

Financial Results of the First Three Quarters of the Fiscal Year Ending March 31, 2021—FAQ

This document presents some of the anticipated questions relating to the Company's financial results of the first three quarters of the fiscal year ending March 31, 2021, together with answers to these questions. If you have any queries, etc., please contact the IR Office of Odakyu Electric Railway Co., Ltd. (+81-3-3349-2526).

Current performance as of January 2021

Q1. With the impact of the continued spread of COVID-19 and the re-declaration of the state of emergency, how did the Company perform in its main business areas in January?

Railways (Odakyu Electric Railway Co., Ltd.)	Number of people passing through ticket gates (as of January 20, 2021) Roughly 40% decrease compared with January 2020 * All-night train services and special limited express train services for the New Year Holiday were suspended.
Odakyu Department Stores	Sales in January Roughly 40% decrease compared with January 2020 * In addition to the impact of people refraining from going outside during the New Year Holiday (December 30, 2020, to January 3, 2021), sales declined roughly 40% compared with January 2020 due to such factors as starting New Year Holiday bargain sales ahead of time in December 2020 and the decrease in customers resulting from the sale of New Year's "lucky bags" on e-commerce websites, etc.
Hyatt Regency Tokyo	Occupancy rate (cumulative total as of January 20, 2021) 16.0%
Hakone area	Number of passengers using Hakone-Yumoto Station (January 24–30, 2021) Weekdays: (74%)

	<p>Weekends and public holidays: (75%)</p> <p>* Please note that, because performance in FY2019 was impacted by the suspension of operations on certain sections of the Hakone Tozan Railway following Typhoon No. 19 (Hagibis), comparisons are with figures in FY2018.</p>
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Q2. What is the Company's operating status during the period of the state of emergency, which was declared on January 7, 2021?

Transportation	<p>■ Railways (Odakyu Electric Railway Co., Ltd.) Last trains moved to earlier times from January 20, 2021 (suspension of service for three trains that depart Shinjuku Station after 12:30 am)</p> <p>■ Buses Suspension of certain bus routes and reduced number of buses</p>
Merchandising	<p>■ Department Stores Early closings of entire department store buildings at 8:00 pm</p> <p>■ Stores and Retail Shortened operating hours at retail stores and stores inside train stations (convenience stores and restaurants)</p>
Real Estate	<p>■ Leasing (commercial facilities) Early closings at 8:00 pm excluding certain locations</p>
Other Businesses	<p>■ Restaurants Early closings at 8:00 pm at restaurants in areas under the state of emergency</p>

Capital expenditures and costs

Q3. What progress have you been making with efforts to reduce capital expenditures from the third quarter onward?

- We incorporated a reduction of ¥41.3 billion in capital expenditures into our full-year forecast as of October 2020. However, as a result of efforts to further reduce these expenditures, we believe we can cut an additional ¥8.7 billion. Accordingly, we anticipate a reduction of ¥50.0 billion in the full-year forecast that we have just recently announced.
- For costs, we incorporated a reduction of ¥42.1 billion into our full-year forecast as of October 2020. However, we have reviewed this amount on an ongoing basis and,

as a result, we believe we can further reduce costs by ¥3.6 billion. We therefore anticipate a reduction of ¥45.7 billion in the full-year forecast that we just recently announced. Furthermore, as of the third quarter, we have cut costs by ¥26.8 billion through efforts to reduce personnel, repair, and advertising expenses, among others.

(Reference)

	Amount of reduction*	Amount of fixed costs within the amount of reduction
Full-year forecast (as of October 2020)	¥42.1 billion	¥5.5 billion
Full-year forecast (current)	¥45.7 billion	¥5.5 billion
(3Q cumulative results)	¥26.8 billion	¥2.6 billion

* Excluding cost of sales in merchandising and real estate businesses and including ¥2.5 billion in fixed costs transferred to extraordinary loss following temporary closures

Transportation

Q4. How do you see transportation revenue in the railway business of Odakyu Electric Railway recovering in the upcoming fiscal year?

- At the end of the second quarter of FY2020, we believed that transportation revenue would recover to about 85% of what we initially assumed by the end of FY2020. However, as the COVID-19 pandemic has become more severe, we now believe that transportation revenue will only recover to approximately 75% of our initial assumption.
- While, going forward, we believe that transportation revenue will gradually recover as the spread of COVID-19 settles down, the outlook regarding the situation remains unclear. We therefore will continue to focus our attention on passenger flow.

Q5. Is the Company considering fare revisions based on time of railway use or the offering of points as other companies are expected to do?

- At the moment, we are not giving specific consideration to such measures.

Merchandising

Q6. The Machida and Fujisawa stores appeared to recover more strongly than the Shinjuku Store up until the third quarter. How have these stores performed since January?

- Sales at all three stores in January were lower year on year than in December as people refrained from going outside due to the increase in COVID-19 infections. However, the decline in sales at the Machida and Fujisawa stores was smaller than at the Shinjuku Store.

Real estate

Q7. Have you implemented rent concessions due to the state of emergency declaration issued on January 7?

- Although we have reduced operating hours to 8 pm at our facilities under this state of emergency (excluding certain facilities and stores), we have not implemented a uniform concession for all facilities.

Q8. How do you view the current conditions surrounding office buildings and the future trend in demand?

- In the office market as a whole, the business environment is gradually changing from a lessor's to a lessee's market because of the impact of such developments as worsening corporate business performance and changing work styles (widespread adoption of remote working). We believe market prices will steadily decline as buildings are increasingly reducing their asking rents and granting rent-free periods in contract conditions in light of the recent increase in vacant floor space in the Tokyo metropolitan area.
- In terms of our large-scale office buildings (Odakyu Daiichi Seimei Building, Odakyu Southern Tower), although some of our small to medium-sized tenants have reduced floor space or terminated their leases due to worsening business performance and the increase in people working from home, we have not had any contract cancellations from large-lot tenants at this time and have maintained high occupancy rates of over 90%.

Other businesses

Q9. Could you discuss occupancy rates at Hakone resort hotels for the year-end and New

Year period?

- The average occupancy rate for Hakone resort hotels from December 30, 2020, to January 3, 2021, was in the range of 60% to 80%.
 - The occupancy rate was 20% to 30% lower than the previous year due to the continued spread of COVID-19 and the suspension of the Go To Travel campaign.
- * Hakone resort hotels include: Odakyu Hotel de Yama, Hakone Highland Hotel, and Hotel Hatsuhana

Q10. Did the Go To Travel campaign have a positive effect on occupancy rates?

- The occupancy rate at city hotels recovered slightly, driven by use by domestic guests from October to December, in part due to the positive effect of the Go To Travel campaign.
- At Hakone resort hotels, the occupancy rate recovered to its FY2018 level, with an average rate of around 80% from October to December, in part due to the positive effect of the Go To Travel campaign (performance in FY2019 was impacted by the suspension of operations on certain sections of the Hakone Tozan Railway following Typhoon No. 19).

Q11. Could you provide information about hotel occupancy rates (i.e. bookings) for the Company's hotels for February onward?

- Bookings at city hotels and Hakone resort hotels have been sluggish due to the state of emergency declaration issued on January 7.
- We expect the occupancy rate (based on bookings) for city hotels for February onward to be on a par with that of January.
- We expect the occupancy rate (based on bookings) for Hakone resort hotels for February onward to be in the range of 10% to 20%.

Q12. What do you expect in terms of a recovery in hotel demand in FY2021?

- We expect the current challenging conditions to continue as we do not anticipate a dramatic recovery in tourism demand in FY2021.
- We expect conditions to be particularly challenging for city hotels as we do not anticipate a recovery in inbound tourism demand.
- We will pay close attention to conditions surrounding Hakone resort hotels as it is

difficult to forecast the level of recovery after the lifting of the state of emergency and the resumption of the Go To Travel Campaign, among other factors.

Extraordinary income and loss

Q13. The Company has recorded a gain on sales of investment securities. Are you proceeding with sales of cross-shareholdings?

- The Company verifies the objective and rationale behind cross-shareholdings from a qualitative perspective that includes the degree to which such shareholdings contribute to maintaining and developing business relationships with issuing companies, as well as from a quantitative perspective that takes into account cost of capital, dividend income, and other factors. While we will continue to engage in cross-shareholding where it is deemed that the holding has a meaning, we are reducing the number of shares that are no longer worth holding through sales and other means.
- Given our relationships with issuing entities, we will refrain from answering questions in regard to specific stock names and reasons for sale.

Medium-term management plan and other matters

Q14. Could you forecast when the new management vision and medium-term management plan will be announced and provide information on the steps you are taking in this regard?

- The impact of COVID-19 has prompted major changes in the business environment. Amid these circumstances, we are advancing the formulation of a new management vision to be rolled out after the conclusion of the Long-Term Vision 2020 in order to respond flexibly to changes going forward.
- We have not determined when we will announce the new long-term vision or medium-term management plan at this time.

Remarks

Figures about business plans, future forecasts, and strategies other than historical facts are forward-looking statements reflecting management's view. Since the forward-looking statements are based on information available at the time of disclosure, the actual results may differ from these forecasts due to changes in the economic climate, etc.