

February 8, 2023

Odakyu Electric Railway Co., Ltd.

IR Office

Financial Results of the First Three Quarters 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 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 (January 1-22 2023) Remained at approximately 75% for commuters and 90% for non-commuters Note: compared to fiscal 2019 Note: No all-night train services during New Year Holiday, but special limited express train services did run.
Odakyu Department Stores	Sales (January 1-22 2023) Remained at approximately 25% for Shinjuku Store, approximately 95% for Machida Store, and approximately 90% for Fujisawa Store Note: compared to fiscal 2019 Note: Operations at the Shinjuku Main Store ceased on October 2, 2022. Shinjuku HALC reopened on October 4, 2022, and SHINJUKU DELISH PARK opened in Odakyu ACE on December 1, 2022.
City hotels	Occupancy rate (January 1-22 2023) Hyatt Regency Tokyo 37.8% Hotel Century Southern Tower 81.9%
Hakone area	Number of passengers using Hakone-Yumoto Station (January 15-21 2023) Remained at approximately 70% for weekdays and approximately 65% for weekends and public holidays Note: compared to fiscal 2018
	Hakone resort hotel* occupancy rate (January 1-22 2023) Remained at approximately 50% *Hakone resort hotels: Hotel De Yama, Hakone Highland Hotel, and Hatsuhana

**Q2. When do you plan to begin collecting barrier-free train station fares?**

- We plan to adopt additional barrier-free train station fares from March 18, 2023.
- We expect an approximate impact of ¥100 million in fiscal 2022 and are incorporating this amount into forecasts for consolidated operations announced today. Furthermore, we expect the annual impact for fiscal 2023 to be approximately ¥4.7 billion.

(Reference) Information from January 23, 2023

Fare Revisions Following the Launch Barrier-Free Train Station Fare Collection

<https://www.odakyu.jp/support/dq4094000000vud-att/bariunchin.pdf>

**Q3. What was the impact of fare revisions, including those of Group companies, in fiscal 2022?**

Company Name	Impact in FY2022 (Estimation)	Implementation Date
Odakyu Electric Railway (increase in express train fares)	¥200 million	October 1, 2022
Hakone Tozan Railway	¥110 million	
Hakone Tozan Bus	¥80 million	
Odakyu Koutsu	¥70 million	November 14, 2022
Odakyu Electric Railway (barrier-free fare system)	¥100 million	March 18, 2023
Enoden Bus	Minimal	Scheduled for March 2023 (decided following approval)

**Q4. You predicted a significant increase in annual power costs in your second-quarter results.**

**What was the situation following this forecast?**

- We predicted an approximately ¥2.8 billion year-on-year increase in annual power costs for Odakyu Electric Railway in our second-quarter results. We currently remain below these predictions and have revised the figures in the new forecasts announced today to an approximately ¥2.4 billion year-on-year increase.
- Furthermore, we predict an approximately ¥300 million year-on-year increase in fuel costs for all bus and taxi companies and there have been no significant changes from the second-quarter results.

**Q5. What was the impact of early retirement planned by the Odakyu Department Store?**

- In the third quarter of fiscal 2022, we recorded extraordinary losses of approximately ¥2.4 billion in special severance pay. Retirement is scheduled for the end of February 2023.

**Q6. What is the status of reservations at all Odakyu Group Hotels from February?**

- Occupancy rates from February onward are expected to be approximately 70–80% at city hotels and approximately 70% at Hakone resort hotels\*.

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

**Q7. What is the status of inbound recovery?**

(Current status of inbound recovery at each facility)

- The sales of Hakone Freepasses sold at the travel service counter for foreign tourists (Odakyu Sightseeing Service Center) in December 2022 have recovered by approximately 50% compared to before COVID-19 in 2018. This recovery trend is remarkable, approximately 20 times that of September 2022, before travel restrictions were eased. In particular, the number of tourists from South Korea, Hong Kong, Taiwan, and Singapore are on the rise.
- The foreign tourist occupancy rate for city hotels in December 2022 was approximately 70%, the same as before COVID 19 in 2018.

(Inbound measures)

- We hope to reinforce our response to tourists from the Greater China region visiting Japan. Accordingly, we added Traditional Chinese and Simplified Chinese languages to the English language support in EMot Online Tickets, our online service for purchasing mainstay products such as the Hakone Freepass, from December 2022. We are also implementing promotion measures, such as online advertisements targeting Hakone, Enoshima, and Kamakura, which foreign tourists are highly likely to visit.
- Going forward, we will continue to promote our products online, increase the use of tourist areas along the Odakyu Line and Odakyu Group products through participation in overseas business negotiations and exhibitions at travel expositions, and reinforce ticket sales through local travel agencies.

**Q8. What is your approach to fundraising for the Shinjuku West Gate Redevelopment Plan?**

- 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 partially covered by the Tokyu Land Corporation. Furthermore, the total project cost combines the Odakyu Group individual projects and joint projects within this development plan.

\*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.

(Reference) Information for Investors Results for the Second Quarter (November 9, 2022)

Page 15 Shinjuku West Gate Redevelopment Plan

[https://www.odakyu.jp/ir/financial/d9gsqg000000tvx-att/20221109\\_ENG.pdf](https://www.odakyu.jp/ir/financial/d9gsqg000000tvx-att/20221109_ENG.pdf)

- Regarding increasing capital, there are numerous focal points, such as stocks dilution and high costs. We recognize that there are priorities, including control of investments and costs and sale of company-owned assets, and we currently do not have any concrete plans.

## **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.