



# Information for Investors

Results for the FY2020

New Management Vision UPDATE Odakyu  
—Becoming a Community-Based  
Value Creation Company

May 24, 2021

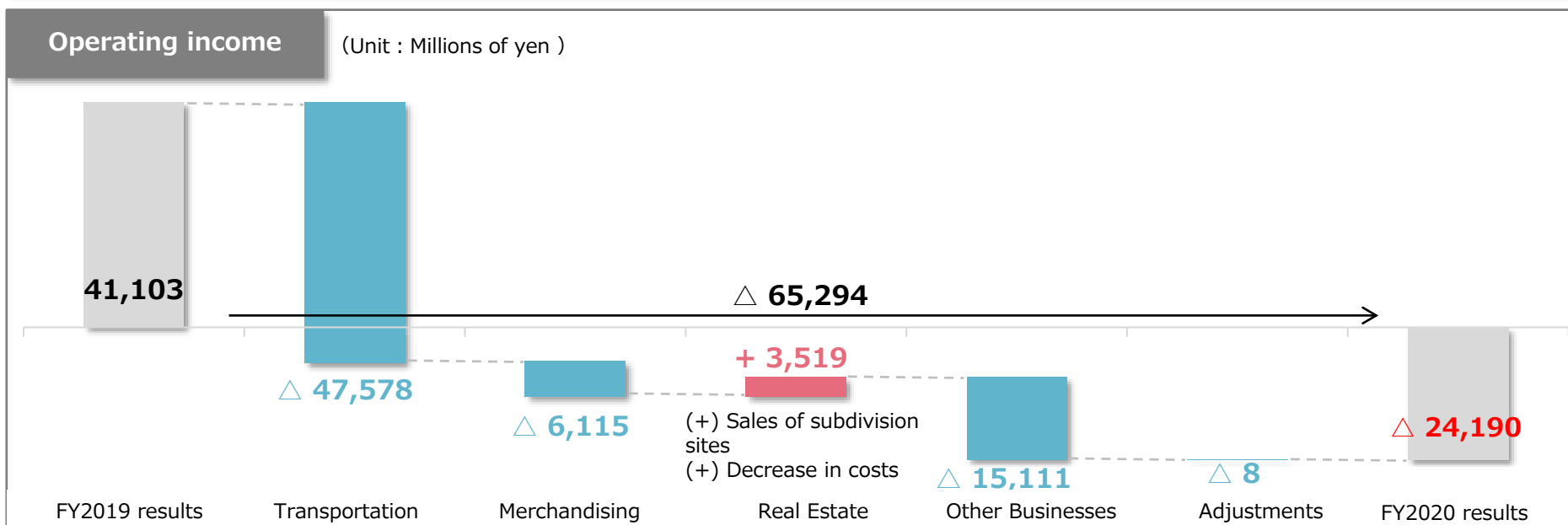
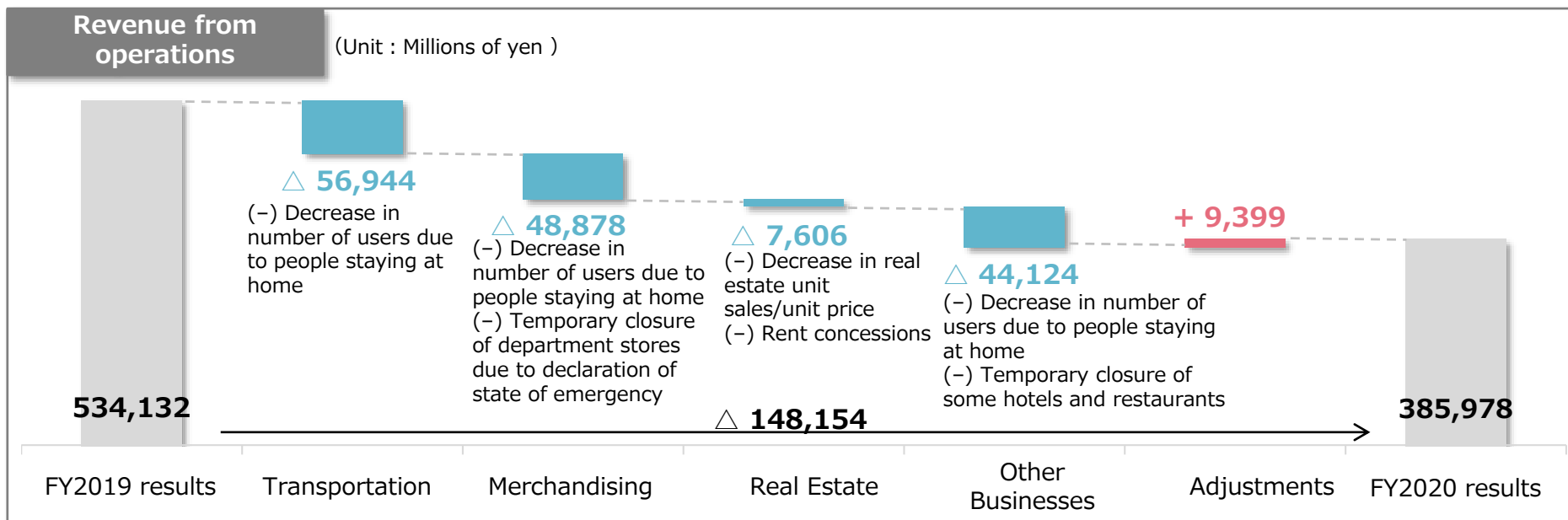
# Actual Performance Overview for FY2020

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# Actual performance overview for FY2020

Millions of yen	FY 2019 (actual)	FY 2020 (actual)	Change		Forecast at Mar. 2021	Change	
Revenue from operations	534,132	385,978	△ 148,154	△ 27.7%	384,100	+ 1,878	+ 0.5%
Operating income	41,103	△ 24,190	△ 65,294	—	△ 28,900	+ 4,709	—
Ordinary income	38,299	△ 31,223	△ 69,523	—	△ 35,800	+ 4,576	—
Net income attributable to owners of parent	19,923	△ 39,804	△ 59,728	—	△ 42,600	+ 2,795	—
Capital investments	91,599	62,943	△ 28,655				
Depreciation	49,628	51,258	+ 1,630				
Interest-bearing debt	741,027	782,822	+ 41,795				
EBITDA	90,731	26,355	△ 64,376				
D/E ratio	8.2 times	29.7 times	+ 21.5 P				

# Actual performance overview for FY2020 (compared with FY2019)

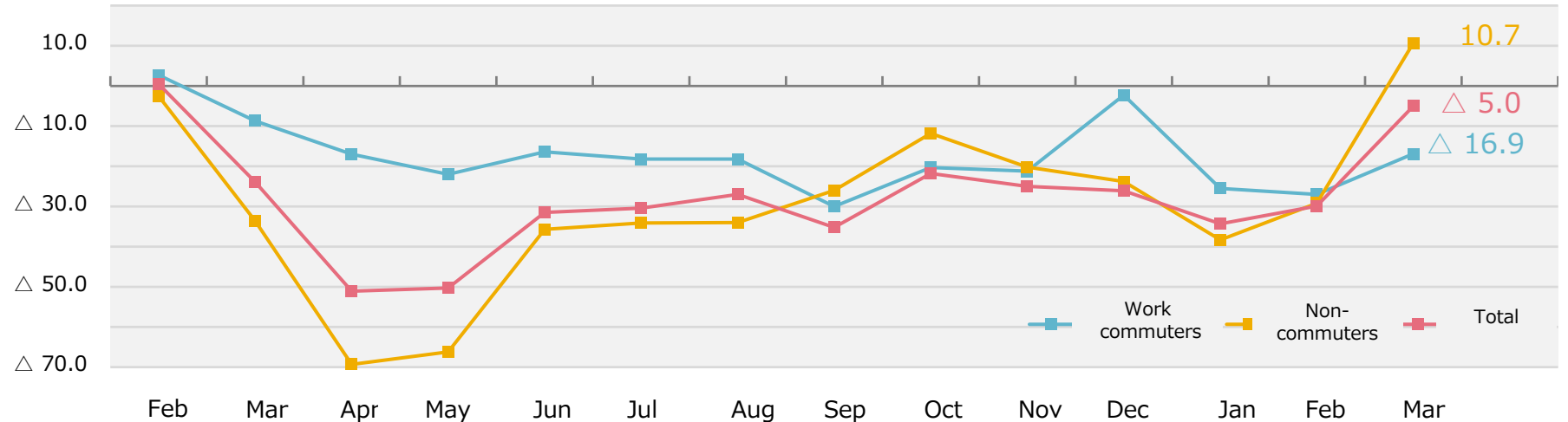


# Monthly trends of major business for FY2020

## Transportation

(Number of Passengers on Odakyu Electric Railway)

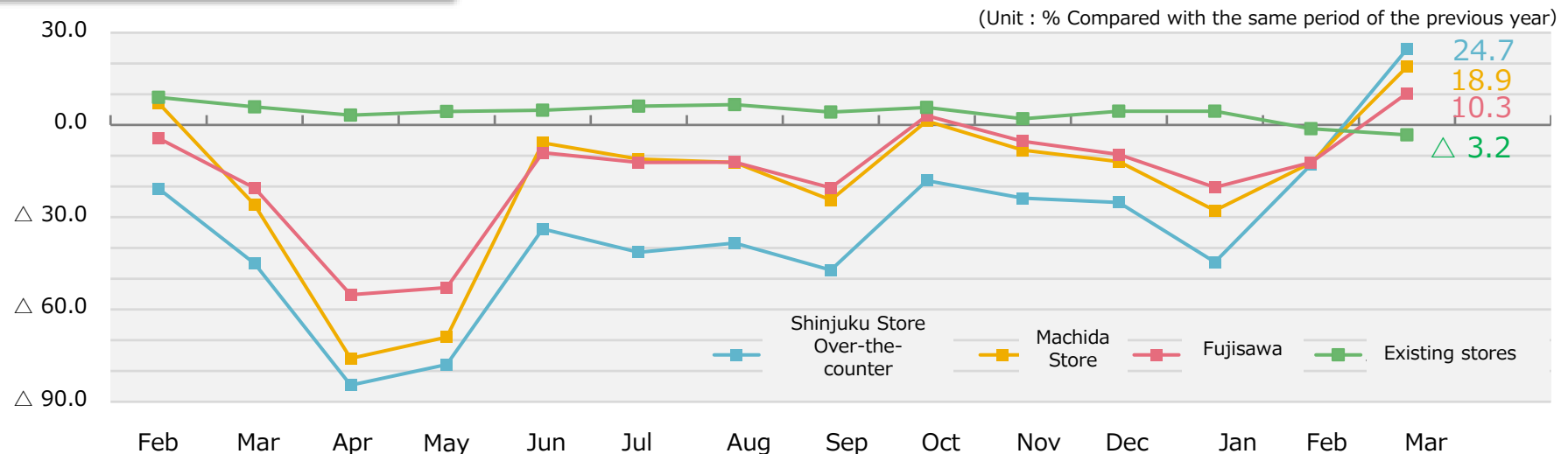
\* In September and October, rebound from the impact of the advanced purchasing of commuter passes in the same period of the previous fiscal year that accompanied the consumption tax hike (Unit : % Compared with the same period of the previous year)



## Merchandising

(Department Stores /Stores)

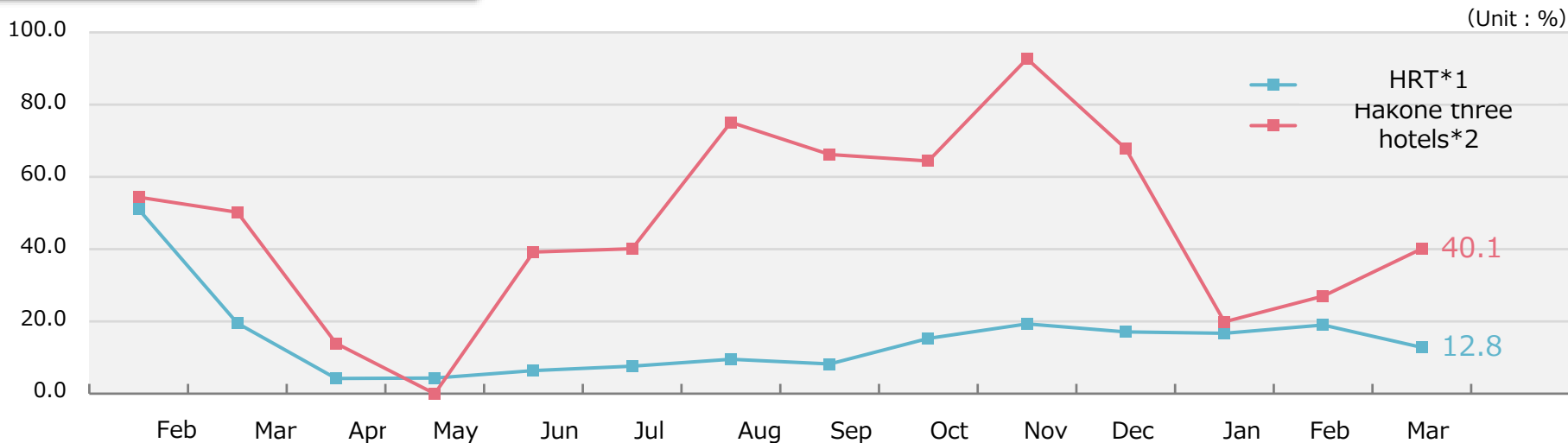
\* In September and October, rebound from the impact of the rush in demand in the same period of the previous fiscal year that accompanied the consumption tax hike (Unit : % Compared with the same period of the previous year)



# Monthly trends of major business for FY2020

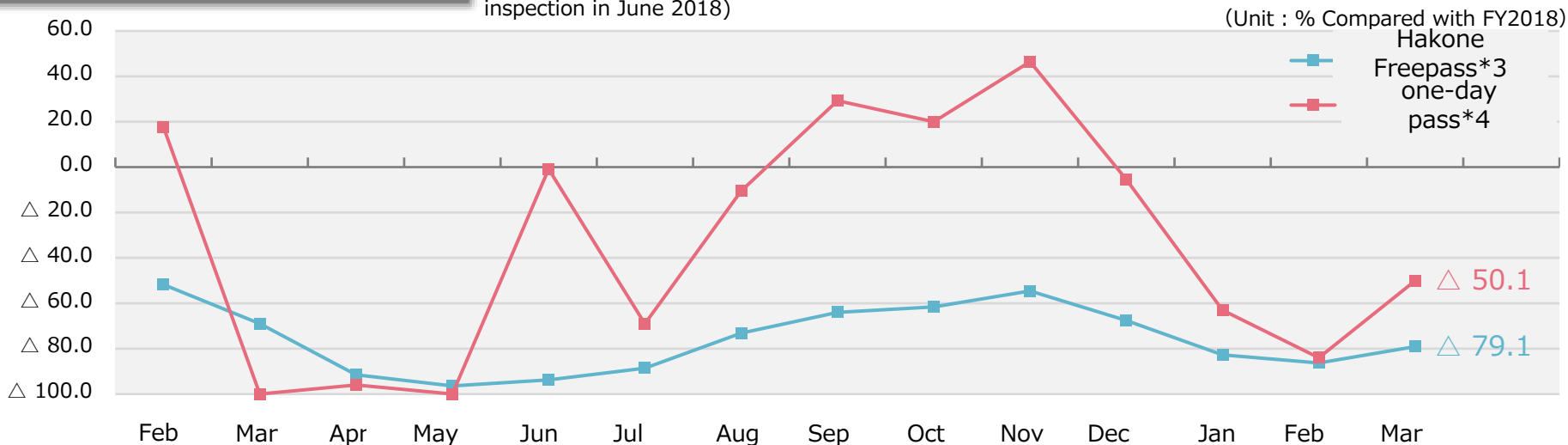
## Hotels (Occupancy rate)

- \* 1 Hyatt Regency Tokyo
- \* 2 Hotel de Yama/ Hakone Highland Hotel/ Hotel Hatsuhana



## Hakone area

- \*3 Hakone Freepass unit sales
- \*4 Sales figures for sightseeing boat/ropeway one-day pass (ropeway suspended for routine inspection in June 2018)



# Review of Previous Plan

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# Review of the Long-Term Vision 2020

- The Long-Term Vision 2020 concluded six years after it was launched in FY2015
- We promoted initiatives that contributed to maximizing Group revenue, and implemented digital transformation (DX) measures that contributed to business growth, including MaaS

## Long-Term Vision 2020 Basic Policy Our Challenge

To achieve the Group's management principle of helping customers create "irreplaceable times" and "rich and comfortable lifestyles," we will aspire to become a dynamic corporate group by further strengthening the business infrastructure and sowing and nurturing seeds of growth by FY2020.

2015

### Theme I

Maximize Group revenue along the Odakyu Line after completion of multiple double tracks.

### Theme II

Sow and nurture seeds of growth by FY2020.



Completion of multiple double tracks



Start of operation of Romancecar GSE



Progress in development between stations in Ebina



Operating alliance with Seven & i Holdings Co., Ltd.



Launch of in-house system for business idea suggestions



Business expansion overseas



Progress in above-ground development of Shimo-Kitazawa district



Opening of 13 new hotels



2020



Opening of new facilities in the Hakone area



Renewal of Machida and Fujisawa department stores



Launch of EMot MaaS app service



Verification testing of self-driving buses and on-demand transport services





# Review of the Long-Term Vision 2020

- At the launch of the Long-Term Vision 2020, the targets for FY2020 were: Revenue from operations ¥600 billion, EBITDA ¥100 billion, and interest-bearing debt/EBITDA ratio 7.0 times
- Until the impact of the COVID-19 outbreak, EBITDA remained largely in line with the plan, although the target for revenue from operations was withdrawn due to the factors, such as the transfer of Group businesses

## Consolidated numerical targets for FY2020 in the Long-Term Vision

【FY2015 Initial plan】

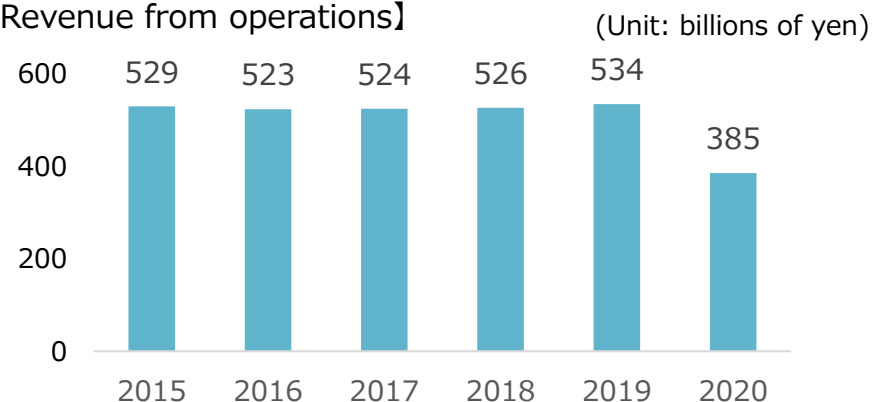
Revenue from operations	600 billions of yen
EBITDA	100 billions of yen
D/E ratio	7.0 times

【FY2018 Revised】

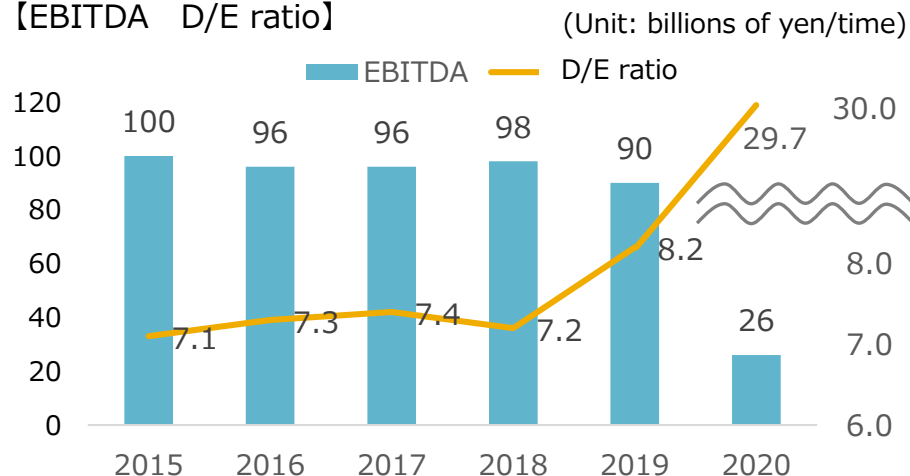
Revenue from operations	—
EBITDA	111.5 billions of yen
D/E ratio	6.7 times

## Actual figures for FY2015-FY2020

【Revenue from operations】



【EBITDA D/E ratio】



# New Management Vision

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# Our History and the Next 100 Years

Opened in 1927

Period of rapid economic growth

The past few decades

Changing business environment

2027  
100th anniversary

## Development together with local communities



The Odawara Line opened in a year and a half during the period of confusion directly after the Great Kanto earthquake of 1923  
The line supported the movement of people migrating from the city center to the suburbs due to the earthquake



Enriched life along the Odakyu line by supporting lifestyles through methods such as opening department stores and supplying housing to meet the population increase following the post-war economic development and purchasing demand



Invigorated the Hakone area, which suffered a decrease in tourists due to the collapse of the bubble economy, through large investments such as the Romancecar, and revitalized the area as a tourist spot



While reducing congestion and offering high-speed service through multiple double track projects and continuous elevated railway projects, we promoted community development to increase movement in areas around stations

Issues related to population

Climate change

Progress of technology

Diversification of values

Changing behavior in the Post-COVID-19 Era

Uncertainty of the future

**Update our business model that has been in place for 100 years to adapt to an era of high uncertainty**

# **UPDATE Odakyu**

## **—Becoming a Community-Based Value Creation Company**

In order to grow together with communities along the Odakyu Line and in areas where we operate businesses, we will evolve into a company that creates new value in communities, such as customer experience and lowering of the environmental load, by constantly striving to think outside the box.

# New Management Vision

We will make management decisions based on the three pillars of “society and community,” “economy,” and “environment” and sharply differentiate our businesses. We will update our business model to become a company that creates community-based value for the next 100 years.

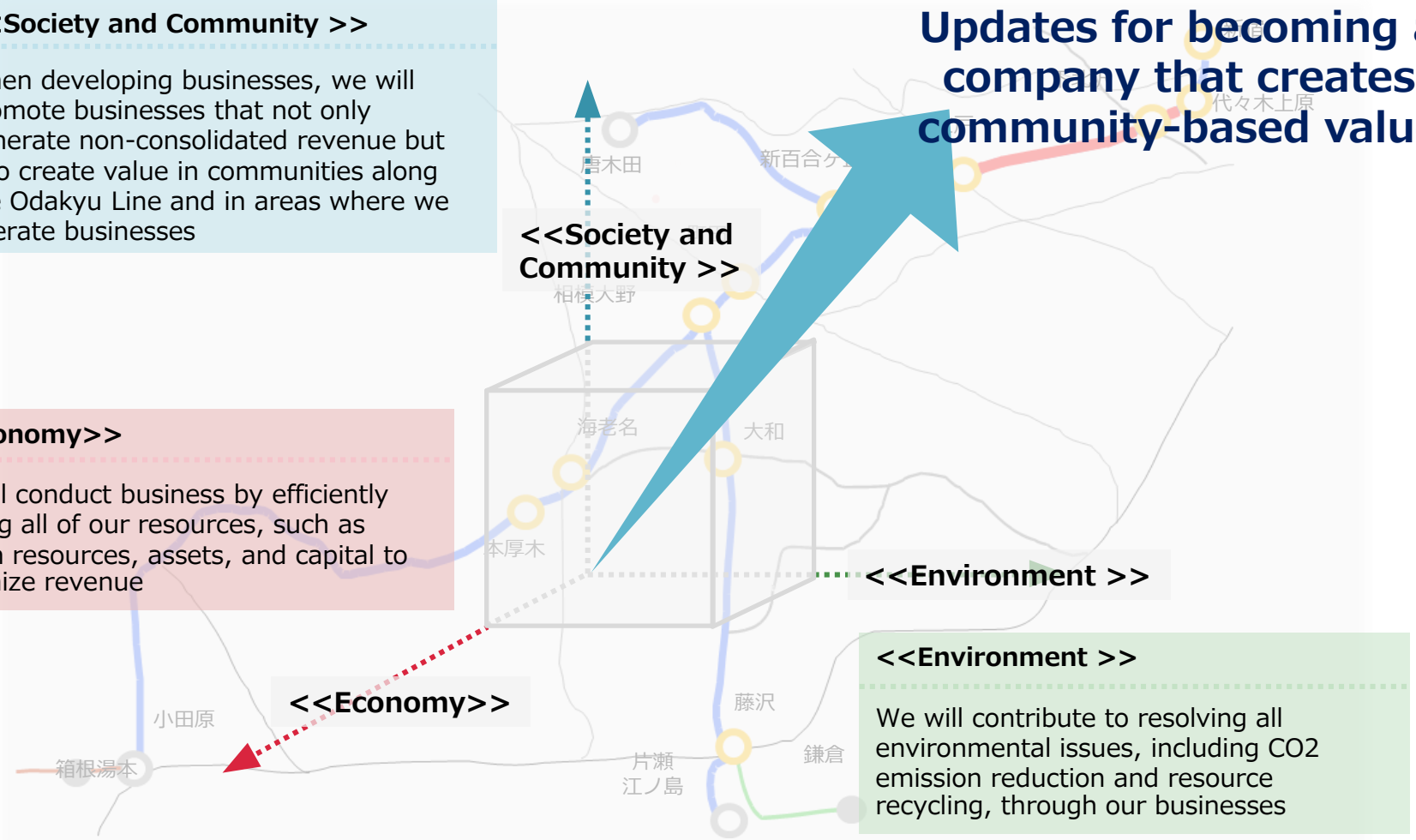
## <<Society and Community >>

When developing businesses, we will promote businesses that not only generate non-consolidated revenue but also create value in communities along the Odakyu Line and in areas where we operate businesses

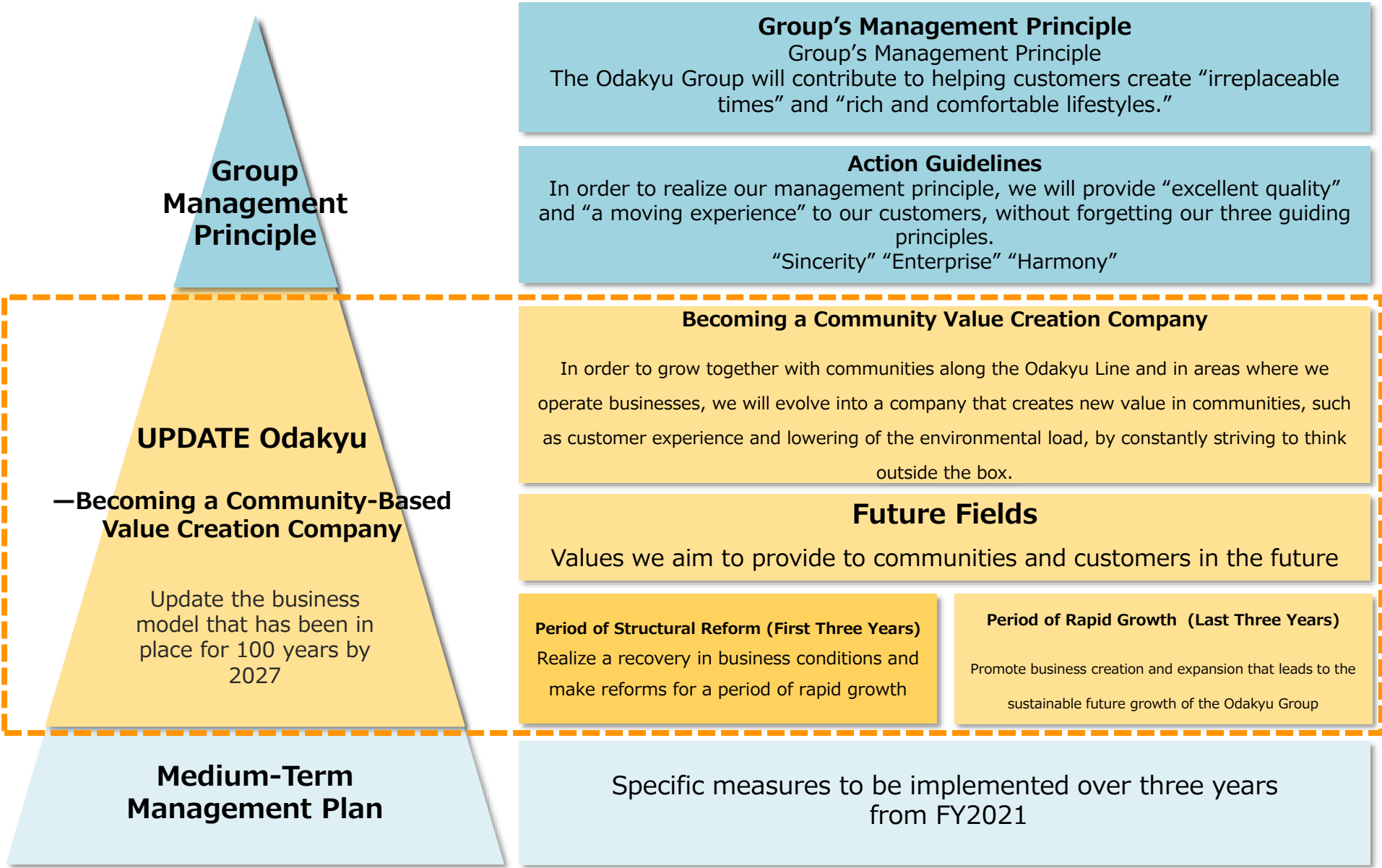
## <<Economy>>

We will conduct business by efficiently utilizing all of our resources, such as human resources, assets, and capital to maximize revenue

Updates for becoming a company that creates community-based value

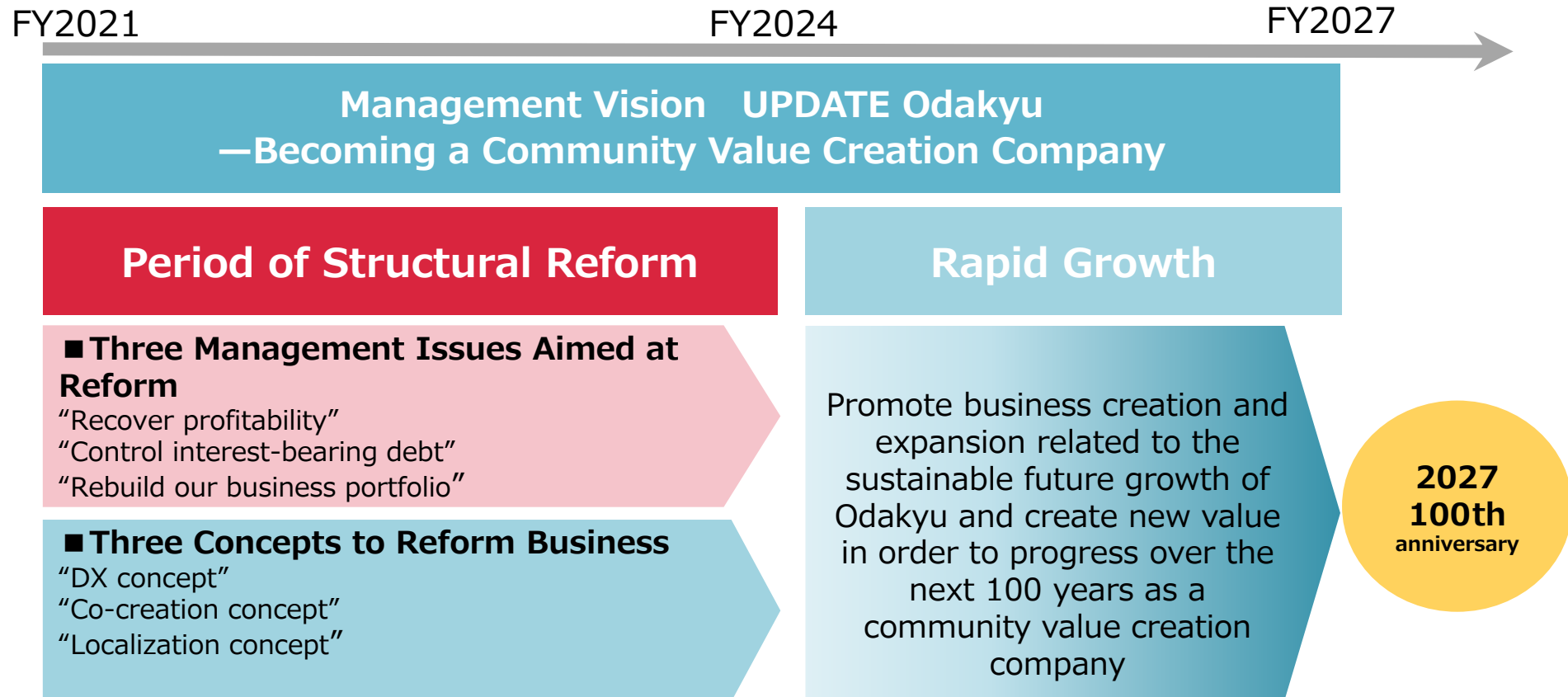


# Positioning of the Management Vision in Our Business Planning Structure



## ■ Reform Initiatives

- We will establish the first three years of the six-year period ending in FY2026 as the period of structural reform and the last three years as the period of rapid growth
- In the period of structural reform, we will implement business reform through three management issues and three concepts for the period of rapid growth to recover business conditions and review the existing business model



# Three Management Issues Aimed at Reform

With a view to the period of rapid growth, we will promote the recovery of profitability and control of interest-bearing debt to improve financial soundness and rebuild our business portfolio

**Recover profitability**

**Control interest-bearing debt**

**Rebuild our business portfolio**

**Criteria for Recovery of Financial Soundness (FY2023)**

**Aim for interest-bearing debt of ¥700 billion**

In addition to the above goal, we aim to recover to a profitability level equal to that of the period before COVID-19 and achieve interest-bearing debt/EBITDA ratio 7.0 times

**Review and Promote**

In addition to financial soundness, we will reinforce profitability through bold selection-and-concentration efforts in our existing businesses and promote the creation of new revenue opportunities after securing investment capacity

**Update the business model that has been in place for 100 years with the aim of achieving a period of rapid growth**



# Three Management Issues Aimed at Reform

## Recover profitability

- Revenue from our railway business
  - Expect revenue to recover to approximately 85% of the normal level and aim to reach a level of over 85% through initiatives to increase revenue
- Reduce costs
  - Carry out labor-saving measures in our railway business and review the management system in line with these measures
  - Restructure the hotel business e.g. Implementing early retirement systems for employees at Odakyu Group hotels
  - Make the management system more efficient at each business and promote measures such as withdrawing from unprofitable stores

## Control interest-bearing debt

- Review investments
  - Carefully select investments, such as investments to update facilities, after verifying effect of such investments while continuing to implement diverse investments, including toward DX and other growth investments
  - Review investments in the railway business based on the premise of ensuring safety
- Promote the sale of cross-shareholdings and real estate

## Rebuild our business portfolio

- Review and strengthen existing businesses and examine the direction of new business area cultivation

# Three Concepts to Reform Business

**In all businesses, we will thoroughly apply the three concepts of “DX,” “co-creation,” and “localization” to promote reformation of the way we think about our operations and services. In addition to this, we will grow our existing businesses and create new businesses**



Circular economy

We will transform the physical businesses we have grown so far by leveraging digital technology to promote such efforts as the shift to cloud-based services and IoT for our existing businesses and the development of new contact points with customers

**DX**



Ma a S



Digital platform



Industry-academia collaboration

**Three Concepts**

**Co-creation**

We will do away with fixed concepts and create new value by unleashing the creativity of each organization and individual employee, in addition to combining our unique strengths with the diverse value offered by our business partners

**Localization**

We will earnestly approach various social issues in local communities, especially along the Odakyu Line, and create businesses to be the optimal solution for issues in each community. We will then work to expand those businesses in order to resolve the same kinds of issues in other communities



Area management

# Future Fields

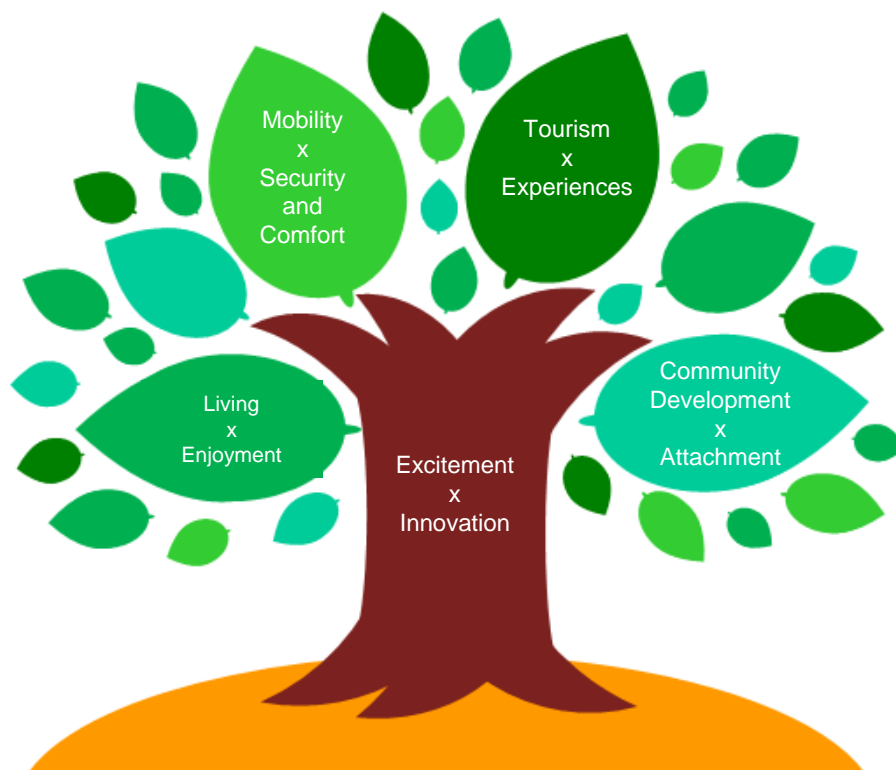
The Odakyu Group will update the methods it uses to realize the value it aims to provide to communities and customers in the future, in light of the accelerating pace of changes in the environment due to the COVID-19 pandemic, including the progress of digitalization

**Mobility x Security and Comfort**  
Creating a new mobility life for communities

**Community Development x Attachment**  
Creating a new narrative for communities

**Living x Enjoyment**  
Producing emotionally moving moments in uneventful everyday life

**Tourism x Experiences**  
Providing special memories from experiences found nowhere else



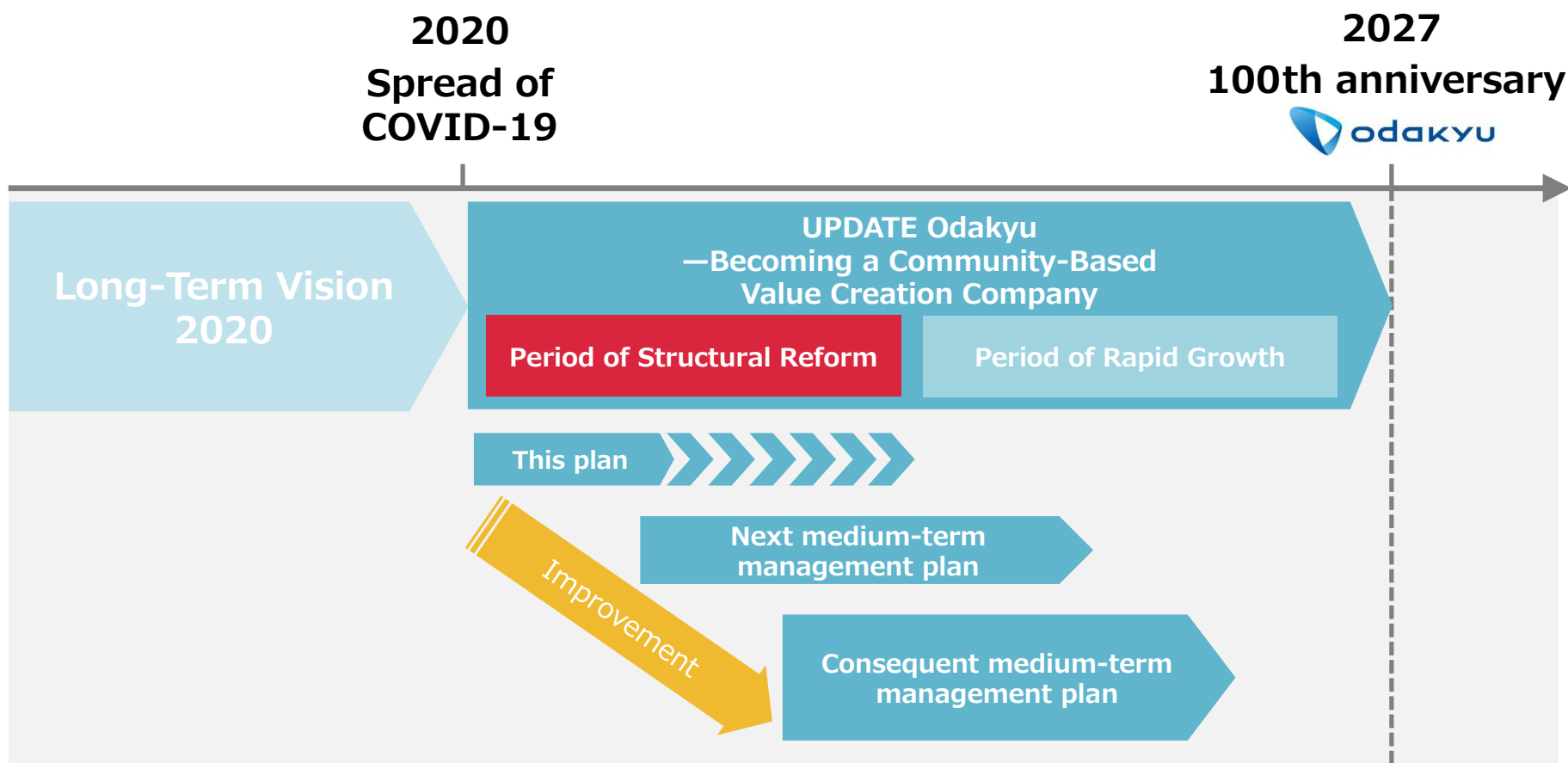
**Excitement x Innovation**  
Providing excitement to customers at all times

# Specific Initiatives in the Medium-Term Management Plan

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# Positioning of the Current Medium-Term Management Plan

- In this plan, we prioritize the recovery of profitability and financial soundness, while pursuing initiatives related to the sustainable future growth of Odakyu, such as transforming physical businesses with digital technology
- We will improve the plan in phases each time we make specific accomplishments, such as rebuilding our business portfolio, with the aim of realizing our new management vision



# Mobility x Security and Comfort

## Creating a new mobility life for communities



While making universal value in the form of security and comfort accumulated over 90 years an unshakable foundation, we will apply future technologies to create a next-generation mobility life for communities that will enable people to get around and meet people they want to meet when they want to meet them.

Increased Severity  
of  
Natural Disasters

Mobility Impaired  
People

Permeation  
of  
Digital Lifestyles

Decreased  
Opportunities  
for  
Going Out

Widespread adoption  
of  
Teleworking

## Approach to “Mobility X Security and Comfort” Based on Changes to the Business Environment

- Despite user levels failing to recover to pre-COVID-19 levels, public transportation remains an important method of transportation that people can use with peace of mind and that supports the community. As such, we will strive to maintain and improve such a vital asset.
- Increase in the number of mobility impaired people (negative number of private car users), caused by issues such as the progress of the aging society and young people being less interested in owning cars. These are social issues that will continue in the future and we, as a company, aim to resolve them.

### Policy 1

**Build sustainable transportation infrastructure  
and create new value**

### Policy 2

**Establish a new business model utilizing  
digital technology**

## Policy 1

# Build sustainable transportation infrastructure and create new value

While creating a business model that balances safety and profitability, we will create new value in response to changes to the business environment

### Maintain and Improve Safety

- Install platform doors at stations with over 100,000 daily passengers
- Reinforce facilities and structures in case of emergencies, such as natural disasters
- Promote initiatives for improving safety that utilize AI and image recognition technology (system for detecting abnormal conditions at railway crossing, etc.)



Platform doors on the down-train platforms (platform 1 and 2) Noborito Station



Repair embankment slopes in order to control damage, including from landslides

### Labor-Saving Service Operation System

- Review the management system of our railway business
- Conduct specific discussions regarding the realization of conductor-less trains
- Downsize railway facilities



Reduction of ticket machines due to increased IC card users

### Generating new revenue

- Create new opportunities to increase the urge to go out
- Achieve seamless mobility through initiatives such as MaaS
- Maximize effective use of railway assets



Effective use of station space



Filming Location business



## Policy 2

# Establish a new business model utilizing digital technology

We will create community-based value centered on transportation services by shifting customer contact points from the real world, starting with stations, to the digital world, starting with smartphones and other devices, as well as revitalizing communities and proposing new value through MaaS

### Odakyu MaaS (Mobility)



New value proposals  
Suburban MaaS  
Sightseeing MaaS  
MaaS × Commerce

### Community Development

### Tourism

### Living



Create new community-based value  
along the Odakyu Line

Resolve issues in other communities  
that are not along the Odakyu Line

### Development of EMot MaaS application service

- Expand electronic tickets
- Expand functions such as web features and linkage with sale of special limited express tickets
- Expand collaboration through EMot and MaaS Japan

### Topics

- Downloads at five times those of the previous fiscal year (End of FY2020: approximately 80,000 downloads)
- Sales ratio of electronic tickets of approximately 10% (Sales performance for Hakone Freepass in March 2021)

### Realization of New Value

- Collaborate with commercial facilities to encourage private car users to use public transportation (e.g. free bus tickets)
- Implement a next-generation transportation society, such as on-demand public transport and automated driving buses
- Develop a bicycle sharing business (Enoshima)
- Use and apply data through apps and other methods

# Community Development x Attachment

## Creating a new narrative for communities



We will create occupational, residential, commercial, academic, and recreational settings that take advantage of the individuality and characteristics of communities and foster attachment to and pride in communities together with customers. Through resolution of issues facing customers and local communities, we will create a new narrative for communities.

Decreased opportunities for going out

Weakening of local communities

Changing relationship between urban and suburban areas

Recycling-oriented society

## Approach to “Community Development x Attachment” Based on Changes to the Business Environment

- While people are spending more time in the areas around their homes and the importance of local communities increases, we will increase the appeal of these communities by developing functions within each area that can be applied to various aspects of life
- Amid rapid changes to the market, we will establish various methods of development to ensure that communities continue to receive the development they need

### Policy 1

**Pursue development with a firm understanding of local community characteristics**

### Policy 2

**Create opportunities for development and expand profitability by enhancing business operations**

### Policy 3

**Create new community development businesses**

## Policy 1

# Pursue development with a firm understanding of local community characteristics

Promote development that integrates numerous functions that apply to occupation, residence, commerce, education, and recreation in all communities, and carry out community development that responds flexibly to people's diverse needs and changes

### <Urban> Shinjuku Area

#### ■ Shinjuku Station West Area Exit Area Redevelopment

- The leading project of the Shinjuku Grand Terminal concept, a public partnership that aims to improve the city's international competitiveness



Build a multipurpose 260m building above Shinjuku Station (Scheduled to be completed in FY2029)

#### ■ Area Revitalization Initiatives

- Continue to implement collaboration initiatives with various groups, such as government administrations, industries, and universities
- In conjunction with redevelopment work, revitalize the area in terms of both "hard" (architectural) and "soft" (cultural) development to create an environment where people working in and visiting Shinjuku, as well as nearby residents, can feel the appeal of the city



Joint project with NTT Docomo

### <Suburban> Ebina Area

#### ■ Development plan for ViNA GARDENS

- Leading project for carrying out development in the Ebina Area
- Promote area development that encompasses all factors, such as occupation, residence, commerce, education, and recreation

##### □ Plan Overview

- Scheduled completion of construction in the overall plan by the end of FY2025
- Amount invested: approximately ¥32.2 billion
- Revenue from rent: approximately ¥2.3 billion per year (after overall completion of construction)

##### □ Existing and completed facilities

- (Occupation) Leafia Tower
- (Commerce) Vinawalk, [ViNA GARDENS] TERRACE
- (Education/Recreation) Romancecar Museum

##### □ Office Building (Temporary Name)

- Scheduled for completion in February 2022
- Largest rental office building in the central Kanagawa area

##### □ Service Building (Temporary Name)

- Scheduled to open in the first half of 2022
- Facilities that use "wellness" as a concept to enrich people's mental and physical health from all angles, including commerce, fitness, clinics, and schools



## Policy 2

# Create opportunities for development and expand profitability by enhancing business operations

Increase opportunities for development by diversifying development and management methods in line with changing lifestyles, in addition to conventional in-house land development, and expand earnings by promoting income and expenditure structural reform

### Diversify Development and Operation Methods

- **Promote land acquisition, plan development, operation, and sales related to community-based value creation**
  - Expand area-based development to other communities



Community development that encompasses the planning, development, operation, and area management of 13 facilities that utilize the characteristics of the community in the Shimo-Kitazawa area

下北線路街

- Promote businesses such as utilization of public transport assets and revitalization of vacant houses



Launch activities as designated manager of Shinjuku Central Park

- Develop idle land along the Odakyu Line

### Improve Efficiency of Real Estate Management

- **Review PM/BM costs and efficiently utilize assets**
  - Reduce operating costs through labor-saving and automation of building management
  - Convert assets for in-house use to external lease through business reform



[tefu yoyogi uehara](#)

Renovate in-house assets that were used as offices into multipurpose facilities

- Set up satellite offices in idle space



Develop 30 locations along the Odakyu Line by FY2023 in collaboration with XYMAX corporation

## Policy 3

# Create new community development businesses

Multilaterally promote new community development businesses that resolve issues in local communities through technology and other methods

### Area management



Shin-Yuri Festival Marche



Shin-Yurigaoka area management consortium

Aim to increase value along the Odakyu Line by collaborating with government and local officials to resolve community issues, revitalize local areas, and create new business opportunities.

### Circular economy Business



Reduce the burden on drivers



Make business management more efficient



Improve safety and peace of mind

Build and provide infrastructure services that contribute to improved efficiency in the field of collection and transportation of resources and waste, which is important in realizing a recycling-oriented society, by using technology in response to increasingly severe labor shortages

### Local Community Business

Ichi no ichi



**Individual Web Platforms for Neighborhood Associations and Town Councils**

Provide services that support the operations of local communities that are struggling to survive within the hyper-aged society, and continue ongoing efforts to expand in areas away from the Odakyu Line, centered on the Hadano area

### Smart City Business

**Conduct research in collaboration with Beyond AI, the Institute for AI and Beyond**



Aim for social implementation of smart cities that are of value for all people involved in the community

Promote research and development activities for the “Next-Generation AI City Simulator” that implements an algorithm for guiding the flow of people, encouraging certain behavior among visitors in the area around Ebina station

# Living x Enjoyment

Producing emotionally moving moments in  
uneventful everyday life



We will produce emotionally moving moments that go beyond a sense of security by speedily identifying changing trends and diversifying customer wants and by co-creating together with various partners times and spaces that bring color and charm to uneventful everyday life.

# “Living x Enjoyment” Environmental Awareness and Policies

Decreased opportunities for going out

Permeation of Digital Lifestyles

EC and online content

Experience-based consumption

## Approach to “Living x Enjoyment” Based on Changes to the Business Environment

- While the value that can only be experienced in the real world will be emphasized, commoditized products will become obsolete, and originality and regional characteristics will be essential for real content going forward
- As the boundaries between digital and real are disappearing, we will reinforce digital customer contact points and develop analysis systems for the data we have obtained and apply them to existing and new businesses



### Policy 1

**Provide powerful real content**

### Policy 2

**Create customer value by building a digital platform**



**Create new content and reinforce relationship of that content with community initiatives to attract visitors and create a bustling community**

## Enhance railway content

Aim to acquire generations of Odakyu fans by maximizing the use of railway content

### ■ Romancecar Museum

Opened in Ebina in April 2021 with the concept "fun for children and adults"



### ■ Monetize railway content

Hold events that utilize assets unique to railway companies



Tours of railyards



Romancecar school trips

## Create sports content

### ■ Promote sports co-creation strategy (OSEC100)

Create 100 pieces of content, together with local communities, that moves people's hearts through sports by 2027



ODAKYU SPORTS MAP



Collaborate with FC Machida Zelvia

## Refine commercial facilities

### ■ Implement initiatives that for a close connection with local customers

Create various points of contact with the community, such as special invitation events for top customers and job experience events for local children



Special invitation events

### ■ Attract customers to real stores by utilizing digital assets

Strengthen digital customer points of contact through the use of LINE and leverage them in marketing initiatives

## Policy 2

# Create customer value by building a digital platform

Understand diversifying customer needs by reinforcing digital marketing and provide services that integrate the real and digital worlds

### Services that integrate real and digital

#### ■ Community-based service platform "ONE (o-ne)"

Allows for the use various services within and outside the Odakyu Group using a single ID. Serve as the foundation of the Odakyu Group's digital business.

- Expand community services to encompass all aspects of life
- Increase number of users by utilizing the Group's real points of contact



### Accumulate and analyze customer data

Analyze customer trends and preferences based on data to create a series of processes from service awareness to usage and follow-up services

### Develop and improve services

Increase customer life time value (LTV) by developing and proposing services that cater to customers' lifestyles



Reinforce the customer data infrastructure by integrating the information of approximately 1.3 million Odakyu Point members and ONEID

# Tourism x Experiences

Providing special memories from experiences found nowhere else



We will contribute to the development of Japan, regions, and communities by discovering ways for people to spend time and enjoy themselves unique to specific localities together with local residents and assisting in providing guests from Japan and around the world with experiences that remain as special memories.

# “Tourism x Experiences” Environmental Awareness and Policies

Loss of demand  
from inbound tourists

Increase in  
domestic travel

Micro-tourism

Number of  
visitors

Experience-based  
consumption

## Approach to “Tourism x Experiences” Based on Changes to the Business Environment

- Robust demand for domestic travel is expected to emerge, but in order to capture this demand, it is essential to create region-unique value and meet diversifying tourism needs
- The tourism industry has high growth potential over the medium to long term due to large scope for digitization and the anticipated recovery in demand from inbound tourists in the future, and it therefore is essential that we accumulate business expertise through continuous initiatives

### Policy 1

**Create new tourism experiences that draw on local characteristics**

### Policy 2

**Refine the tourism business in anticipation of the future**

## Policy 1

# Create new tourism experiences that draw on local characteristics

Promote the development of new demand in the Hakone, Enoshima, and Oyama areas through various value proposals and strive to create new tourism experiences

### Provide New Experience-Based Value to Encourage Movement

#### ■ Hakone area

Create tickets and distribute tourism information focusing on visitors with their own cars



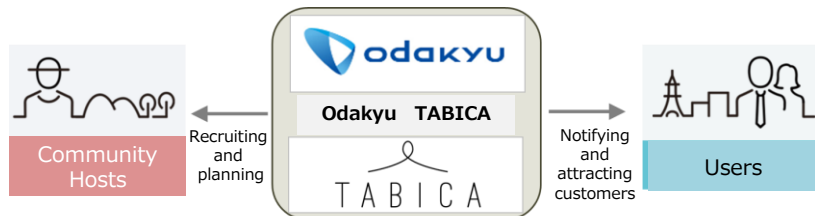
#### ■ Enoshima/Kamakura area

Promote nighttime tourism to encourage overnight stays in every season



#### ■ Discover tourism resources

Establish a platform to connect experience organizers and participants in order to propose various tourism experiences and increase the number of visitors to these areas



### Tourist Town Development That Involves the Local Community

#### ■ Oyama area

Implement initiatives aimed at revitalizing tourism together with relevant parties of the local community



### Environmental Compatibility in the Hotel Business

- Consider renovation of hotel facilities in the Hakone area to enhance the value of accommodation as part of the tourism experience
- Convert hotels in areas like Shinjuku to a form that places more emphasis on accommodation and work to optimize resource allocation



## Policy 2

# Refine the tourism business in anticipation of the future

Promote digital transformation (DX) in tourist settings to enhance convenience for customers. At the same time, move forward with measures to create demand in anticipation of the recovery period for demand from inbound tourists

### Promote Tourism DX

- **Acquire digital points of contact**
  - Achieve seamless mobility by digitizing special discount tickets and special-express tickets, promoting sales via apps, and unifying information provision, reservation, and payment services related to various mobility services
  - Examine the creation of a tourism platform in the future in collaboration with accommodation facilities and tourism spots

#### Digital platform

Tourism spots

Digital, organic coordination

Electronic tickets  
Diverse transportation services

Hotels, inns, and tourism facilities

### Initiatives in Anticipation of Recovery in Demand from Inbound Tourists

#### ■ Develop business platforms aimed at inbound tourists

- Improve the efficiency of sales system with local vendors by digitizing vouchers
- Distribute information in other languages via SNS



Distribute COVID-19 infection control measures and promote safety and peace of mind initiatives via SNS platforms, such as Facebook and Weibo

- Promote linkage between MaaS Japan and overseas MaaS apps



Provide an open common data platform developed by the Company that provides information to each MaaS app

- Carry out verification tests for a multilingual information robot (Hakone)



Multilingual information robot Sota®

# Excitement x Innovation

Providing excitement to customers at all times



Each employee will make excitement the source of ideas by unleashing their independence, creativity, and enthusiasm. To deliver new value to customers, we will at all times embrace change and continue to challenge the unknown.

# “Excitement x Innovation” Environmental Awareness and Policies

Work style diversification

Diversity

Increased awareness of  
social contribution

Mobility of human  
resources

Autonomous career  
development

## Approach to “Excitement x Innovation” Based on Changes to the Business Environment

- Promote the development and acquisition of human resources that will contribute to achieving our management vision by fostering a corporate culture in which each individual employee thinks and acts on their own initiative
- Rather than continuing to pursue efforts we have made in the past, we will strive to turn the ideas generated by employees into new businesses and continue to take on challenges that go beyond the framework of existing businesses and ways of thinking

### Policy 1

**Implement human resource strategies to achieve our management vision**

### Policy 2

**Pursue new challenges**



## Policy 1

# Implement human resource strategies to achieve our management vision

Transform our systems, culture, and values to develop “value-creating human resources” who will create value for local communities in the future

### Establish Human Resource Management Policies

- By establishing and clarifying new human resource management policies with the aim of shifting from “issue-resolving human resources” to “**value-creating human resources**,” we will promote the growth of each individual employee and transform our corporate culture and values
- In order to develop value-creating human resources, we will move forward with the examination of various initiatives related to human resources, including revising the human resource system for management and providing support for autonomous learning and career development, to achieve the creation of value for local communities

## Policy 2

# Pursue new challenges

### “Climbers,” an In-House System for Business Idea Suggestions

- A system that allows employees to freely propose businesses that contribute to the realization of future fields and businesses that resolve social issues, such as the Sustainable Development Goals
- In the three years since the system was launched, seven projects have been adopted and are being considered for commercialization

#### <Examples of Businesses under Consideration>



#### Hunter Bank

A service that matches hunters with communities and agricultural and forestry businesses that are facing issues with wild animals



#### PET Bottle Ecology

A business that aims for the horizontal recycling of PET bottles collected from stations and other locations to reduce the environmental load while generating profit



# Business Performance Forecasts for FY2021 Overview

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# Business performance forecasts for FY2021

■ The expected recovery of revenue from operations for each segment in this business performance forecast is described below

<Revenue from operations is expected to recover compared to normal level>

Transportation	<ul style="list-style-type: none"> <li>■ Results of Railway Business of Odakyu Electric Railway Gradual recovery in revenue from operations in the first half to 80% of the normal level, and around 85% in the second half</li> <li>■ Busses Revenue from operations at 80% of the normal level for the full year</li> <li>■ Hakone (Transportation Companies) Revenue from operations at 80% of the normal level for the full year</li> </ul>
Merchandising	<ul style="list-style-type: none"> <li>■ Department Stores Revenue from operations at 90% of the normal level for the full year</li> <li>■ Stores and Retail Revenue from operations at normal level for the full year</li> </ul>
Real Estate	<ul style="list-style-type: none"> <li>■ Leasing Revenue from operations at normal level for the full year</li> </ul>
Other Businesses	<ul style="list-style-type: none"> <li>■ Hotels Revenue from operations at 50% of the normal level for the full year</li> <li>■ Restaurants Revenue from operations at 80% of the normal level for the full year</li> </ul>

\* Does not include the impact of the state of emergency declared on April 25

\* Comparisons made after deducting the impact of accounting standard revision

\* These financial results forecasts may change substantially due to the actual impact of the COVID-19 pandemic, consumption trends, and other factors.

\* If revisions to these forecasts become necessary, the Company will promptly disclose a revised forecast.

# Business performance forecasts for FY2021 (overview)

Millions of yen	FY2020 (actual)	FY2021 (forecast)	Change		FY2021(forecast) Prior to accounting standard revision	Impact of accounting standard revision	
Revenue from operations	385,978	395,200	+ 9,221	+ 2.4%	475,200	△ 80,000	△ 16.8%
Operating income	△ 24,190	19,500	+ 43,690	—	19,500	—	—
Ordinary income	△ 31,223	17,200	+ 48,423	—	17,200	—	—
Net income attributable to owners of parent	△ 39,804	13,500	+ 53,304	—	13,500	—	—

Capital investments	62,943	79,300	+ 16,356
Depreciation	51,258	49,800	△ 1,458
Interest-bearing debt	782,822	768,200	△ 14,622
EBITDA	26,355	69,300	+ 42,944
D/E ratio	29.7times	11.1times	△ 18.6

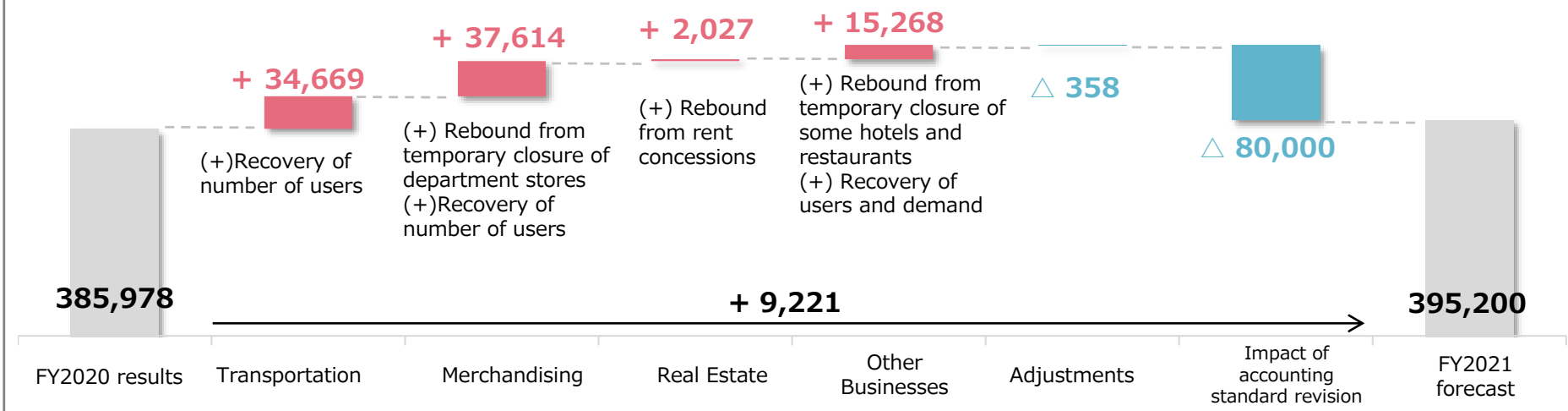
\*Since the Company has adopted standards, such as “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29), from FY2021, the business performance forecasts are based on the amount after the application of said standards.

# Business performance forecasts for FY2021 (compared with FY2020)

## Revenue from operations

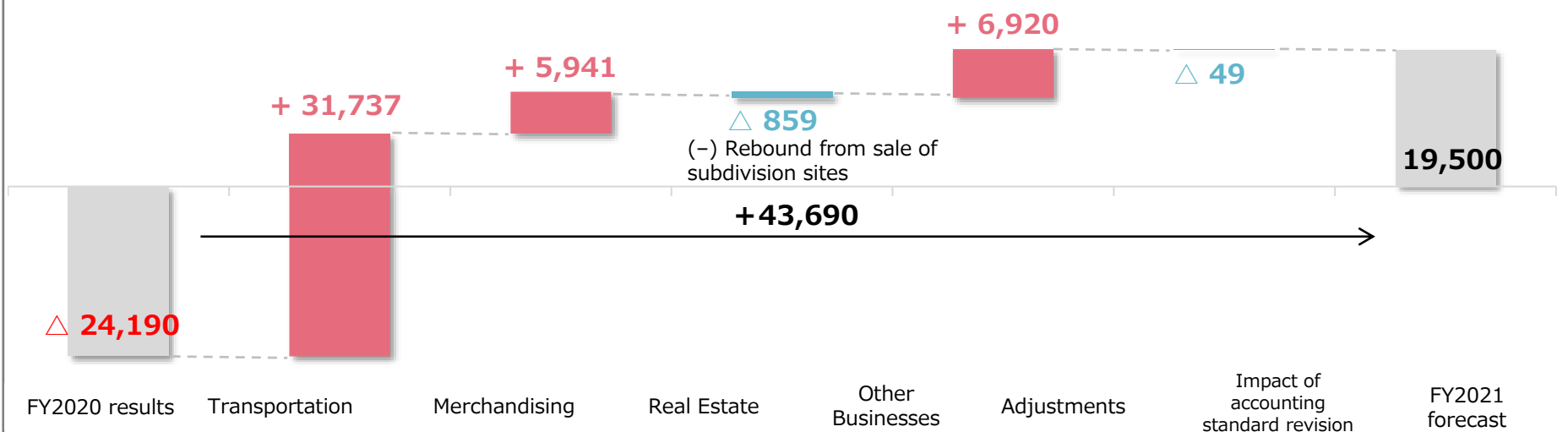
(Unit : Millions of yen )

\*: Changes in each segment are comparisons between actual performance in FY2020 and the forecast for FY2021 before the adoption of standards such as "Accounting Standard for Revenue Recognition"

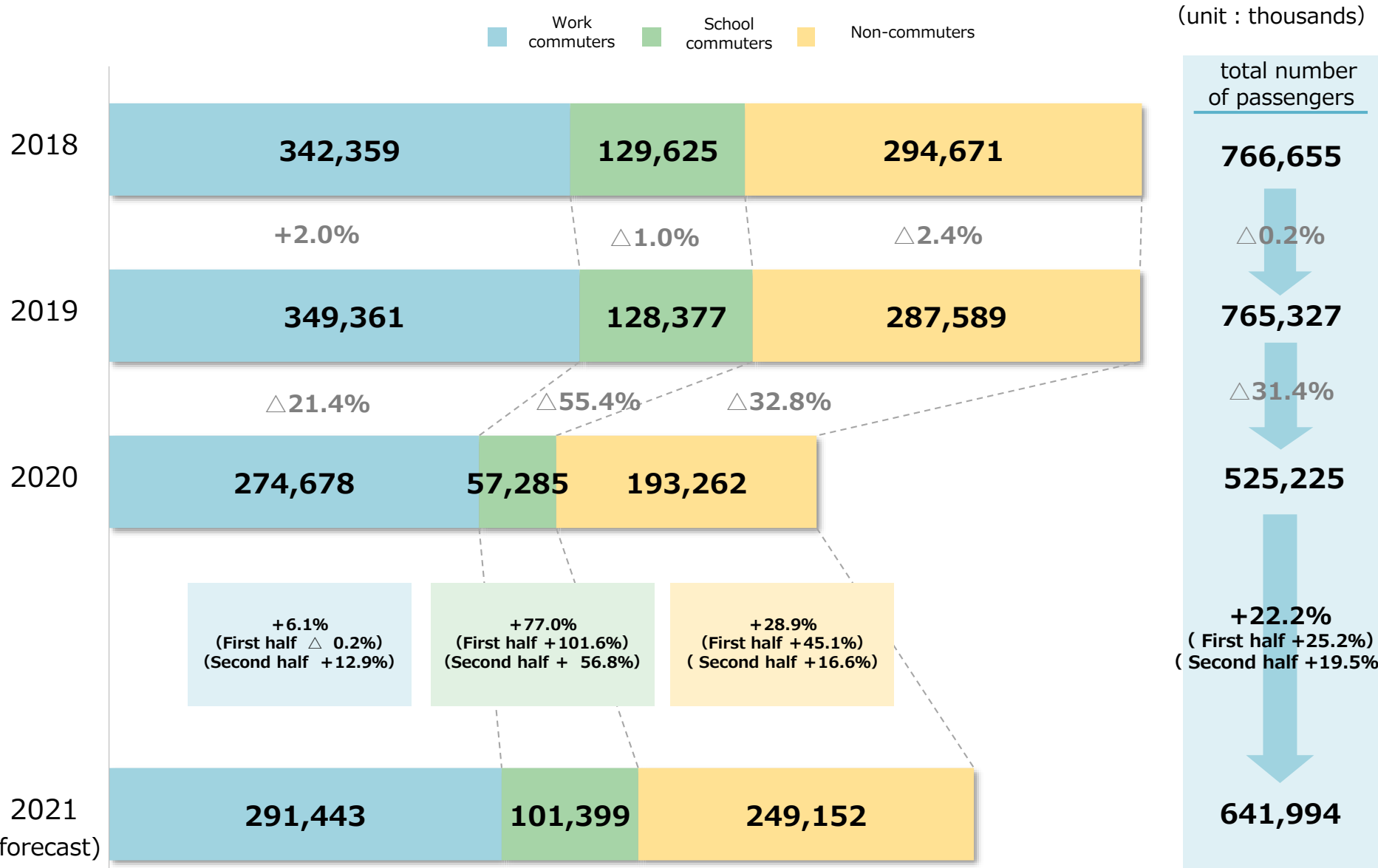


## Operating income

(Unit : Millions of yen )



# Business performance forecasts for FY2021 (Number of Passengers )



# Dividend Policy

## Basic policy

The Company's basic policy for returning profits to shareholders is to maintain stable dividend payment as a result of improved performance with a dividend payout ratio of approx.30%.

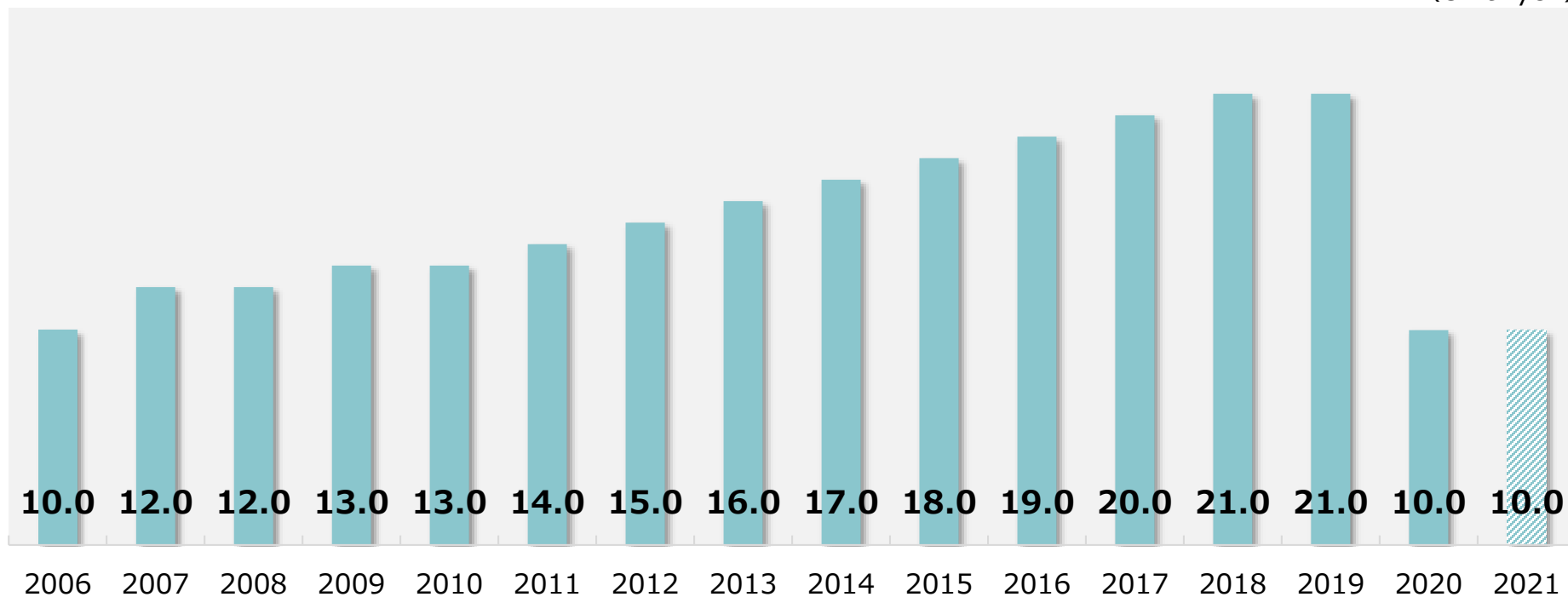
## FY2021 Dividend

Despite the decision to forego payment of the interim dividend due to unclear external conditions, year-end dividends are planned to be set at ¥10.0 per share, the same amount as the previous year, from the perspective of providing stable dividends.

### <Dividend per share (including forecast)>

Dividend per share figures for FY2016 and prior years reflect the impact of a reverse stock split.

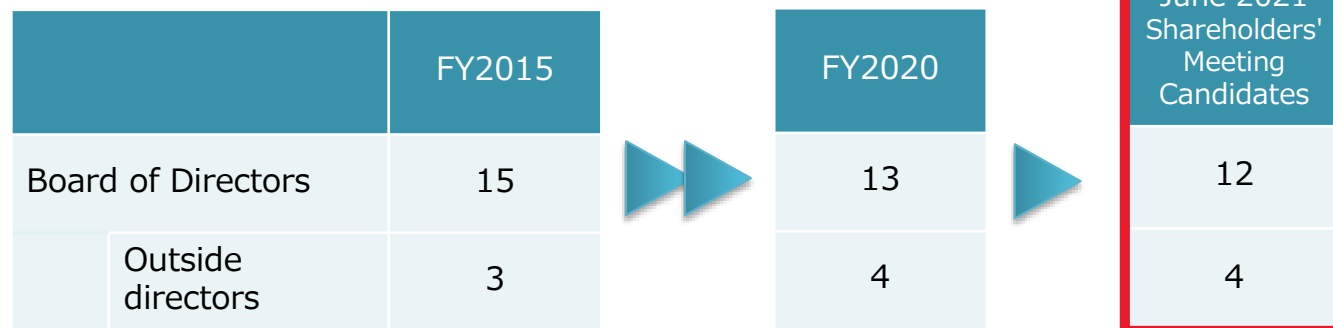
(Unit: yen)



# Initiatives for Reinforcing Governance

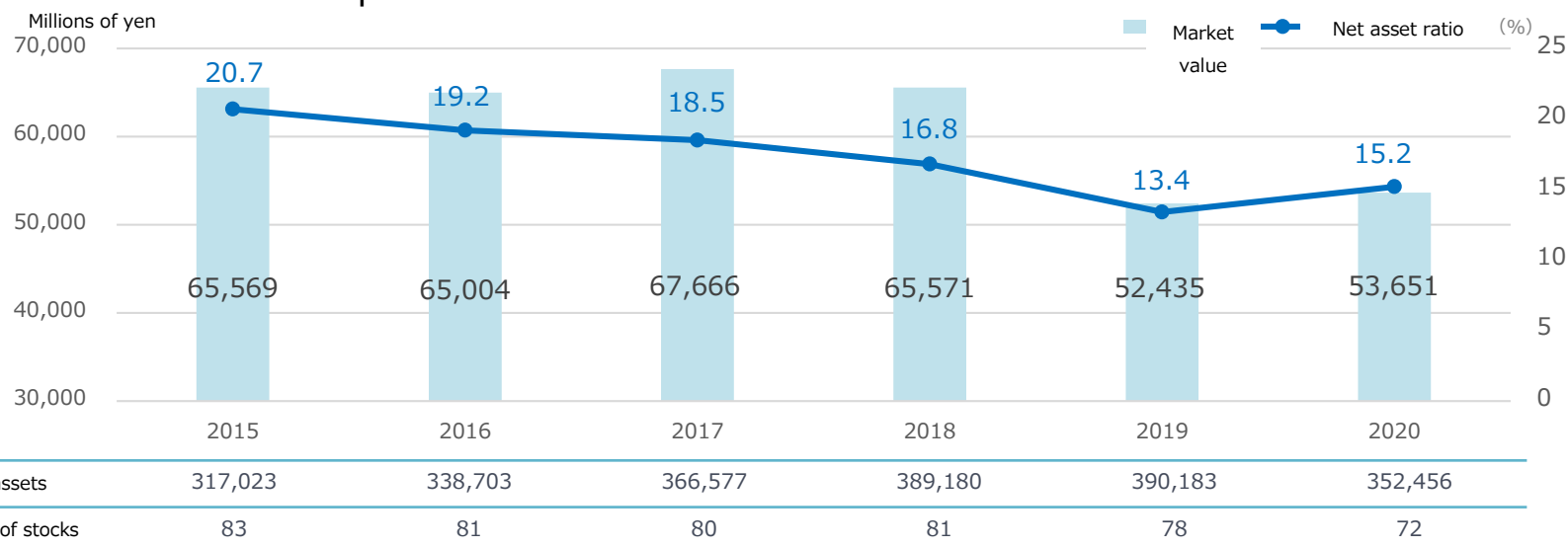
## Ratio of Outside Directors

Reinforce the supervisory function of the Board of Directors by increasing the ratio of outside directors to one in three



## Cross-Shareholdings

Continue to examine the significance of holdings and continue to improve the number of stocks and ratio of net assets





# Odakyu Electric Railway Co., Ltd.

## 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.