

February 8, 2024

Odakyu Electric Railway Co., Ltd.

IR Office

Financial Results in the First Three Quarters of the Fiscal Year

Ending March 31, 2024—FAQ

Note: 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, 2024, together with answers to these questions. If you have any queries, etc., please contact the IR Office of Odakyu Electric Railway Co., Ltd. (+81-3-3349-2526)

Q1. What is the current status of the Company's main businesses?

Railways (Odakyu Electric Railway Co., Ltd.)	Number of people passing through ticket gates (January 1-21, 2024) Remained at approximately 83% for commuters and 97% for non-commuters Note: compared to fiscal 2018
Odakyu Department Stores	Sales (January 1-21, 2024) Remained at approximately 25% for the Shinjuku Store, approximately 95% for the Machida Store, and 95% for the Fujisawa Store Note: compared to fiscal 2019 Note: The main store ceased operation on October 2, 2022 and Shinjuku West Gate HALC reopened on October 4, 2022 (sales floor decreased to approximately 20%). Additionally, SHINJUKU DELISH PARK opened in Odakyu Ace on December 1, 2022.
City Hotels	Occupancy rate (January 1-21, 2024) Hotel Century Southern Tower 77.3%
Hakone area	Number of passengers using Hakone-Yumoto Station (January 21-27, 2024) Remained at approximately 87% for weekdays and approximately 67% for weekends and public holidays Note: compared to fiscal 2018
	Hakone resort hotel* occupancy rate (January 1-21, 2024) Remained at between 50% and 60% *Hakone resort hotels: Hotel De Yama, Hakone Highland Hotel, and Hakone Hatsuana

Q2. What were power cost trends for the Odakyu Electric Railway in the first three quarters of FY2023? Additionally, what is your outlook on trends going forward?

- Performance in the first three quarters of FY2023 fell ¥0.6 billion below the same period of the previous fiscal year, due to factors including the downward trend in the fuel adjustment unit prices.

- Based on the idea that recent levels will remain roughly the same, we expect the full-year forecast to be a decrease of ¥1.2 billion from the previous year, and a decrease of ¥2.5 billion from predictions made in April 2023.

(Reference) Odakyu Electric Railway Co., Ltd. Power Costs

(Unit Millions of yen)

	FY2023	FY2022	YoY change	Forecast at Apr. 2023	Change from forecast
First Three Quarters	4,670	5,333	△663	—	—
Full-year	6,144	7,418	△1,274	8,734	△2,590

Q3. What was the financial impact of the railway station barrier-free fare system?

- From March 18, 2023, we adopted a railway station barrier-free fare system in Odakyu's railway business that adds ¥10 per ride.
- In the first three quarters of FY2023, the financial impact of the railway station barrier-free fare system was approximately ¥3.5 billion for commuters and non-commuters. Furthermore, the forecast for FY2023 is approximately ¥4.8 billion.

(Reference) Transportation Revenue Excluding Financial Impact of Railway Station Barrier-Free Fare System

Millions of yen	First Three Quarters of FY2023	Change	
		Change from 2022	Change from 2018
Commuters	29,925	+4.1%	△17.0%
Work commuters	25,090	+4.4%	△18.1%
School commuters	4,834	+2.6%	△10.4%
Non-commuters	51,673	+10.4%	△4.4%
Revenues from passenger transportation	81,598	+8.0%	△9.4%

Note: System excludes school commuters and children with IC cards (flat fare of ¥50)

Q4. The Ministry of Land, Infrastructure, Transport and Tourism indicated a proposal for partial amendments to the revenue cost calculation guidelines in January 2024. Will you revise your fares, if this is amended?

- The railway station barrier-free fare system has been applied since March 2023 and our first task is to accelerate the maintenance of barrier free facilities such as the platform doors using this system.

- In light of the amendments indicated this time, we will examine the possibility of fare revisions as necessary from the perspective of maintaining and improving safety and service and for ensuring sustainability, while closely observing factors such as the recovery in the number of railway passengers from the COVID-19 pandemic, as well as inflation and power costs.

Q5. What is your outlook for the number of passengers carried in the railway business in FY2023?

- As of April, the number of passengers carried in FY2023 is expected to decrease 12% compared to FY2018.
- There has been a gentle recovery in the number of passengers carried following the downgrading of COVID-19 to a “Class 5” disease and the results from the first three quarters were approximately 11% less than FY2018.
- We forecast the fourth quarter to be approximately 10% less than in FY2018.

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

- Occupancy rates from February onward are expected to be approximately 80–90% at city hotels and approximately 60–70% at Hakone resort hotels*
- Room rates, particularly hotels with a high ratio of inbound tourists, are expected to remain high levels comparable to the third quarter.

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

Q7. What is the status of inbound recovery?

(Current status of inbound recovery)

- Apart from the number of people using the information desk for foreign visitors (Odakyu Sightseeing Service Center) in the first three quarters of FY2023 being 7 times that of the previous fiscal year, sales of the Hakone Freepass to foreign tourists exceeded pre-COVID-19 levels.
- Meanwhile, the number of Chinese tourists using the information desk for foreign visitors (Odakyu Sightseeing Service Center) remained at approximately 30% compared to before COVID-19. We hope that demand will increase in the future.

(Inbound measures)

- In preparation for the full-scale recovery of inbound tourists from the Greater China region visiting Japan, we added Alipay to the payment methods for EMot Online Tickets, our online service for purchasing mainstay products such as Hakone Freepass, from January 2024.
- We will disseminate information through collaboration with the Japan National Tourism Organization (JNTO) and local governments along the Odakyu Line, including the continued development of online advertising, and enhance our response to overseas tourists through EMot online tickets. We will simultaneously promote visits to tourist areas along the Odakyu Line and the use of Odakyu Group products through participation in overseas business negotiations and exhibitions at travel exhibitions, and capture demand through marketing campaigns for dynamic packages.

Q8. Recent performance is going well. Will you be revising the consolidated financial targets in the next Medium-Term Management Plan? In addition, would you please advise your approach to shareholder returns?

- A major factor in the recent increase in performance is the faster than anticipated recovery of demand in railways and hotels. We will consider the next Medium-Term Management Plan while watching the fourth quarter performance trends, but nothing has been decided at this point in time.
- The Company's basic policy for shareholder returns is "to maintain stable dividend payment as a result of improved performance with a dividend payout ratio of approximately 30%." Our approach to shareholder returns will continue to be one of examination after taking into account changes in the business environment, business performance and capital efficiency.

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.