

Principle Questions and Answers from the Teleconference for Institutional Investors and Analysts
(Financial Results) for the Fiscal Year Ended March 31, 2021

About the New Management Vision

Q1 You have adopted interest-bearing debt of ¥700 billion and interest-bearing debt/EBITDA ratio 7.0 times as a guideline for recovery of financial soundness in FY2023. Please tell us the operating income and EBITDA level for that period.

- It is difficult to predict the circumstances of the COVID-19 pandemic, and we believe that making medium- to long-term predictions and formulating specific numerical plans is not easy.
- While we will not disclose specific figures, we predict that EBITDA will be between approximately ¥90 billion and ¥100 billion, based on the Group's past results.

Q2 You have stated that you are rebuilding your business portfolio. How has the criteria for selecting businesses changed?

- Regarding the rebuilding of our business portfolio, at the current time, we are not at a stage where we will announce specific details, however we are revising the focus to be on businesses that we predict will face challenging management conditions, even in the Post-COVID-19 Era.
- It is necessary to rebuild our business portfolio to become a community-based value creation company, making decisions based on three pillars, “society and community”, “economy,” and “environment.”

Q3 You have been carrying out community development, but what kind of economic value will you be able to enjoy based on your approach under the New Management Vision?

- We have been promoting community development with our various business partners, and, going forward, we will continue to achieve results and promote community development together with our partners, such as government, local companies and universities.
- Under the concept of “localization,” we will create new business opportunities to increase community value and generate revenue by considering the issues and needs of local communities.

About reducing costs

Q4 Please tell us about the cost reduction amount for FY2021. Furthermore, although the

impact of the state of emergency is not included in the forecast of consolidated operations for FY2021, is there a possibility that you will further reduce costs if results take a downward turn?

- The Groupwide cost reduction results for FY2020 were ¥51.9 billion, and we reduced our non-consolidated fixed costs by ¥9.5 billion. We estimate the Groupwide cost reduction results for FY2021 to be ¥40.0 billion, with non-consolidated fixed cost reductions of approximately ¥8.6 billion.
- Based on the impact of the state of emergency, we will continue to examine cost reductions in each company and division

Q5 Today's documents mention the downsizing of railway facilities. How do you plan to reduce fixed costs going forward?

- Regarding fixed costs in the railway business, in addition to maintaining a system that customers can use safely and with peace of mind, we will continue to consider issues, such as reassessing the number of trains necessary following a revision of timetables and conductor-less trains, while observing the customer utilization status and congestions status.

About the hotel business

Q6 The hotel business is experiencing a challenging business environment, such as restrictions on entry from overseas. When do you see a return to profitability?

- There is a significant divide between our metropolitan hotels in the Shinjuku area and resort hotels in Hakone tourist areas.
- Regarding resort hotels in the Hakone area, we achieved profitability during the Go To Travel Campaign and estimate a comparatively quick return to profitability due to factors such as widespread vaccination efforts.
- Regarding metropolitan hotels, more than 80% of customers have been from overseas so a quick recovery is difficult. However, we believe that we will be able to return to profitability as inbound demand recovers over the next few years. At the Hyatt Regency Tokyo, we are reviewing the cost structure through measures such as the closure of six shops and restaurants in March and implementation of early retirement systems.

About Shinjuku Station West Exit redevelopment

Q7 The Odakyu department store main store will temporarily close in FY2022 due to construction of the Shinjuku Station West Exit redevelopment commencing. What will your vision for the business and cost structure be following this?

- The Odakyu department store main store is expected to close during FY2022, but the

Shinjuku West Gate HALC will continue to operate as normal.

- We aim to add commercial functions to the building under the current plan. However, in order to accelerate changes that meet consumer needs, department stores have been developing new sales areas that integrate with the shopping center (SC) business in recent years. Focusing on such industry-wide trends, we plan to fully utilize the potential of Shinjuku.
- Furthermore, regarding cost structure, we will continue to work on reducing personnel expenses and other expenses.

Q8 You mentioned that the Shinjuku Station West Exit redevelopment has been recognized as a National Strategic Special Zone, which means the floor area ratio will be 1,600%. What are your plans for the specific use of the building in light of the COVID-19 pandemic?

- The development plan for the Shinjuku Station West Exit area, led by Odakyu and Tokyo Metro Co., Ltd., is for a building with 48 above ground floors and five below ground floors. The below ground floors are expected to be used mainly for railway, while the above ground floors are expected to be utilized as commercial facilities, offices, and public service functions.
- The building's public service function is based on the master plan of introducing urban features that help enhance international competitiveness and involves making Shinjuku, Japan's largest commercial district, a place that both end users and suppliers can easily utilize in order to create innovation based on lifestyle issues.
- In the Post-COVID-19 Era, even if the trend of work style reform, such as telework, continues to progress, we believe that the importance of real locations will also continue to exist. We believe that the demand for and value of offices directly connected to convenient stations, such as Shinjuku, will remain high.

About MaaS

Q9 When and to what extent will MaaS be profitable?

- At the current time we would like to refrain from disclosing specific spending plans. However, the realization of MaaS is expected to increase sales of Odakyu's transportation and lifestyle service facilities by enhancing convenience and increasing digital point of contact with customers.

Note: This document is not a word-for-word transcription of questions and answers at the result briefing, but rather a summary prepared by the Company that contains additions and revisions.