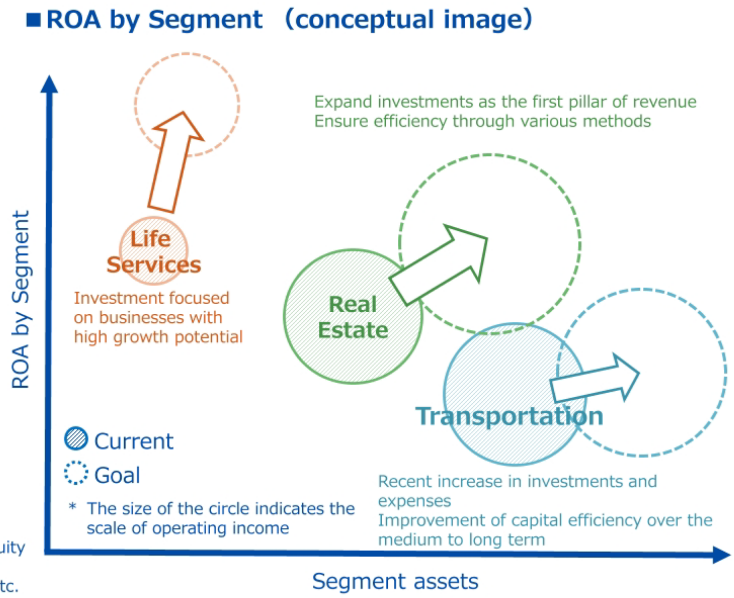
We will not only achieve our ROE target, but also aim to further improve it, which I will explain in detail on the next slide.

Ⅲ. (2) Controlling ROA to achieve ROE targets

✓ **ROE** ＊1

FY2024 forecast		FY2030 target
6 %＊2	➚	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



＊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.

Copyright 2024 Odakyu Electric Railway Co.,Ltd. All Rights Reserved.

This slide will explain how to control ROA to achieve the ROE target.

The current ROE target is 7% for FY2030, with a long-term policy of further improvement thereafter. ROE for FY2024 will be approximately 6%, excluding one-time factors such as sales of shares in affiliates, from the 9.7% I explained earlier, and we intend to raise this to 7% or more.

During the period of structural reform up to last fiscal year, we restructured our financial base for sustainable growth by selling large assets such as the Odakyu Century Building and the Odakyu Dai-ichi Seimei Building, and by implementing fundamental business restructuring measures.

In the period of rapid growth that began this fiscal year, we will be strongly conscious of capital efficiency and will work to improve profitability and efficiency through capital investment and review of business operations. We will also set ROA targets by segment and monitor them on an ongoing basis by business and company.

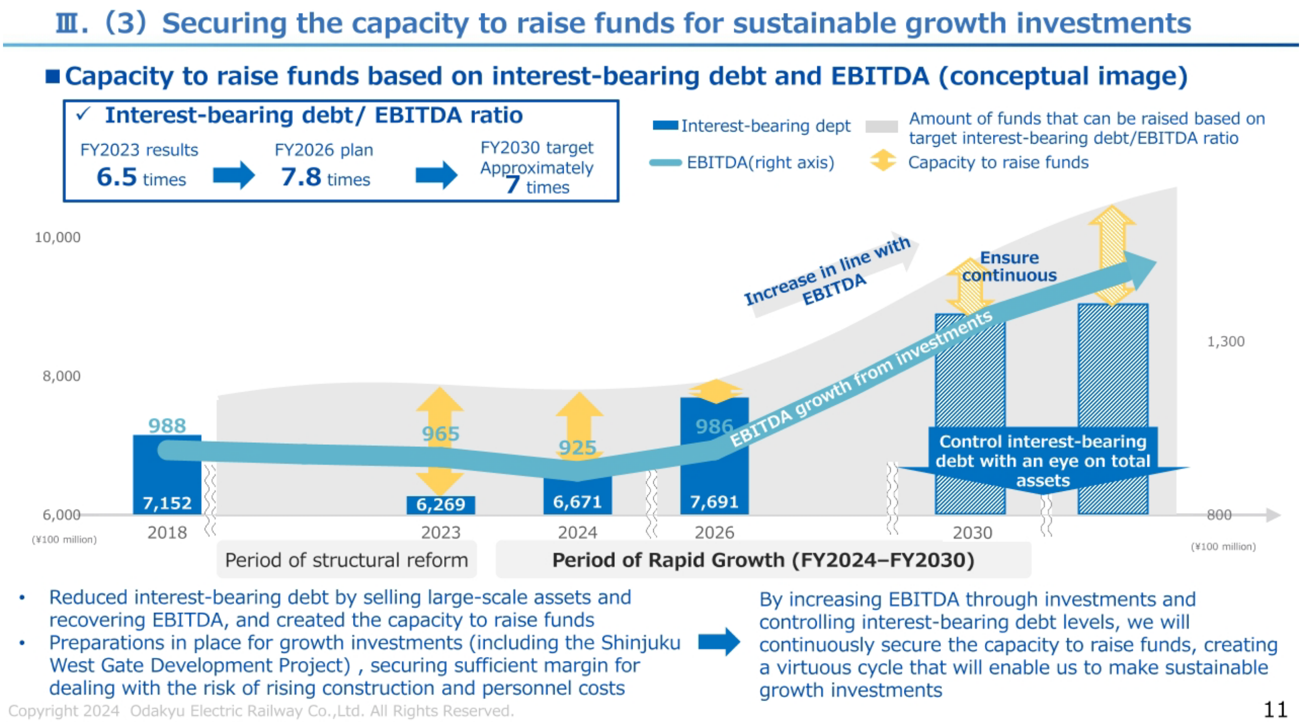
The graph on the right side is an image of how ROA by segment can be improved. For each segment, the vertical axis represents ROA, the horizontal axis represents assets, and the size of the circle represents operating income. Colored circles indicate the current status, and white circles indicate the future status.

In the light blue transportation segment, ROA improvement is expected to be the smallest of the three segments, due to the current increase in investment costs to build a sustainable operating structure. Subsequently, we will seek to improve ROA by increasing profitability while reducing asset growth.

In the green real estate business, the size of assets will increase for the time being as we will aggressively invest in this business to make it the first pillar of our revenue. Since large-scale development along the rail line requires a certain amount of time before investments are made and profits are earned, the Company aims to secure profits by utilizing a variety of investment methods and continuously improve ROA until then.

The life services segment in orange improved its ROA in particular through the sale of large assets and a reorganization of its business portfolio during the period of structural reform. Although we operate in a wide range of industries, including department stores, stores and retail, and hotels, we aim to further improve ROA by carefully monitoring each industry sector and concentrating investments in areas with high growth potential.

As is the case in all segments, if a property or business falls below the hurdle rate, we will implement improvement measures and consider selling it, thereby appropriately controlling the business portfolio and ROA.



I will continue with an explanation about securing the capacity to raise funds for sustainable growth investments.

This graph illustrates the aggressive growth investments we will make and how we will secure the capacity to raise funds to realize these investments.

The light blue line represents EBITDA, and the gray shade represents the amount of funds that can be raised based on this EBITDA and the target interest-bearing debt/EBITDA ratio. For example, if the interest-bearing debt/EBITDA ratio is 7x, the EBITDA is multiplied by seven to calculate the amount of funds that can be raised. The blue bar graph shows the balance of interest-bearing debt, so the difference between the gray and the blue bar, or the yellow arrow part, is the capacity to raise funds.

We will look at them in chronological order, starting from the left.

During the period of structural reform from FY2021 to FY2023, we have been promoting business restructuring and creating the capacity to raise funds by reducing interest-bearing debt through the recovery of large assets and EBITDA. The interest-bearing debt/EBITDA ratio, which deteriorated significantly for a time, improved to 6.5x in FY2023.

We believe that this will provide us with a financial base for aggressive growth investments, including the development of Shinjuku, during the period of rapid growth that began this fiscal year, and enable us to respond to the risk of rising construction and other costs. As shown in the graph, we have sufficient capacity to raise funds, shown in yellow, for current FY2023 and FY2024.

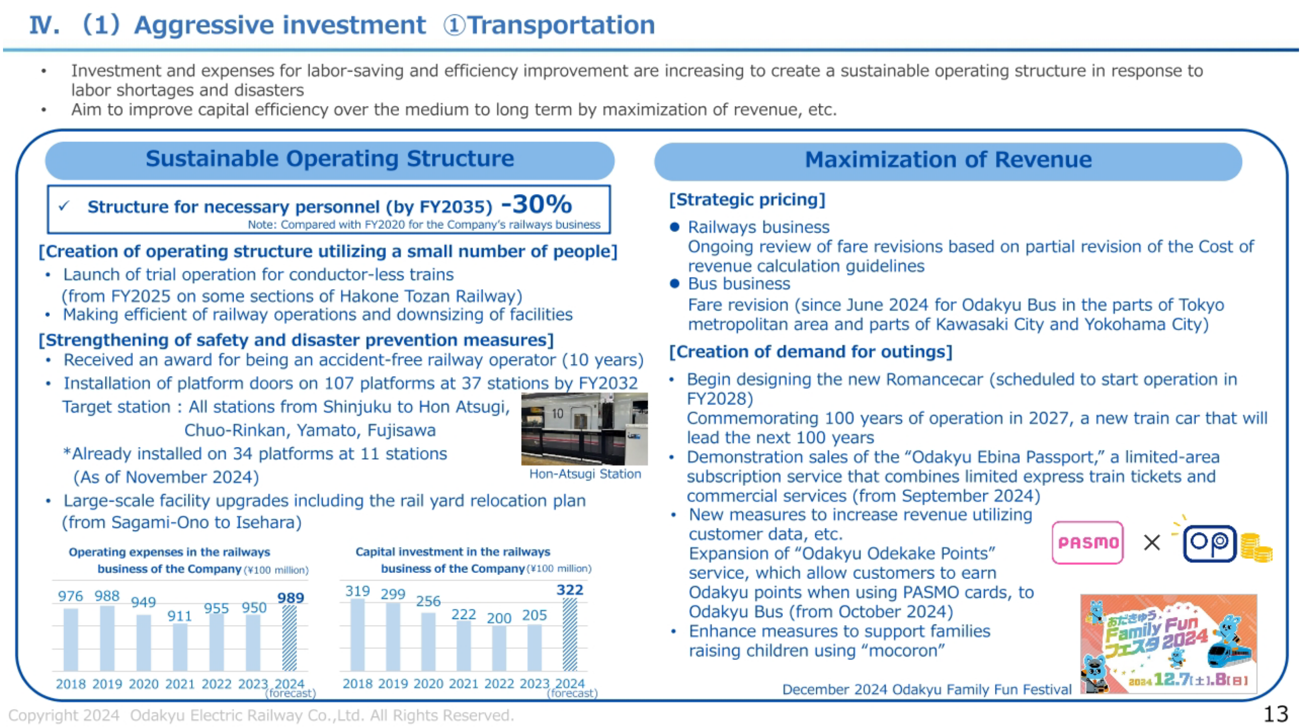
Interest-bearing debt is expected to increase in line with the expansion of investment for growth in the future, and fund-raising capacity is also expected to shrink temporarily. However, as the Company earns profits from growth investments and its EBITDA grows, the amount of funds available will again increase. At the same time, we will realize a virtuous cycle toward further investment for growth by appropriately controlling interest-bearing debt with ROA in mind and continuously securing the capacity to raise funds in the yellow arrowed area.

Through this series of investments in growth, profit acquisition, and B/S control, we aim to achieve sustainable growth.

That is all I have to say.

Ⅳ. Progress of Medium-Term Management Plan

Copyright 2024 Odakyu Electric Railway Co.,Ltd. All Rights Reserved.



Suzuki: I, Suzuki, will now explain the progress of the medium-term management plan.

Today, I would like to talk about the three pillars of our business, which we place particular emphasis on: aggressive investment, strengthening shareholder returns, and enhancing human capital. The first pillar is aggressive investment. For investments, I will provide an explanation for each of the transportation, real estate, and life services segments.

The first is the investment in the transportation business.

In the transportation business, especially in our railways business, during the period of rapid growth, investments and costs will be incurred to ensure sustainable operations in response to labor shortages and other factors. At the same time, over the medium to long term, we will strive to maximize earnings so that we can improve capital efficiency.

As indicated in the upper left-hand corner, we are planning to reduce personnel by 30% by FY2035 in our railways business. To this end, we will launch trial operation for conductor-less trains in the next fiscal year, as well as improve the efficiency of railway operations and downsize facilities.

Even under such circumstances, it is essential to ensure safety and security, which are the cornerstones of the railway business, and we will continue to focus our efforts on these issues. This year, for the 10th consecutive year, the Company received an award for being an accident-free railway operator by the Ministry of Land, Infrastructure, Transport and Tourism. This is outstanding among major railway operators in the Kanto region, and is the result of the daily efforts of our employees with safety in mind. We will continue to aim for the safest railways in Japan.

As one of the investments for this purpose, we will promote the installation of platform doors. By FY2032, we plan to install the system on 107 platforms at 37 of the 70 stations on the Odakyu Line. At present, about one-third of these, or 11 stations and 34 platforms, have been completed.

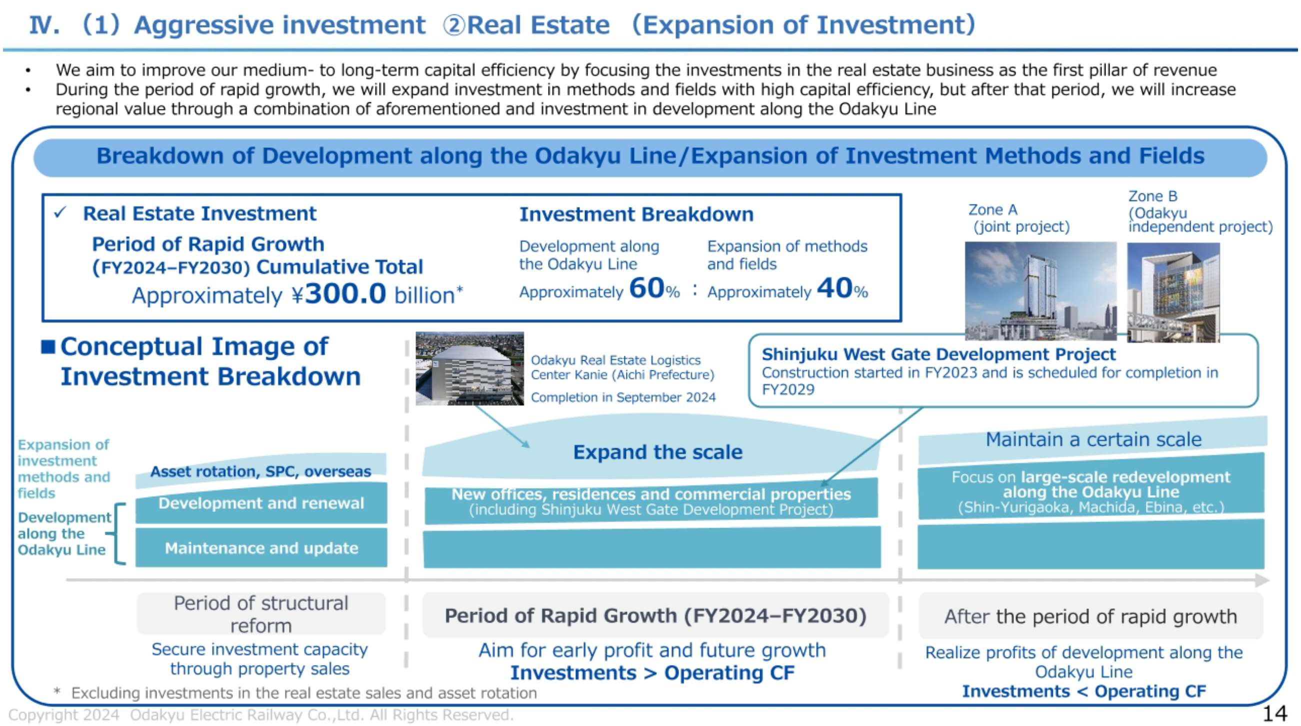
In addition, we are planning large-scale facility upgrades, including the relocation of our largest rail yard, Sagami-Ono rail yard, in line with the renewal of its facilities. In light of this, we plan to increase both capital investment and expenses in our railways business this fiscal year, and expect capital investment to remain at a high level in the next fiscal year and beyond.

Regarding the maximization of revenue on the right side, we believe that the biggest step is strategic pricing. In our railways business, we will continue to consider the appropriate timing of fare revision, etc., while taking into account the revision of the cost of revenue calculation guidelines.

In the bus business of the six companies in our group, all but a few routes have undergone fare revisions over the past several years. The recent fare revision in some areas of Odakyu bus is expected to increase annual revenue by about JPY800 million. We will also promote other initiatives to maximize revenues by allowing more customers to use the Group's transportation network.

We are proud to say that the Romancecar is one of our most important contents. We have begun designing a new Romancecar to replace the white Romancecar VSE, which was retired last year. As we approach the 100th anniversary of operation, we will strive to make a new train car that will lead the next 100 years, and we hope that you will look forward to it.

In addition to the above, the Company will also engage in various other measures to create demand for excursions.



The second active investment is in real estate. We have three sheets for the real estate segment. The first of these is investment expansion.

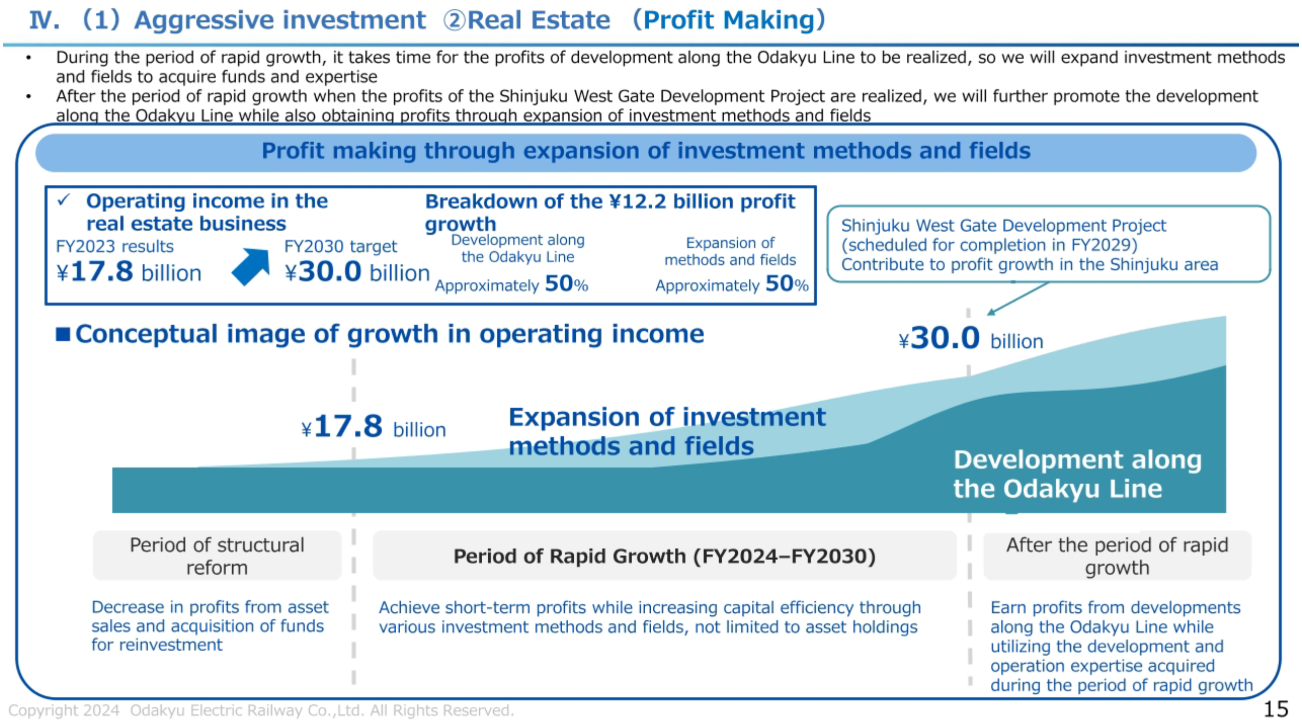
As explained earlier, while striving to maximize earnings from the transportation business, against the backdrop of a declining population and other factors, the Group hopes to grow the real estate business to the point where it can compete with the transportation business and become the first pillar of revenue.

We have been intensively investing in the real estate business, and we expect total investment to be approximately JPY300 billion during the period of rapid growth. During this period, the size of the investment is expected to exceed operating cash flow. The breakdown of the JPY300 billion is about 60% for the so-called development along the Odakyu Line, and about 40% for investment in asset rotation, SPCs, etc., that expand the methods and fields of development.

We believe that the enhancement of regional value through the development along the Odakyu Line is the foundation of our company. On the other hand, development projects near rail lines require investment in advance, and it takes time before they contribute to profits. It is also affected by the connections with other railways and the extension plans of other railways companies.

First, on the left side, during the period of structural reform, we secured investment capacity through large-scale property sales. And as I mentioned earlier, in the period of rapid growth in the middle, we have been investing growth capital in the development of Shinjuku, while at the same time expanding our investment methods and fields from the viewpoints of earning profits quickly and improving capital efficiency.

Through such efforts, we will realize sustainable development along the Odakyu Line by focusing on investment in the development of major stations along the line, such as Shin-Yurigaoka and Machida, from FY2031 onward, which is after the period of rapid growth on the right. After the period of rapid growth, we expect to be able to make investments within the scope of operating cash flow, as profits from development along the Odakyu Line, such as the Shinjuku development, will also be significant.



The second part of real estate is profit making.

Operating income from the real estate business was JPY17.8 billion in FY2023 before the period of rapid growth, and will increase to JPY30 billion in FY2030. This profit growth of JPY12.2 billion is expected to consist of about half each of the development along the Odakyu Line and the expansion of methods and fields.

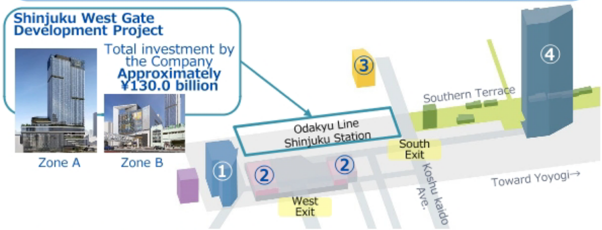
As I mentioned earlier in the investment section, it takes time from the time of investment to the time of profit in the development along the Odakyu Line, so during the period of rapid growth, we will increase capital efficiency by earning profits through expansion of investment methods and fields such as asset rotation, SPCs and overseas.

After the completion of the Shinjuku development in FY2029, we expect profits in the Shinjuku area to grow significantly. After the period of rapid growth, the Company will enhance its expertise in development and operation gained through the expansion of methods and fields in the period of rapid growth, and will aim for further profit growth by utilizing this expertise, developing along the Odakyu Line that enhance regional value and thereby achieving profit gains through such development.

Ⅳ. (1) Aggressive investment ②Real 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



✓ **Business opportunity**

[Shinjuku West Gate Development Project]

Construction started in FY2023 and is scheduled for completion in FY2029

● **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)

● **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

[Existing businesses]

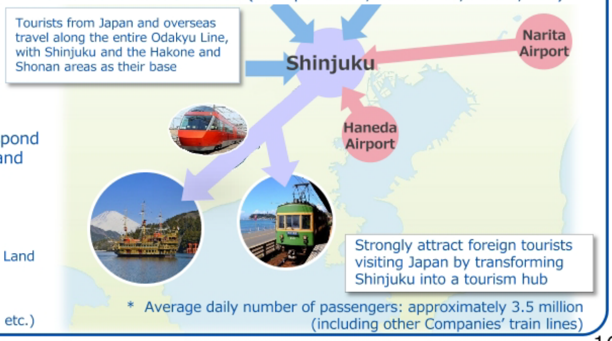
①Shinjuku Nishiguchi HALC (commerce) ②Odakyu Ace (commerce, restaurant, etc.)
③Flags (commerce) ④Odakyu Southern Tower (hotels, offices, etc.)

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.)



* Average daily number of passengers: approximately 3.5 million (including other Companies' train lines)

Copyright 2024 Odakyu Electric Railway Co.,Ltd. All Rights Reserved.

The third real estate issue is the development of Shinjuku.

This project will span from the West Exit to the South Exit, including a building larger than the height of the Tokyo Metropolitan Government Building directly above the station, which will become a symbol of Shinjuku. We plan to increase the value of the Shinjuku area as a whole, and at the same time, maximize revenue including the Group's existing businesses.

We would also like to make Shinjuku the number one tourist hub in Japan. The hub is intended to serve as a gateway to send customers to various locations along the Odakyu line, while Shinjuku itself is the destination.

The map on the upper left shows the properties we currently own in the Shinjuku area and our plans for the Shinjuku development. After the completion of this development, which will have the largest retail and office functions in the area, the existing properties will also have a synergistic effect to increase the value of the area and maximize the earnings of the entire group.

Our total investment in the Shinjuku development is expected to be approximately JPY130 billion. We announced this amount in February of this year, after factoring in the current sharp rise in construction costs. Payment of approximately JPY50 billion has already been completed. Demolition work began in October 2022, the year before last, and construction of the new building has already begun in March of this year. We are aware that construction has already begun and that the risk of a steep rise is low. In addition, the construction will be completed and open before other companies' developments in the Shinjuku area, and we expect to be able to enter the profit-earning phase ahead of other companies.

The Shinjuku area, home to Shinjuku Station, which boasts the world's largest number of passengers, is also the largest commercial center in Japan. At the same time, it is a city with various faces, including offices, entertainment districts such as Kabukicho, and parks, and has great potential to attract visitors and tourists from both Japan and abroad. In addition to our group, several development plans are in progress by neighboring businesses, and we are also cooperating with the government in our development plans. We would like to work together with these people to improve the attractiveness of the city as a whole.

Furthermore, as shown in the map on the right, we would like to use Shinjuku as the gateway to Hakone and Shonan areas, as well as other areas along the Odakyu Line, in order to increase revenues along the Odakyu Line as a whole.

The third active investment is hotels in life services.

In order to maximize our efforts to meet strong tourism demand, including inbound tourism, we will strengthen our hotel business by upgrading the value of existing facilities in Shinjuku and other areas along the Odakyu Line, such as Hakone. Our focus area is the Hakone and Gotemba areas, which is one of our strengths.

Specific examples are provided here.

The Hakone Lake Hotel in Togendai will be completely renovated and reborn as the most exclusive hotel in the Hakone area specializing in dogs next December.

We will also increase revenues from hotel-related facilities. Hotel Century Sagami-Ono, located directly above the station, had become a lodging hotel after the Group company ceased operation of the restaurant and banquet hall during the pandemic in FY2021, but will open in December this year after attracting tenants to occupy all of the vacant restaurant and banquet space. In addition, glamping facilities are scheduled to open next spring near Lake Ashi in Hakone.

On the right side of the slide, you can see our efforts in the Hakone area to date.

The line graph shows the number of tourists in Hakone and the number of Hakone Freepasses sold, with the index set at 100 in FY2018. Both of these have yet to reach the level before COVID-19, and we believe that there is still room to attract more visitors, given the strength of the current inbound traffic.

The bar graph, on the other hand, shows operating revenue in the Hakone area. Operating revenues for FY2023 are higher than before COVID-19, and are expected to increase further this year. Hotels have contributed greatly to this.

The most recent specific initiatives are listed below the graph.

In FY2019, just before entering the pandemic, we opened two new hotels, Hakone Yutowa and HOTEL CLAD, and in FY2022, during the pandemic, we renovated HATSUHANA into a luxury hotel with more than double the previous room rate. All of the above have performed well, with operating results exceeding the initial plan.

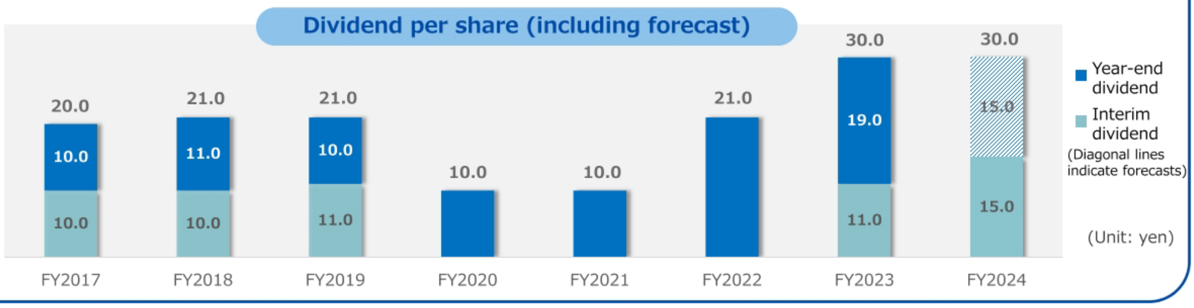
In addition to the Southern Tower in Shinjuku, we will continue to actively invest in the Hakone and Gotemba areas, which are our strong points, in order to expand the hotel business in the Odakyu way.

The above is an explanation of investments by segment.

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



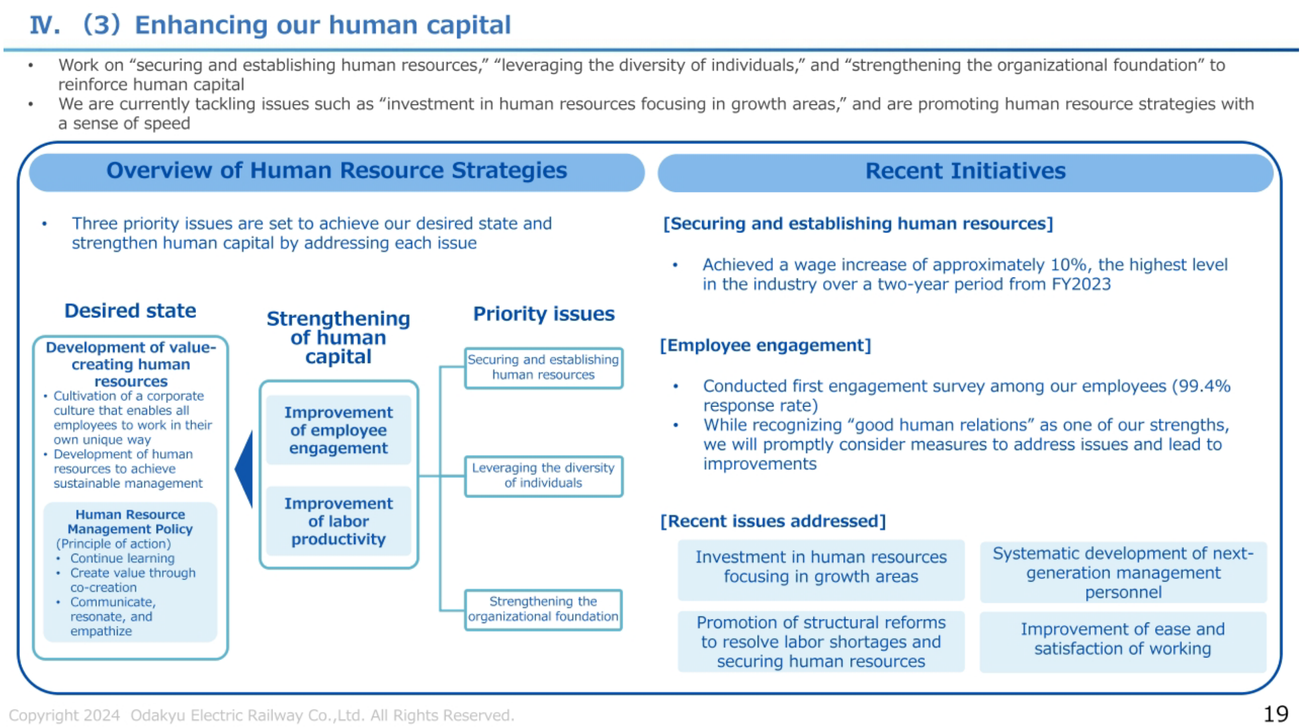
Copyright 2024 Odakyu Electric Railway Co.,Ltd. All Rights Reserved.

Next, the second pillar is to strengthen shareholder returns.

In May of this year, we revised our basic policy on shareholder returns, raising the average consolidated total return ratio to 40% or more for FY2023 through 2026. We recognize that this is the top level in the railways industry.

Based on this policy, in August of this year, we decided to repurchase up to JPY20 billion of our own shares, taking into consideration the stock price level and other factors. This is the second consecutive year that this is implemented, following last December. Last year, we implemented the plan based on the better-than-expected performance recovery from the pandemic, and this year, we used the funds from the sale of shares in our subsidiary UDS and other policy holdings.

We will continue to consider future implementation of this plan in a flexible manner, while keeping in mind the level of the capital adequacy ratio, for example, and we will consider allocating funds for capital return if profits rise or if we have more funds on hand due to asset sales, etc.



Last but not least, the third pillar is the enhancement of human capital.

Our group's human resources strategy has three key issues: securing and establishing human resources, leveraging the diversity of individuals, and strengthening the organizational foundation. We will address these three issues in order to enhance our human capital.

As for our current efforts to secure and establish human resources, we have achieved a wage increase of approximately 10% over the two-year period since FY2023, which is the highest level in our industry.

In addition, we conducted our first engagement survey among our employees, and the response rate was 99.4%. Compared to the average of other companies using the same system, the response rate is more than 10 percentage points higher, indicating the high level of employee motivation and attachment to the Company. While we can recognize from the survey results that good human relations and other factors are our strengths, we will promptly consider measures to address the issues and make improvements.

In addition, as noted, there are four other issues to be addressed most recently, and we have already begun to study these four issues. Specific measures will be included in the next mid-term management plan.

This concludes my explanation. We will enhance our corporate value by implementing measures with a sense of speed based on the three pillars we have stated.

Thank you for your attention.

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.

Copyright 2024 Odakyu Electric Railway Co.,Ltd. All Rights Reserved.