

Financial Results in the Second Quarter 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 second quarter 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 (October 1-15 2023) Remained at approximately 82% for commuters and 94% for non-commuters Note: compared to fiscal 2018
Odakyu Department Stores	Sales (October 1-15 2023) Remained at approximately 35% for the Shinjuku Store, approximately 130% for the Machida Store, and 110% 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 by approximately 20%). Additionally, SHINJUKU DELISH PARK opened in Odakyu Ace in December 1, 2022.
City Hotels	Occupancy rate (October 1-15 2023) Hotel Century Southern Tower 89.4%
Hakone area	Number of passengers using Hakone-Yumoto Station (October 8-14, 2023) Remained at approximately 117% for weekdays and approximately 98% for weekends and public holidays Note: compared to fiscal 2018
	Hakone resort hotel* occupancy rate (October 1-15 2023) Remained at between 70% and 80% *Hakone resort hotels: Hotel De Yama, Hakone Highland Hotel, and Hakone Hatsuhana

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

- Performance in the first half of FY2023 fell ¥1.0 billion below predictions made in April 2023, due to factors including lower-than-expected fuel adjustment unit prices.
- Based on current circumstances, we expect the full-year forecast to be ¥2.2 billion less than predictions made in April 2023.

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

(Unit : Millions of yen)

	FY2023	FY2022	YoY change	Forecast at Apr. 2022	Comparison
First half	3,334	3,417	△83	4,400	△1,066
Full-year	6,505	7,418	△913	8,734	△2,229

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 half of FY2023, the financial impact of the railway station barrier-free fare system was approximately ¥2.2 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 Half of FY2023	Change	
		Change from 2022	Change from 2018
Commuters	20,092	+4.3%	△17.1%
Work commuters	16,849	+4.6%	△18.2%
School commuters	3,242	+2.8%	△11.1%
Non-commuters	34,013	+12.1%	△4.6%
Revenues from passenger transportation	54,106	+9.1%	△9.7%

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

Q4. Please explain the status of recovery in revenue from the limited express Romancecar and measures to increase revenue in the future.

- Limited express revenue in the first half of FY2023 increased by ¥600 million compared to the previous fiscal year, largely due to the impact of special limited express fare revisions, as well as commuter demand from Hadano, Hon-Atsugi, Ebina, and Machida stations to Shinjuku station, especially during early morning hours on weekdays.
- Furthermore, the usage rate for ticketless technology was approximately 60% in September 2023, an 8% increase compared to the same month in the previous fiscal year.
- We will increase revenue by approaching long-distance areas with high unit prices and tourism demand, including initiatives to capture inbound demand, which is on a recovery trend.

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 half were approximately 11% less than FY2018.
- This trend is expected to continue in the second half, with results that are approximately 11% less than FY2018.

Q6. What was the impact of fare revisions, including those of Group companies?

- We expect the total impact of fare revisions for FY2023 to be approximately ¥7.0 billion.

(Unit: 100 millions of yen)

Company Name		FY2023 Impact Amount (Estimation)	Implementation Date Note: Includes scheduled increases
Railway	Odakyu Electric Railway (express fare increase)	5.6	October 1, 2022
	Hakone Tozan Railway	2.0	October 1, 2022
Business	Odakyu Electric Railway (barrier-free fare system)	48	March 18, 2023
Bus Business	Hakone Tozan Railway	2.8	October 1, 2022
	Enoden Bus	3.0	March 18, 2023
	Odakyu Highway Bus (Hakone Line)	0.7	April 1, 2023
	Odakyu Bus (within Kawasaki city)	0.7	May 15, 2023
	Tachikawa Bus	1.0	November 25, 2023
	Tokai Bus	0.9	December 1, 2023
Others	Odakyu Koutsu	2.0	November 14, 2022

Q7. What is the status of reservations at all Odakyu Group Hotels from November?

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

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

Q8. What is the status of inbound recovery?

(Current status of inbound recovery)

- The number of people using the information desk for foreign visitors (Odakyu Sightseeing Service Center) in the first half of FY2023 was more than 50 times that of the previous fiscal year and 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 40% 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 Traditional Chinese and Simplified Chinese languages to the English language support in EMot Online Tickets, our online service for purchasing mainstay products such as the Hakone Freepass.
- We also plan to launch information sharing on Chinese social media service *Xiaohongshu* (RED), as well as the addition of Alipay to the payment methods for EMot. Furthermore, will strengthen ticket sales through local travel businesses and online travel agents (OTAs) by participating in overseas business negotiations and develop exhibitions for overseas travel.

Q9. Under the Medium-Term Management Plan announced in April 2023, you indicated the reinforcement of shareholder returns. What kind of measures are you planning to implement and what is the time scale for their implementation?

- 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%.
- While we are examining reinforcement of shareholder returns after taking into account changes in the business environment, business performance, and capital efficiency, no decisions have been made 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.