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April 28, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Based on Japanese GAAP)

Company name:	Odakyu Electric Railway Co., Ltd.		
Stock exchange listing:	Tokyo		
Stock code:	9007		
URL:	https://www.odakyu.jp/		
Representative:	President & CEO	Koji Hoshino	
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Scheduled date of the annual general meeting of shareholders:	June 29, 2023		
Scheduled date to commence dividend payments:	June 30, 2023		
Scheduled date to file Annual Securities Report:	June 29, 2023		
Preparation of supplementary material on financial results:	Yes		
Holding of financial results meeting:	Yes (for institutional investors and analysts)		

(Amounts less than one million yen are rounded down.)

1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

Fiscal year ended	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	395,159	10.1	26,601	332.4	25,119	434.5	40,736	236.2
March 31, 2022	358,753	–	6,152	–	4,699	–	12,116	–

Note: Comprehensive income For the fiscal year ended March 31, 2023 ¥44,468 million [–%]
For the fiscal year ended March 31, 2022 ¥809 million [–%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2023	112.11	–	11.1	2.0	6.7
March 31, 2022	33.36	–	3.5	0.4	1.7

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended March 31, 2023 ¥650 million
For the fiscal year ended March 31, 2022 ¥238 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	1,279,976	388,490	30.3	1,066.07
March 31, 2022	1,285,230	349,257	27.0	954.58

Reference: Equity
As of March 31, 2023 ¥387,387 million
As of March 31, 2022 ¥346,862 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	62,928	34,712	(51,056)	67,474
March 31, 2022	48,617	(45,515)	(30,573)	21,852

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
Fiscal year ended March 31, 2022	Yen –	Yen 0.00	Yen –	Yen 10.00	Yen 10.00	Millions of yen 3,655	% 30.0	% 1.0
Fiscal year ended March 31, 2023	–	0.00	–	21.00	21.00	7,676	18.7	2.1
Fiscal year ending March 31, 2024 (Forecast)	–	11.00	–	11.00	22.00		12.7	

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	187,900	(1.1)	16,700	15.1	15,900	7.9	53,000	425.5	145.85
Fiscal year ending March 31, 2024	400,000	1.2	35,000	31.6	32,700	30.2	62,800	54.2	172.82

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement of prior period financial statements: None

Note: For details, please see “3. Consolidated Financial Statements and Significant Notes Thereto, (5) Notes to consolidated financial statements (Changes in accounting policies)” of the attached materials on page 15.

- (3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	368,497,717 shares
As of March 31, 2022	368,497,717 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2023	5,118,555 shares
As of March 31, 2022	5,132,551 shares

- (iii) Average number of shares during the period

Fiscal year ended March 31, 2023	363,374,015 shares
Fiscal year ended March 31, 2022	363,208,463 shares

Note: The Company’s shares held by the Board Incentive Plan Trust Account, which have been included in the treasury shares, are as follows.

For the fiscal year ended March 31, 2023: 120,468 shares

For the fiscal year ended March 31, 2022: 137,002 shares

Reference: Summary of non-consolidated financial results

**Non-consolidated financial results for the fiscal year ended March 31, 2023
(from April 1, 2022 to March 31, 2023)**

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2023	144,058	9.7	19,899	40.4	16,899	159.0	28,089	106.9
March 31, 2022	131,365	—	14,170	—	6,523	—	13,576	—

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2023	76.87	—
March 31, 2022	37.16	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	1,096,840	338,974	30.9	927.63
March 31, 2022	1,108,060	313,381	28.3	857.62

Reference: Equity

As of March 31, 2023

¥338,974 million

As of March 31, 2022

¥313,381 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of financial results forecasts and other special items

Caution regarding forward-looking statements and others

The financial results forecasts are calculated based on information obtained at the current time.

Accordingly, actual results may differ from the forecast figures due to changes in business conditions and other factors.

For matters related to the financial results forecasts, please see “1. Overview of Operating Results and Others, (4) Future outlook” of the attached materials on page 5.

How to obtain supplementary material on financial results

Supplementary material on financial results is disclosed on the same day on TDnet. Please refer to the Company website to review the supplementary material on financial results, and also “Financial Results (with Additional Explanations)” and “FAQ,” which were disclosed on the same day.

How to access the contents of the financial results meeting

A financial results meeting will be held on May 10, 2023 for institutional investors and analysts.

The material used for this financial results meeting will be disclosed on TDnet and published on the Company website on the same day.

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1. Overview of Operating Results and Others

(1) Overview of operating results for the fiscal year

Although the Japanese economy showed weakness in some areas due to the impact of rising resource prices during the fiscal year ended March 31, 2023, the economy as a whole continued a gradual recovery, including a gradual rise in consumer spending amid improvements in corporate earnings and employment and incomes.

Under these conditions, due to a recovery in the number of customers at our railways, hotels, and other businesses compared to the previous fiscal year, Odakyu Electric Railway Co., Ltd. (the “Company”) and its consolidated subsidiaries (collectively, the “Group”) recorded an operating revenue of ¥395,159 million (up 10.1% year on year), and an operating profit of ¥26,601 million (up 332.4% year on year). In addition, ordinary profit was ¥25,119 million (up 434.5% year on year). Furthermore, due to factors such as the recording of gain on sale of non-current assets in line with the sale of equity interests of Odakyu Dai-ichi Seimei Building, profit attributable to owners of parent amounted to ¥40,736 million (up 236.2% year on year).

The performance by business segment is shown below.

Transportation

On the transportation side of the railway business, in March of 2023 we implemented changes to the railway timetables for the purpose of allowing more leeway within the operations plan for morning rush-hour on the Enoshima Line and at limited express stops where installation of platform doors is scheduled. As well as increasing the number of 5000-series commuter trains with three railroad cars, we carried out updating the 3000-series commuter trains by implementing environmentally friendly renovations and commencing commercial operation of two trains as part of our efforts to enhance transportation services.

As part of our effort to increase convenience on the sales side, in April 2022 we commenced a new service called “Odakyu Odekake Points,” which allows customers to earn Odakyu Points when paying for our railway service with PASMO. In October 2022, in addition to revising limited express fares in order to provide the comfortable travel service of our limited express “Romancecar” trains into the future, we also introduced “ticketless express fare” that provides a ¥50 discount on all segments of ordinary limited express fares when an electronic limited express ticket is purchased through various online services. In November 2022, we continued to implement various “EMot” MaaS app services including limited time sale of “EMot Limited Express Passport” subscription tickets for access to the limited express Romancecar service at a set price.

With regard to facilities, we installed platform doors at Hon-Atsugi Station (platforms 1 and 2) to further improve the safety of train operations and carried out seismic retrofitting work on bridges between Machida Station and Sagami-Ono Station and elsewhere to mitigate the risk of damage by large-scale earthquakes. In March 2023, we also revised fares based on the “Railway Station Barrier-Free Fare System” to continuously promote maintenance and updates of barrier free facilities. In March 2023 we also commenced rollout of baby-care facilities for diaper changing in 7 stations including the Shimokitazawa Station, based on our child-friendly support policy.

In the bus business, in October 2022, the sales offices of Odakyu Bus Co., Ltd. and Hakone Tozan Bus Co., Ltd. were relocated and reorganized for more efficient operation. In addition to revising Hakone Tozan Bus Co., Ltd. fares, other changes were also implemented at each company including timetable revisions in response to customer needs.

As a result of the above, in the Company’s railway business, the number of railway passengers exceeded the previous fiscal year among both commuters and non-commuters due to the lifting of movement restrictions. This and other factors led to operating revenue of ¥151,704 million (up 15.6% year on year), and an operating profit of ¥8,463 million (operating loss of ¥5,491 million in the previous fiscal year).

Odakyu railway business transportation performance

Performance item	Unit	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)		
			Year-on-year changes (%)	
Number of operating days	Days	365	0.0	
Total operating length	km	120.5	0.0	
Train mileage	Thousand km	173,079	(9.0)	
Number of passengers	Commuter passes	Thousands of people	381,658	9.1
	Non-commuter passes	Thousands of people	266,998	15.7
	Total	Thousands of people	648,656	11.7
Passenger transportation revenue	Commuter passes	Millions of yen	37,804	6.1
	Non-commuter passes	Millions of yen	63,229	19.3
	Total	Millions of yen	101,034	14.0
Miscellaneous income of transportation	Millions of yen	3,004	(11.0)	
Total transportation revenue	Millions of yen	104,038	13.1	
Boarding efficiency	%	40.6	–	

Note: Boarding efficiency calculation method

$$\text{Boarding efficiency} = \frac{\text{Total passenger-km (passengers through stations} \times \text{distance between stations)}}{(\text{passenger car travel km} \times \text{average passengers})} \times 100$$

Merchandising

In the department store business, following closure of the main building of Odakyu Department Store Co., Ltd., Shinjuku Store associated with the Shinjuku Station West Exit area development plan, the renovated store was reopened in October 2022 after renovation of the sales floor of the Shinjuku West Exit HALC, which specializes in food products, cosmetics, and luxury brand products. For the 2nd stage of renewal, Shinjuku Delish Park, a new food sales floor with specialty bakeries and dedicated shops complete with an abundance of food products, was opened in the North wing of Odakyu Ace in the underground shopping mall at Shinjuku West Exit, thereby enhancing the lure of the underground shopping area, one of the strengths of the department store.

In the stores and retail business, the Sagami-hara location of the “Odakyu OX” supermarket operated by Odakyu Shoji Co., Ltd. was reopened after renovation to further enhance convenience in line with our efforts to create sales floors that facilitate the shopping experience at various stores.

As a result, even though the number of customers to the department store business trended toward recovery, operating revenue amounted to ¥96,156 million (down 4.7% year on year), and operating profit was ¥866 million (down 48.9% year on year) due to the significant reduction in sales floor space following the closure of the main building of the Shinjuku store in October of 2022, in addition to the closure of the bakery business in the stores and retail business at the end of February of 2022.

Real Estate

In the real estate sales business, Odakyu Real Estate Co., Ltd. worked to secure revenue through the sale of detached houses such as those in the LEAFIA Setagaya Sakuragaoka <The Bloom> development, and of condominiums, including LEAFIA Residence Suginami Igusamori Park.

In the real estate leasing business, “Shimokita Senrogai,” consisting of 13 areas in total, was open for business as of May 2022 following full completion of the renovated square in the final development area in Shimokita Senrogai, “NANSEI PLUS,” which was built in collaboration with Setagaya Ward, as well as the opening of gardening shops and art galleries surrounding the square. In addition, in October of 2022 we held the grand opening of the Ebina Station multi-facility ViNA GARDENS PERCH featuring shops offering food and drink, goods for purchase, etc., as well as a fitness and clinic mall based on the concept of wellness. In March 2023, we enthusiastically promoted development plans for each area, including the opening of the newly built rental condominium LESiA Shin-Yurigaoka South Court. In October 2022, we also started demolition work on the main building of Odakyu Department Store Shinjuku Store in line with the Shinjuku Station West Exit area development plan.

As a result, operating revenue amounted to ¥84,034 million (up 3.8% year on year) due to sales of investment real estate in the real estate sales business and newly opened properties in the Ebina Station area in the real estate leasing business. On the other hand, operating profit in the real estate leasing business amounted to ¥18,047 million (down 2.8% year on year) due to increase in costs associated with new property openings.

Other Businesses

In the hotel business, efforts were made to strengthen the business base, including renewal opening of Hotel Hatsuhana by the Company and ODAKYU Resorts Co., Ltd. in September 2022, which offers a heightened sense of privacy with all guest rooms equipped with open-air *onsen* bathtubs. In addition, we made efforts to capture accommodation demand for each hotel operated by the Group by developing aggressive sales measures in conjunction with the relaxation of entering restrictions and commencement of a national travel subsidy program.

In the restaurant business, Odakyu Restaurant system Co., Ltd. and Giraud Restaurant System Co., Ltd. made efforts to strengthen their ability to attract customers by developing new business format and opening new restaurants.

As a result of the above, due mainly to the recovery of the number of customers for the hotel business and restaurant business, operating revenue amounted to ¥90,716 million (up 22.4% year on year), and operating loss was ¥821 million (operating loss of ¥8,668 million in the previous fiscal year).

(2) Overview of financial position for the fiscal year

Total assets were ¥1,279,976 million (down ¥5,253 million from the end of the previous fiscal year) mainly due to a progress in the depreciation of non-current assets, despite an increase in cash and deposits.

Liabilities were ¥891,485 million (down ¥44,486 million from the end of the previous fiscal year) mainly due to a decrease in interest-bearing debt through the redemption of bonds, etc.

Net assets were ¥388,490 million (up ¥39,233 million from the end of the previous fiscal year) mainly due to an increase in retained earnings as a result of the recording of profit attributable to owners of parent.

(3) Overview of cash flows for the fiscal year

Cash flows from operating activities

Net cash provided by operating activities was ¥62,928 million as a result of adjustment for items, such as depreciation and amortization, by adding to or deducting from profit before income taxes of ¥58,767 million, and cash inflow increased by ¥14,311 million compared with the previous fiscal year.

Cash flows from investing activities

Net cash provided by investing activities was ¥34,712 million mainly due to proceeds from sale of property, plant and equipment.

As a result, total free cash flow amounted to cash inflow of ¥97,641 million.

Cash flows from financing activities

Net cash used in financing activities was ¥51,056 million, and cash outflow increased by ¥20,483 million compared with the previous fiscal year. This is mainly due to an increase in cash outflow triggered by the repayments of borrowings and redemption of bonds.

Cash and cash equivalents at end of period was ¥67,474 million, up ¥45,622 million from the end of the previous fiscal year.

Trends in cash flow indicators

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Equity ratio (%)	29.1	26.4	27.0	30.3
Equity ratio based on market value (%)	64.9	82.8	57.6	48.8
Interest-bearing debt to cash flow ratio (years)	9.9	28.8	15.6	11.2
Interest coverage ratio (times)	14.0	5.0	10.0	13.8

- The calculation method for each indicator is as follows:
Equity ratio: Equity divided by total assets
Equity ratio based on market value: Market capitalization divided by total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debt divided by cash flows from operating activities
Interest coverage ratio: Cash flows from operating activities divided by interest paid
- All of the above indicators were calculated using consolidated-basis financial data.
- Total market capitalization is calculated by multiplying the closing stock price at the end of the period by the number of outstanding shares at the end of the period.
- Interest-bearing debt was calculated using “borrowings + bonds payable + accounts payable to Japan railway construction, transport and technology agency, etc.”

(4) Future outlook

Concerning the consolidated financial results forecasts for the fiscal year ending March 31, 2024, due to expectations of continual recovery in the number of users in the railway and hotel industries and application of the Railway Station Barrier-Free Fare System in the railway business of the Company, we expect operating revenue of ¥400.0 billion (up 1.2% year on year), operating profit of ¥35.0 billion (up 31.6% year on year), and ordinary profit of ¥32.7 billion (up 30.2% year on year). In addition, we expect profit attributable to owners of parent of ¥62.8 billion (up 54.2% year on year), taking into account the factors such as the recording of gain on sale of non-current assets in line with the sale of Odakyu Century Building.

For details, please see “Results for the FY2022 (Ended March 31, 2023),” which is separately disclosed.

- * The above forecasts are calculated based on information obtained at the current time. Accordingly, actual results may differ from the forecast figures due to changes in business conditions and other factors.

2. Basic Stance Towards the Selection of Accounting Standards

With respect to application of International Financial Reporting Standards (IFRS), the Group follows a policy of responding in a suitable manner after giving consideration to various circumstances in Japan and overseas.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	21,982	67,604
Notes and accounts receivable - trade, and contract assets	24,435	23,408
Lease receivables and investments in leases	690	428
Merchandise and finished goods	4,593	2,535
Land and buildings for sale in lots	36,831	36,556
Work in process	860	914
Raw materials and supplies	2,255	2,324
Other	34,501	35,278
Allowance for doubtful accounts	(607)	(459)
Total current assets	125,542	168,590
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	495,404	476,195
Machinery, equipment and vehicles, net	57,656	54,543
Land	474,668	440,806
Leased assets, net	836	707
Construction in progress	24,899	29,236
Other, net	8,664	7,958
Total property, plant and equipment	1,062,130	1,009,447
Intangible assets		
Goodwill	1,375	1,100
Leased assets	213	254
Other	20,360	19,710
Total intangible assets	21,949	21,065
Investments and other assets		
Investment securities	53,675	57,407
Long-term loans receivable	1,614	1,750
Deferred tax assets	5,986	6,253
Other	15,603	17,177
Allowance for doubtful accounts	(1,272)	(1,715)
Total investments and other assets	75,607	80,873
Total non-current assets	1,159,687	1,111,385
Total assets	1,285,230	1,279,976

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,239	16,383
Short-term borrowings	183,116	186,884
Current portion of bonds payable	30,010	60,005
Lease liabilities	791	625
Income taxes payable	9,440	7,458
Provision for bonuses	6,440	7,047
Allowance for unredeemed gift certificates and others	1,724	1,782
Asset retirement obligations	-	264
Other	87,419	98,486
Total current liabilities	340,182	378,938
Non-current liabilities		
Bonds payable	217,005	157,000
Long-term borrowings	259,891	243,584
Long-term accounts payable to Japan railway construction, transport and technology agency	59,005	52,439
Lease liabilities	847	678
Deferred tax liabilities	4,434	12,520
Deferred tax liabilities for land revaluation	964	964
Retirement benefit liability	13,841	9,009
Asset retirement obligations	1,672	1,855
Other	38,126	34,495
Total non-current liabilities	595,789	512,547
Total liabilities	935,972	891,485
Net assets		
Shareholders' equity		
Share capital	60,359	60,359
Capital surplus	58,089	58,089
Retained earnings	215,575	252,402
Treasury shares	(6,297)	(6,262)
Total shareholders' equity	327,726	364,589
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,097	17,462
Revaluation reserve for land	537	537
Remeasurements of defined benefit plans	2,501	4,797
Total accumulated other comprehensive income	19,136	22,797
Non-controlling interests	2,394	1,103
Total net assets	349,257	388,490
Total liabilities and net assets	1,285,230	1,279,976

(2) Consolidated statement of income and comprehensive income
Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Operating revenue	358,753	395,159
Operating expenses		
Operating expenses and cost of sales of transportation	273,896	286,941
Selling, general and administrative expenses	78,704	81,616
Total operating expenses	352,601	368,557
Operating profit	6,152	26,601
Non-operating income		
Interest income	25	18
Dividend income	1,361	1,312
Share of profit of entities accounted for using equity method	238	650
Subsidy income	–	*1 829
Miscellaneous income	3,394	2,524
Total non-operating income	5,020	5,334
Non-operating expenses		
Interest expenses	4,839	4,515
Compensation for forced relocation	245	714
Miscellaneous expenses	1,387	1,587
Total non-operating expenses	6,473	6,817
Ordinary profit	4,699	25,119
Extraordinary income		
Gain on sale of non-current assets	3,464	42,840
Contribution received for construction	1,349	889
Gain on sale of investment securities	14,559	309
Subsidy income	5,488	–
Other	528	86
Total extraordinary income	25,390	44,126
Extraordinary losses		
Loss on sale of non-current assets	35	56
Loss on tax purpose reduction entry of non-current assets	1,267	812
Loss on retirement of non-current assets	921	2,290
Impairment losses	2,360	1,122
Extra retirement payments	823	2,465
Redevelopment related cost	*2 8	*2 2,535
Other	1,447	1,196
Total extraordinary losses	6,863	10,479
Profit before income taxes	23,227	58,767
Income taxes - current	9,489	11,905
Income taxes - deferred	1,794	6,049
Total income taxes	11,284	17,954
Profit	11,943	40,812
Profit (loss) attributable to non-controlling interests	(173)	76
Profit attributable to owners of parent	12,116	40,736

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	11,943	40,812
Other comprehensive income		
Valuation difference on available-for-sale securities	(10,390)	1,314
Revaluation reserve for land	(10)	—
Remeasurements of defined benefit plans, net of tax	(739)	2,292
Share of other comprehensive income of entities accounted for using equity method	6	48
Total other comprehensive income	(11,133)	3,655
Comprehensive income	809	44,468
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	983	44,397
Comprehensive income attributable to non-controlling interests	(174)	70

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	60,359	57,900	207,852	(6,503)	319,609
Cumulative effects of changes in accounting policies			(815)		(815)
Restated balance	60,359	57,900	207,037	(6,503)	318,793
Changes during period					
Dividends of surplus			(3,655)		(3,655)
Profit attributable to owners of parent			12,116		12,116
Increase by merger		50	76		126
Decrease in retained earnings resulting from exclusion of subsidiaries from consolidation					
Purchase of treasury shares				(8)	(8)
Disposal of treasury shares		139		214	353
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	188	8,537	205	8,932
Balance at end of period	60,359	58,089	215,575	(6,297)	327,726

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	26,479	548	3,241	30,269	2,578	352,456
Cumulative effects of changes in accounting policies						(815)
Restated balance	26,479	548	3,241	30,269	2,578	351,641
Changes during period						
Dividends of surplus						(3,655)
Profit attributable to owners of parent						12,116
Increase by merger						126
Decrease in retained earnings resulting from exclusion of subsidiaries from consolidation						–
Purchase of treasury shares						(8)
Disposal of treasury shares						353
Change in ownership interest of parent due to transactions with non-controlling interests						(0)
Net changes in items other than shareholders' equity	(10,382)	(10)	(739)	(11,132)	(183)	(11,316)
Total changes during period	(10,382)	(10)	(739)	(11,132)	(183)	(2,383)
Balance at end of period	16,097	537	2,501	19,136	2,394	349,257

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	60,359	58,089	215,575	(6,297)	327,726
Cumulative effects of changes in accounting policies					
Restated balance	60,359	58,089	215,575	(6,297)	327,726
Changes during period					
Dividends of surplus			(3,655)		(3,655)
Profit attributable to owners of parent			40,736		40,736
Increase by merger					-
Decrease in retained earnings resulting from exclusion of subsidiaries from consolidation			(253)		(253)
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		0		40	40
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	-	0	36,827	35	36,863
Balance at end of period	60,359	58,089	252,402	(6,262)	364,589

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	16,097	537	2,501	19,136	2,394	349,257
Cumulative effects of changes in accounting policies						-
Restated balance	16,097	537	2,501	19,136	2,394	349,257
Changes during period						
Dividends of surplus						(3,655)
Profit attributable to owners of parent						40,736
Increase by merger						-
Decrease in retained earnings resulting from exclusion of subsidiaries from consolidation						(253)
Purchase of treasury shares						(4)
Disposal of treasury shares						40
Change in ownership interest of parent due to transactions with non-controlling interests						-
Net changes in items other than shareholders' equity	1,364	-	2,296	3,661	(1,291)	2,369
Total changes during period	1,364	-	2,296	3,661	(1,291)	39,233
Balance at end of period	17,462	537	4,797	22,797	1,103	388,490

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	23,227	58,767
Depreciation	49,363	47,866
Impairment losses	2,360	1,122
Amortization of goodwill	279	275
Increase (decrease) in provision for bonuses	(438)	644
Increase (decrease) in retirement benefit liability	(813)	(1,281)
Increase (decrease) in allowance for doubtful accounts	161	296
Increase (decrease) in allowance for unredeemed gift certificates and others	141	58
Increase (decrease) in provision for loss on disaster	(89)	-
Interest and dividend income	(1,387)	(1,330)
Interest expenses	4,839	4,515
Share of loss (profit) of entities accounted for using equity method	(238)	(650)
Contribution received for construction	(1,349)	(889)
Loss (gain) on sale of investment securities	(14,509)	(309)
Loss (gain) on sale of non-current assets	(3,429)	(42,784)
Loss on tax purpose reduction entry of non-current assets	1,267	812
Loss on retirement of non-current assets	679	1,485
Loss (gain) on valuation of securities	182	159
Loss on valuation of inventories	(3)	1
Extra retirement payments	823	2,465
Redevelopment related cost	8	2,124
Decrease (increase) in trade receivables	(4,296)	769
Decrease (increase) in inventories	4,442	8,333
Increase (decrease) in trade payables	1,290	(3,995)
Increase (decrease) in deposits received	(3,803)	(19)
Other, net	(1,910)	856
Subtotal	56,797	79,291
Interest and dividends received	1,599	1,545
Interest paid	(4,868)	(4,552)
Income taxes paid	(4,910)	(13,356)
Net cash provided by (used in) operating activities	48,617	62,928

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Purchase of investment securities	(1,335)	(1,998)
Proceeds from sale of investment securities	21,914	1,286
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	1,167
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(8)	-
Purchase of property, plant and equipment	(73,478)	(48,025)
Proceeds from sale of property, plant and equipment	4,643	80,592
Net decrease (increase) in short-term loans receivable	(229)	(58)
Long-term loan advances	(90)	(141)
Proceeds from collection of long-term loans receivable	55	5
Proceeds from advances received for contract consignment	2,962	3,919
Other, net	51	(2,034)
Net cash provided by (used in) investing activities	(45,515)	34,712
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	11,200	(9,600)
Proceeds from long-term borrowings	24,897	19,100
Repayments of long-term borrowings	(29,238)	(18,726)
Redemption of bonds	(20,010)	(30,010)
Repayments of accounts payable to Japan railway construction, transport and technology agency	(13,133)	(7,509)
Dividends paid	(3,645)	(3,640)
Purchase of treasury shares	(8)	(4)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(0)	-
Other, net	(633)	(665)
Net cash provided by (used in) financing activities	(30,573)	(51,056)
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	(27,471)	46,584
Cash and cash equivalents at beginning of period	49,267	21,852
Increase in cash and cash equivalents resulting from merger	56	-
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(962)
Cash and cash equivalents at end of period	21,852	67,474

(5) Notes to consolidated financial statements**Notes on premise of going concern**

Not applicable.

Changes in accounting policiesApplication of Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the fiscal year under review, and it has applied the new accounting policy provided for by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures provided for in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

This change has no material impact on the consolidated financial statements.

Additional informationTransfer of non-current assets and shares of subsidiary

Based on a resolution of the Board of Directors meeting held on March 23, 2023, the Company entered into sales agreements to transfer the Odakyu Century Building owned by the Company to a specific fund in which Kohlberg Kravis Roberts & Co. L.P. or its affiliated companies act as management or investment advisors (hereinafter collectively referred to as “KKR”) and a special-purpose company in which KKR and its business partners are invested, and to transfer all shares of stock of Hotel Odakyu Co., Ltd. (hereinafter referred to as “Hotel Odakyu”) to a special-purpose company in which KKR and a joint venture are invested.

1. Reasons for transfer

In accordance with our management vision “UPDATE Odakyu—Becoming a Community-Based Value Creation Company,” we aim for sustainable growth with the areas along the Odakyu lines and the regions where we operate and are striving to “Recover profitability,” “Control interest-bearing debt,” and “Rebuild our business portfolio.” As part of this strategy, we have decided to transfer the land and building of Odakyu Century Building and the shares of Hotel Odakyu.

2. Overview of the transfer of Odakyu Century Building made by the Company

(1) Details of assets

(i) Name	Odakyu Century Building
(ii) Location	2-7-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
(iii) Asset type (currently)	Building, structures, and land (hotel)
(iv) Transfer price	Undisclosed
(v) Gain on sale (expected)	Approximately ¥50.0 billion

(Note 1) Based on the confidentiality provision in the agreement, the transfer price of the assets is not disclosed. The gain on transfer is an approximate amount obtained by deducting the book value and estimated costs related to the transfer from the transfer price.

(Note 2) After transferring ownership of the real estate to the trust bank, the Company will establish a trust beneficiary interest in the real estate and transfer the beneficiary interest to the parties described above on the same date.

(2) Outline of the transferee

(i) Name	Central Park TMK	
(ii) Location	Within Tokyo Kyodo Accounting Office, 3-1-1 Marunouchi, Chiyoda-ku, Tokyo	
(iii) Job title and name of representative	Director Tomoya Takayama	
(iv) Business	Property management business	
(v) Relationship with the Company	Capital relationship	No items to report.
	Personnel relationship	
	Business relationship	
	Relationship with related parties	

3. Overview of the transfer of shares of Hotel Odakyu made by the Company

(1) Overview of the consolidated subsidiary to be transferred

(i) Name	Hotel Odakyu Co., Ltd.	
(ii) Location	2-7-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo	
(iii) Job title and name of representative	Executive President and Representative Director Masayuki Inaba	
(iv) Business	Hotel management, banquet hall and meeting hall management, and restaurant business	
(v) Relationship with the Company	Capital relationship	Wholly owned subsidiary of the Company.
	Personnel relationship	One director and one executive officer of the Company concurrently serve as directors of Hotel Odakyu. One of the Company employees also concurrently serves as an auditor of Hotel Odakyu, and two Company employees are seconded to Hotel Odakyu.
	Business relationship	Intergroup transactions associated with activities such as building leasing, building management and other services, and fund lending are being conducted between the Company and some of its consolidated subsidiaries and Hotel Odakyu.
	Relationship with related parties	Since Hotel Odakyu is a consolidated subsidiary of the Company, it falls under the scope of a related party of the Company.
(vi) Number of shares to be transferred	1,824,000 shares	
(vii) Transfer price	Based on the confidentiality provision in the agreement, this information is not disclosed.	
(viii) Gain or loss on sale of businesses		
(ix) Ratio of equity after the transfer	0.0%	

(2) Outline of the transferee

(i) Name	Palette Holdings 1 Pte. Ltd.	
(ii) Location	12 Marina View #11-01 Asia Square Tower 2 Singapore 018961	
(iii) Job title and name of representative	Director Chee Teck Chin, Choo Tze Keong	
(iv) Business	Other holding companies	
(v) Relationship with the Company	Capital relationship	No items to report.
	Personnel relationship	
	Business relationship	
	Relationship with related parties	

4. Schedule of the transfer

The transfer is scheduled to be executed on June 30, 2023.

5. Impact on financial results

The Company expects to record gain on sale of non-current assets of approximately ¥50.0 billion as extraordinary income in its consolidated statement of income for the fiscal year ending March 31, 2024. In addition, the transfer of shares of Hotel Odakyu will have only a minor impact on the financial results.

Notes to consolidated statement of income

*1 Subsidy income

The amounts received from subsidies for employment adjustment and other special measures due to the impact of COVID-19 were recorded as “subsidy income” under non-operating income in the consolidated statement of income.

*2 Redevelopment related cost

Decommissioning costs arise from the Shinjuku Station West Exit area development plan were recorded as “redevelopment related cost” under extraordinary losses in the consolidated statement of income.

Segment information, etc.

1. Overview of reportable segments

The Group identifies a reportable segment as a component unit of the Group whose separate financial information is available and is examined periodically by the Board of Directors in order to make decisions regarding the allocation of management resources and assess the business performances of such segment.

The Group operates various businesses that are closely connected with our customers’ daily lives primarily along the Odakyu lines, centered on railway business and other transportation operations, but including merchandising, real estate, hotel, restaurant and other services.

For this reason, the Group consists of business segments that are based on the aforementioned business activities. The three reportable segments are “transportation,” “merchandising,” and “real estate.”

The business activities conducted within each business segment are listed below for the reportable segments.

Transportation.....Railway, bus, taxi, sightseeing boat, ropeway, etc.

Merchandising....Department stores, stores and retail, etc.

Real Estate.....Real estate sales, real estate leasing

2. Calculation methods for operating revenue, profit (loss), assets and other items by reportable segment

Reportable segment profit is presented on an operating profit basis. Intersegment operating revenue or transfers are based on prevailing market prices.

3. Information on operating revenue, profit (loss), assets and other items by reportable segment

Fiscal year ended March 31, 2022

(Millions of yen)

	Transportation	Merchandising	Real Estate	Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amounts recorded on consolidated financial statements (Note 3)
Operating revenue							
Revenues from external customers	129,028	99,634	74,053	56,038	358,753	–	358,753
Intersegment operating revenue or transfers	2,179	1,218	6,893	18,105	28,397	(28,397)	–
Total	131,207	100,853	80,946	74,143	387,151	(28,397)	358,753
Segment profit (loss)	(5,491)	1,695	18,570	(8,668)	6,106	46	6,152
Segment assets	660,848	57,379	437,455	117,450	1,273,134	12,095	1,285,230
Other items							
Depreciation (Note 4)	32,830	2,730	9,707	4,170	49,438	(74)	49,363
Amortization of goodwill	–	–	–	279	279	–	279
Impairment losses	278	467	756	858	2,360	–	2,360
Investments in entities accounted for using equity method	9,497	–	–	–	9,497	–	9,497
Increase in property, plant and equipment and intangible assets (Note 4)	28,469	1,657	32,875	1,690	64,693	–	64,693

Notes: 1. “Other Businesses” represents the following businesses, which are not included in the above reportable segment:

hotel, restaurant, travel agent, golf course, railway maintenance service, building management and maintenance, advertising agency, bookkeeping service, insurance agency, planning design and operation, and temporary staffing service.

2. Adjustments made are as follows.

- (1) Adjustment for segment profit (loss) amounting to ¥46 million represents elimination of intersegment transactions.
- (2) Adjustments for segment assets amounting to ¥12,095 million include negative ¥133,707 million of elimination of intersegment transactions and ¥145,802 million of the Group’s assets that have not been distributed to reportable segments.
- (3) Adjustment for depreciation amounting to negative ¥74 million represents elimination of intersegment transactions.

3. Segment profit (loss) is reconciled to operating profit on the consolidated financial statements.

4. Depreciation and increase in property, plant and equipment and intangible assets include long-term prepaid expenses and its amortization.

Fiscal year ended March 31, 2023

(Millions of yen)

	Transportation	Merchandising	Real Estate	Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amounts recorded on consolidated financial statements (Note 3)
Operating revenue							
Revenues from external customers	149,643	94,894	77,305	73,315	395,159	–	395,159
Intersegment operating revenue or transfers	2,060	1,261	6,728	17,400	27,451	(27,451)	–
Total	151,704	96,156	84,034	90,716	422,611	(27,451)	395,159
Segment profit (loss)	8,463	866	18,047	(821)	26,555	46	26,601
Segment assets	654,143	47,521	396,032	117,984	1,215,681	64,294	1,279,976
Other items							
Depreciation (Note 4)	31,424	2,600	10,131	3,774	47,931	(64)	47,866
Amortization of goodwill	–	–	–	275	275	–	275
Impairment losses (Note 5)	4	732	757	272	1,767	–	1,767
Investments in entities accounted for using equity method	9,974	706	–	–	10,680	–	10,680
Increase in property, plant and equipment and intangible assets (Note 4)	26,280	5,623	16,670	4,315	52,889	–	52,889

Notes: 1. “Other Businesses” represents the following businesses, which are not included in the above reportable segment: hotel, restaurant, travel agent, golf course, railway maintenance service, building management and maintenance, advertising agency, bookkeeping service, insurance agency, planning design and operation, and temporary staffing service.

2. Adjustments made are as follows.

- (1) Adjustment for segment profit (loss) amounting to ¥46 million represents elimination of intersegment transactions.
- (2) Adjustments for segment assets amounting to ¥64,294 million include negative ¥116,342 million of elimination of intersegment transactions and ¥180,637 million of the Group’s assets that have not been distributed to reportable segments.
- (3) Adjustment for depreciation amounting to negative ¥64 million represents elimination of intersegment transactions.

3. Segment profit (loss) is reconciled to operating profit on the consolidated financial statements.

4. Depreciation and increase in property, plant and equipment and intangible assets include long-term prepaid expenses and its amortization.

5. Among the impairment losses, ¥644 million was recorded as “redevelopment related cost” under extraordinary losses in the consolidated statement of income.

Per share information

(Yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net assets per share	954.58	1066.07
Basic earnings per share	33.36	112.11

Notes: 1. The amount of diluted earnings per share is not provided because there are no potential shares.

2. For the purpose of calculating net assets per share, the Company’s shares held by the Board Incentive Plan Trust Account are treated as treasury shares, which are excluded from the total number of issued shares at the end of the period (137 thousand shares for the fiscal year ended March 31, 2022 and 120 thousand shares for the fiscal year ended March 31, 2023).

For the purpose of calculating basic earnings per share, these shares held by the trust were treated as treasury shares, which were excluded from the calculation of the average number of shares during the period (143 thousand shares for the fiscal year ended March 31, 2022 and 126 thousand shares for the fiscal year ended March 31, 2023).

3. The basis for calculation of basic earnings per share is as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit attributable to owners of parent (Millions of yen)	12,116	40,736
Amount not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common shares (Millions of yen)	12,116	40,736
Average number of common shares during the period (Shares)	363,208,463	363,374,015

Significant subsequent events

Not applicable.