

Information for Investors

Results for the Second Quarter of FY2023

November 7, 2023



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Presenter President & CEO Koji Hoshino

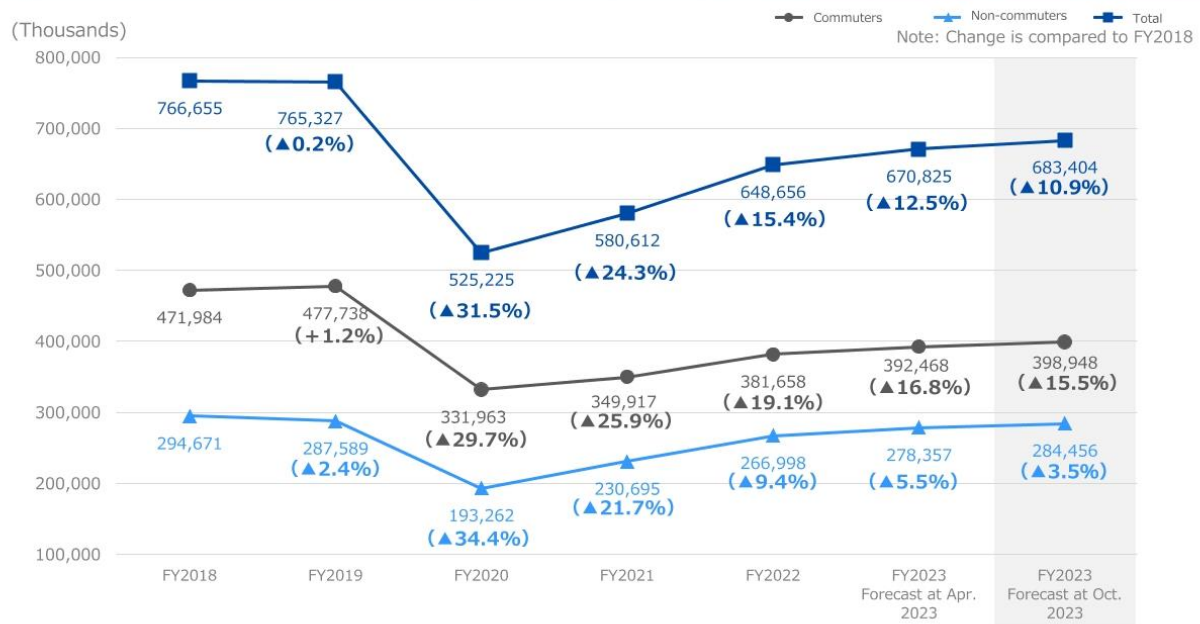
Movie (Odakyu Electric Railway Official YouTube) :

<https://www.youtube.com/watch?v=x5Li6o8MADs>

*only Japanese

Performance Overview

Number of Passengers (Odakyu Electric Railway)



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Firstly, regarding our performance, we have a graph here showing the trend in passenger numbers for our railway business. The far right of the graph represents the full-year forecast for this fiscal year, where we anticipate a total of 683 million passengers. This number, as indicated in the parenthesis, is a recovery to a decrease of 10.9% compared to the pre-COVID levels of FY2018.

Beneath that, we have the numbers for our commuter passengers, which are expected to decrease by 15.5%, while non-commuter passengers are forecasted to decrease by 3.5%.

To the left, we have the plan for this fiscal year, which was originally anticipated. However, the actual recovery has been surprisingly robust, exceeding our projections by about 1.6 percentage points, so we are seeing a strong and favorable trend.

Initially, when the pandemic began, we expected that regular commuters would decrease by roughly 20%, but having listened to various opinions, there seems to be a strong desire to return to the office for better communication despite the availability of remote work. With the employment environment improving as well, we anticipate a further increase in regular commuter numbers.

As for non-commuter passengers, our aim has always been to surpass pre-COVID levels, so we are hopeful that the overall passenger numbers will continue to rise moving forward.

Overview of Performance in First Half of FY2023

- There was a recovery in the number of users year on year in the railway, hotel, and other businesses due largely to an improved operating environment. In addition, operating power costs were lower than expected. As a result of such factors, both revenue from operations and operating income increased compared with the same period of the previous fiscal year and were higher than our forecasts as of April 2023.
- Net income attributable to owners of parent was ¥26.8 billion lower than our forecasts as of April 2023 due to that fact that the proceeds from the sale of Odakyu Century Building will be recorded in the second half of the fiscal year, rather than in the first as we initially expected.

Millions of yen	First Half of FY2022	First Half of FY2023	Change	Forecast at Apr. 2023	Change	Change and major factors
Revenue from operations	189,984	196,254	+6,269 (+3.3%)	187,900	+8,354 (+4.4%)	
Transportation	73,919	85,067	+11,148	81,800	+3,267	(+) Recovery of number of users
Merchandising	49,957	43,085	△6,871	44,300	△1,214	
Real Estate	38,556	33,214	△5,341	31,100	+2,114	(+) Sale of renovated properties in urban areas ahead of schedule
Other Businesses	40,197	47,050	+6,853	43,100	+3,950	(+) Recovery in hotel operations (+) Recovery in demand for temporary staffing at resorts
Adjustments	△12,645	△12,164	+481	△12,400	+235	
Operating income	14,512	26,601	+12,088 (+83.3%)	16,700	+9,901 (+59.3%)	
Transportation	6,188	15,210	+9,021	9,300	+5,910	(+) Decrease in operating power costs
Merchandising	1,116	978	△138	1,000	△21	
Real Estate	9,738	8,384	△1,354	6,800	+1,584	
Other Businesses	△2,553	2,004	+4,558	△400	+2,404	
Adjustments	23	23	-	0	+23	
Ordinary income	14,736	27,041	+12,305 (+83.5%)	15,900	+11,141 (+70.1%)	
Net income attributable to owners of Parent	10,086	26,124	+16,038 (+159.0%)	53,000	△26,875 (△50.7%)	(-) Recording of proceeds from sale of Odakyu Century Building moved to second half

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Moving on to an overview of our performance in Q2. I will read out the text on the slide.

There was a recovery in the number of users YoY in the railway, hotel, and other businesses due largely to an improved operating environment. In addition, operating power costs were lower than expected. As a result of such factors, both revenue from operations and operating income increased compared with the same period of the previous fiscal year and were higher than our forecasts as of April 2023.

Net income attributable to owners of parent was ¥26.8 billion lower than our forecasts as of April 2023 due to that fact that the proceeds from the sale of Odakyu Century Building will be recorded in H2 of the fiscal year, rather than in the first as we initially expected. To read the shaded figures, revenue from operations was JPY196.2 billion, a 3.3% increase YoY, operating income was JPY26.6 billion, and net income attributable to owners of parent was JPY26.1 billion, marking a significant increase in profit.

In comparison with the forecast as of April, particularly in operating income, we are looking at a favorable projection that exceeds the expectations by approximately JPY10 billion.

Overview of Performance in FY2023

- With regard to our FY2023 forecasts, we have made upward revisions to our forecasts for revenue from operations, operating income, and net income attributable to owners of parent, taking into account not only our performance up through the second quarter but also our expectations for a continued strong performance from the third quarter on, primarily in the railway and hotel businesses.

Millions of yen	FY2022	FY2023	Change	Forecast at Apr. 2023	Change	Change and major factors
Revenue from operations	395,159	409,500	+14,340 (+3.6%)	400,000	+9,500 (+2.4%)	
Transportation	151,704	170,300	+18,595	165,000	+5,300	(+) Recovery of number of users
Merchandising	96,156	87,200	△8,956	89,100	△1,900	
Real Estate	84,034	81,300	△2,734	80,800	+500	
Other Businesses	90,716	97,700	+6,983	93,000	+4,700	(+) Recovery in hotel operations
Adjustments	△27,451	△27,000	+451	△27,900	+900	
Operating income	26,601	45,000	+18,398 (+69.2%)	35,000	+10,000 (+28.6%)	
Transportation	8,463	23,000	+14,536	16,100	+6,900	(+) Decrease in operating power costs
Merchandising	866	2,100	+1,233	2,400	△300	
Real Estate	18,047	15,500	△2,547	14,900	+600	
Other Businesses	△821	4,400	+5,221	1,600	+2,800	
Adjustments	46	0	△46	0	-	
Ordinary income	25,119	44,000	+18,880 (+75.2%)	32,700	+11,300 (+34.6%)	
Net income attributable to owners of parent	40,736	71,000	+30,263 (+74.3%)	62,800	+8,200 (+13.1%)	

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Continuing with the full-year performance forecast, if we read the figures in the shaded area, revenue from operations is projected at JPY409.5 billion, a 3.6% increase. Operating income is expected to be JPY45 billion, and net income attributable to owners of parent is forecasted at JPY71 billion, indicating a significant increase in profit as well.

Even when compared to the April forecast, operating income is expected to surpass it by JPY10 billion, and the net income is also projected to exceed the previous forecast by JPY8.2 billion.

Status of Consolidated Financial Targets

Status		Forecast for FY2023	FY2026	FY2030	Long-term policies
Profit growth	Operating income	¥45.0 billion	¥46.0 billion	¥60.0 billion and extra	Sustainable profit growth
	<ul style="list-style-type: none"> Enhancement of profitability, such as through strategic pricing Business structure reforms, such as enhancing employee efficiency, implementing early retirement schemes, and reorganization of offices and stores Rebuilding of our business portfolio through external transfers of unprofitable businesses and reorganization of the Odakyu Group <p>Faster than Planned Recovery of Railway and Hotel Businesses</p>				
Securing of financial soundness	Interest-bearing debt/EBITDA ratio	6.9 times	Maintain 7.0 times	Approx. 7.0 times	Improvement through profit growth
	<ul style="list-style-type: none"> Expectation of achieving FY2023 criteria for recovery of financial soundness^{*1} through methods including sale of Odakyu-owned assets <p>Maintenance of 7.0 times ratio during FY2026, the construction period of the Shinjuku West Gate redevelopment</p>				
Management with an awareness of capital cost	ROE ^{*2}	17.9% ^{*3}	—	7%	Further improvement
	<ul style="list-style-type: none"> Aim to enhance asset efficiency and plan effectiveness by reinforcing ROA targets for each business and monitoring structures <p>Control of total assets with an awareness of capital costs</p>				

^{*1} Interest-bearing debt of ¥700.0 billion and interest-bearing debt / EBITDA ratio of 7.0 times
^{*2} Net income attributable to owners of parent / shareholders' equity (excluding net unrealized gain on securities)
^{*3} Plan to record proceeds from sale of property and equipment in FY2023, such as the Odakyu Century Building

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Moving on to the progress of our consolidated financial targets, the operating income forecast is JPY45 billion. We had originally set a target of JPY46 billion for FY2026, and we are extremely close to that number already.

This is largely due to the railway and hotel businesses recovering faster than expected.

Regarding financial soundness, the current forecast for the interest-bearing debt to EBITDA ratio is 6.9 times, which is below the 7-times level.

Additionally, it's projected that we can maintain this ratio in the 7-times range during the Shinjuku Station West Gate Redevelopment Plan period, which includes FY2026.

As for ROE, given that the final profit this period has significantly exceeded expectations, we are at 17.9%. Our goal for FY2030 is to reach 7%. We've heard opinions from external parties that our target should indeed be 8%, and we share this view. Therefore, our aim is to certainly achieve the 7% target by FY2030.

To accomplish this, we will be mindful of our capital costs and manage our total assets carefully, not just our net assets.

Approach to Shareholder Returns

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%.

FY2023 Dividend

Annual dividends scheduled to be ¥22.0 per share
(Interim dividend: ¥11.0, Year-end dividend : ¥11.0)



In addition to the above basic policy, we are examining reinforcement of shareholder returns after taking into account changes in the business environment, business performance, and capital efficiency

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Regarding our policy on shareholder returns, there has been no change in our basic stance.

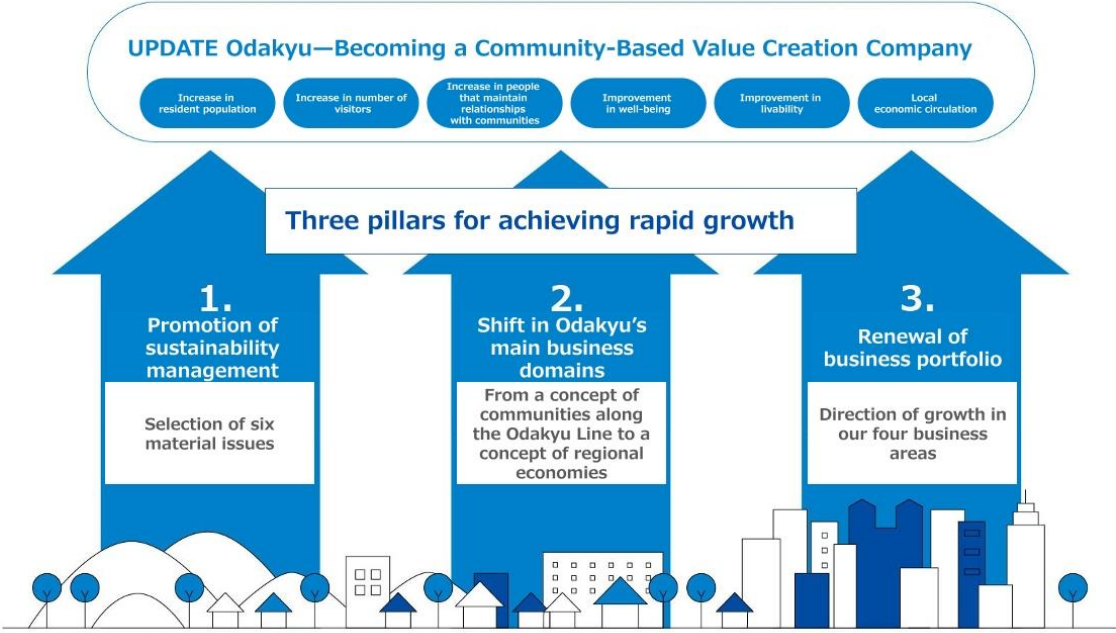
Our fundamental policy is to continue with stable dividend payments, guided by a consolidated dividend payout ratio of 30%, as a result of improved business performance. For this fiscal year, we are planning an annual dividend of JPY22 per share, which, as you can see from the graph, will exceed the pre-COVID level.

At the bottom, we have stated that, in addition to the above fundamental policy, we are considering enhancing shareholder returns after comprehensively considering changes in the management environment, performance, and capital efficiency. We have not changed this stance.

Currently, we are in the process of reviewing this enhancement, and since it has not been decided yet, we are unable to make any announcements. However, we would like your understanding that we are continuing to explore ways to strengthen shareholder returns.

Achievement Status of Medium-Term Management Plan (FY2023–FY2026)

Three pillars for achieving rapid growth



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Next, regarding the transition of our performance, we have set three pillars to achieve a leap in growth for the realization of UPDATE Odakyu. The first is to promote sustainability management, the second is to shift the main business domains, and the third is to renew our business portfolio. These are the initiatives we have put forward.

Selection of six material issues

- We have established targets and indicators for each of our six material issues. Guided by these targets and indicators, we will realize sustainable growth through the resolution of social issues.

Material issues	Targets and Monitoring Indicators
1. Safety and peace of mind <ul style="list-style-type: none"> Provision of public transportation services that prioritize safety and peace of mind Pursuit of a society where anyone can live with peace of mind 	<ul style="list-style-type: none"> ● Number of operating accidents/incidents caused by the Company in the railway business: 0 (each fiscal year) ● Number of fatalities or injuries in the bus and taxi businesses: 0 (each fiscal year) ○ Total level of customer satisfaction with our railway services
2. Community development and local communities <ul style="list-style-type: none"> Realization of community development that combines work, residence, commerce, education, and recreation, and wellness Community development that utilizes local assets 	<ul style="list-style-type: none"> ○ Population of communities along the Odakyu Line ○ Number of passengers at major stations in key areas ○ Total level of satisfaction among community members ○ Total level of satisfaction with well-being
3. Daily life and tourism experiences <ul style="list-style-type: none"> Promotion of rich lifestyles that utilize technology Provision of region-specific tourism experiences 	<ul style="list-style-type: none"> ○ Number of Odakyu ONE ID users ○ Number of Freepass sales (Hakone, Enoshima, Kamakura) ○ Number of visitors to sightseeing areas along the Odakyu Line (Hakone, Fujisawa)
4. Environment (carbon neutrality) <ul style="list-style-type: none"> Realization of a decarbonized society through energy conservation, renewable energy, electrification, and collaboration with local communities Realization of a resource recycling society, the aim of Beyond Waste 	<ul style="list-style-type: none"> ● Odakyu Group CO2 emissions 50% reduction compared with FY2013 (FY2030) / Net zero (FY2050)
5. Development of value-creating human resources <ul style="list-style-type: none"> Cultivation of a corporate culture that enables all employees to work in their own unique way Development of human resources to achieve sustainable management 	<ul style="list-style-type: none"> ● Ratio of female employees (full-time): 20% (FY2030) / 35% (FY2050) ● Ratio of women in management roles: 15% (FY2030) / 30% (FY2050) ● Ratio of male employees taking paternity leave: 100% (FY2030) / 100% (FY2050)
6. Governance <ul style="list-style-type: none"> Realization of an optimal governance structure that supports the expectations of all stakeholders 	<ul style="list-style-type: none"> ● Number of major legal violations: 0 (each fiscal year) ● Ratio of female directors: 30% (FY2030) ○ Ratio of independent outside directors

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●Targets ○Monitoring indicators

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Among these, first, in terms of promoting sustainability management, we have set 6 materialities.

Additionally, as written on the right, we have now clarified our goals and monitoring indicators.

For example, for safety and security, we aim for zero accidents and incidents caused by our railway operations. We also aim for zero fatalities and serious injuries in our bus and taxi operations.

As for monitoring indicators, we want to focus on the overall satisfaction level of our railway services and ensure we are making solid efforts in these areas.

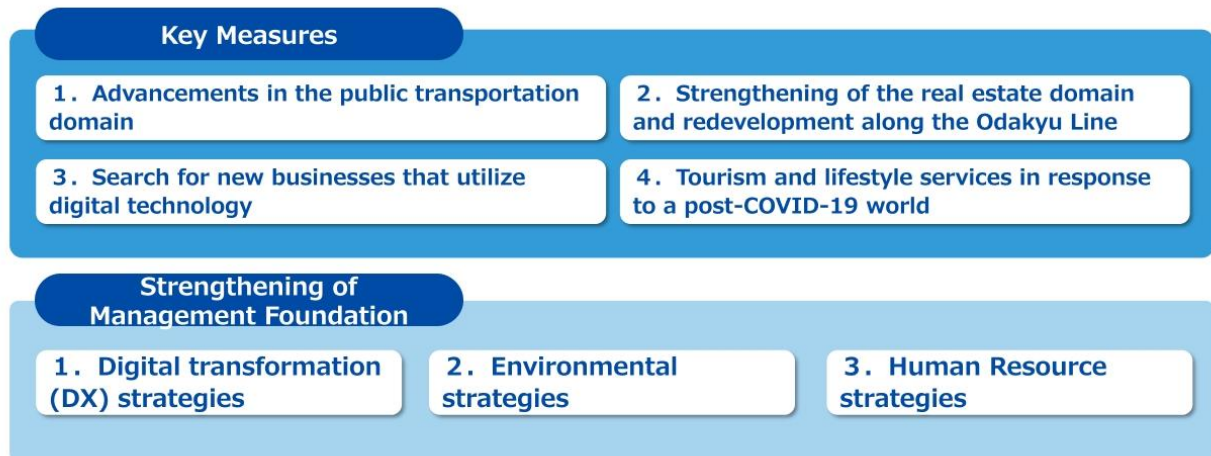
We have set clear goals, especially in the area of developing value-creating talent, where we have regularly reported on the ratio of female employees and managers as well as the percentage of male employees taking paternity leave. We would like to elaborate on this in more detail later.

Regarding governance, in addition to aiming for zero significant legal violations, we have also set a goal for the ratio of female executives. We are aiming to meet the government's target of 30% by FY2030.

Furthermore, regarding the ratio of independent external directors, we are currently required to have 30%, which we have achieved. Anticipating that a majority may be required in the future, we intend to increase the ratio of independent external directors going forward.

Key Measures in the Medium-Term Management Plan (FY2023–FY2026)

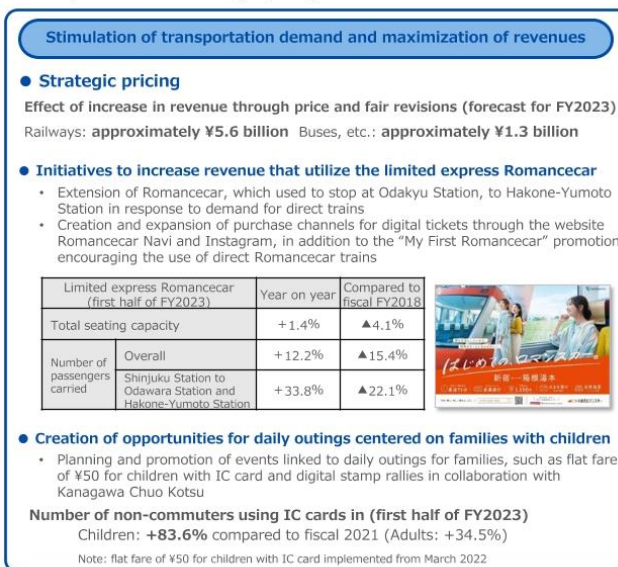
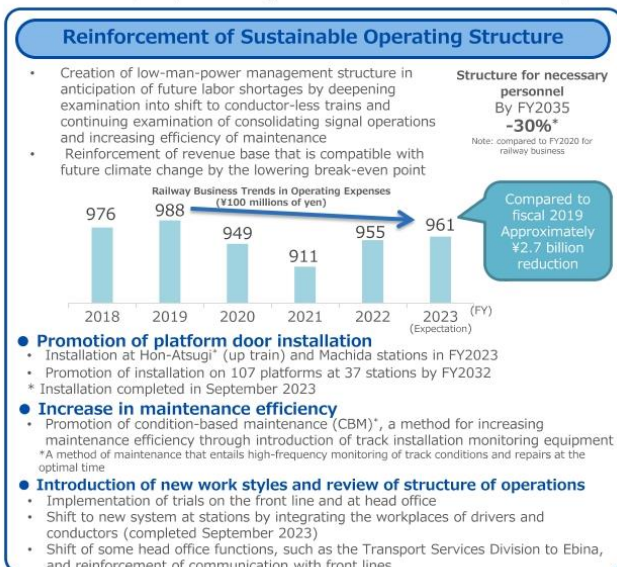
- To realize our management vision, we will promote the strengthening of our management foundation at the same time as working toward four key measures under the current Medium-Term Management Plan



In our medium-term management plan, we have highlighted four key policies. First is the advancements in the public transportation domain, second, the strengthening of the real estate domain and redevelopment along the Odakyu Line, third, search for new businesses that utilize digital technology, and fourth, tourism and lifestyle services in response to a post-COVID-19 world. To support these, we have set forth three pillars: digital transformation (DX) strategies, environmental strategies, and human resources strategies. I will now delve into these areas in more detail.

1. Advancements in the public transportation domain

- We will steadily promote the creation of a sustainable operational structure and generation of stable profit in public transportation, which is the foundation of all business domains
- We will expand profit through initiatives that utilize the limited express Romancecar, in addition to strategic pricing



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Regarding the advancements in the public transportation domain, our strategy emphasizes establishing a sustainable operating structure and steadily generating stable profits, which are the foundation of all our business domains.

We aim to maximize revenue through strategic pricing and initiatives utilizing our limited express Romancecar service.

First, to reinforce a sustainable operating structure, we are deepening our examination of single-person train operations, centralizing signal operations, and exploring maintenance efficiency improvements. These measures aim to prepare for future labor shortages by establishing a leaner workforce, targeting a 30% reduction in personnel by FY2035 compared to FY2020.

Regarding the reduction of our break-even point through cost savings, compared to FY2019, we forecast approximately JPY2.7 billion in reductions for FY2023.

Additionally, we are pushing forward with the installation of platform doors and maintenance efficiency. We're also introducing new ways of working and reviewing our business structure. To elaborate, we are considering a trial of dual roles between field operations and head office staff.

For example, station staff, typically part of the Passenger Sales Department at the head office, would also have duties at the head office while working at Shinjuku Station. They could perform clerical work at the station and assist with on-site operations when needed.

As the workforce becomes leaner, we anticipate issues arising in emergency situations. This dual-role approach is one example of how the head office and field operations can work together to build an integrated system to address such challenges.

The second point is the integration of the workplaces of train drivers and conductors, transitioning to a new system as combined crew stations.

We have been working on integrating these 2 roles for several years, and in September of this year, we successfully transitioned to the new system across all crew stations.

Another move was relocating some head office functions of the Transportation Service Business Headquarters to Ebina, which has been an effort to enhance collaboration with field operations. Consequently, our head office now operates on a 2-base system, in Shinjuku and Ebina, with the railway department of the head office moving closer to operations in Ebina.

We believe this has strengthened our collaboration and our ability to provide support during emergencies, as I mentioned earlier.

Turning to the right, in terms of stimulating travel demand and maximizing revenue, we have implemented strategic pricing, which refers to revenue increases due to fare adjustments. In the railway sector, combining our company and the Hakone Tozan Railway, we forecast an increase in revenue of approximately JPY5.6 billion for FY2023, and for buses, we are projecting an increase of JPY1.3 billion.

As for the revenue-increasing policies using the Romancecar express service, and as I've listed below, we aim to create more opportunities for outings, particularly for families with children. In line with this, following our company, Kanagawa Chuo Kotsu has also implemented a children's IC fare of JPY50.

This initiative is expected to strengthen coordination and enhance various events.

As a result, in H1 of this fiscal year, the number of children using non-commuter IC tickets has significantly increased by 83.6%.

2. Strengthening of the Real Estate Domain and Redevelopment along the Odakyu Line

- We aim to sustainably develop local communities and strengthen businesses through promotion of development in conjunction with “soft” (method) initiatives such as area management, centered on core cities along the Odakyu Line.
- We aim to further increase asset efficiency and profitability by promoting expansion of investment methods and fields, such as an asset rotation model, special purpose company (SPC) investments, and overseas projects.

Progress of Development and Impact of Openings

● Shinjuku West Gate Development Plan (scheduled for completion in FY2029)

- Demolition of old Odakyu department main store, Mosaic Street, and other areas underway
- Demolition of Shinjuku MYLORD (main section) to begin from April 2025 onward

● Construction of Commercial Facilities at Chuo-Rinkan East Exit (scheduled for completion in FY2024)

- Plans to construct commercial facility next to the east exit, which has been newly established through station improvement work*
- Construction of four-story facility, which includes a daycare facility, in tandem with the new movement of people at the east side of the station, thereby encouraging influx of families raising children and improving the overall convenience of the area surrounding the station

* Project to improve station functions with subsidies from the government and Yamato City

● Impact of Opening Shimokita Senrogai

- Number of passengers^{*1} at Shimo-Kitazawa Station: YoY +21.1% (all stations: YoY +15.7%)
- FY2023 consolidated net sales (forecast): Approx. ¥1.5 billion
- Creation of new business opportunities by leveraging the results of Shimo Senrogai and our relationship with the local community

Example: Order received from Setagaya Ward government for renovation project at the site of the former Ikejiri Junior High School



Illustration of how the site of the former Ikejiri Junior High School will be utilized

● Impact of Opening Ebina VINA GARDENS

- Number of passengers^{*1} at Ebina Station: YoY +17.2% (all stations: YoY +15.7%)
- FY2023 consolidated net sales (forecast): Approx. ¥1.6 billion
- Total sales of rooms in two high-rise apartments: ¥33.0 billion*² (deliveries between FY2019–FY2021)
- Construction of third high-rise apartment underway

*1 Number of passengers are results for FY2022
*2 Collaborative business with other companies

● Progress with demolition of Odakyu department main store



Progress with demolition of Odakyu department main store

● Conceptual drawing of the multipurpose facility at Chuo-Rinkan Station



Conceptual drawing of the multipurpose facility at Chuo-Rinkan Station

Community Development along the Odakyu Line in Core Cities

● Revitalization of Enoshima Area

- Selection as the best proposal for the park-private finance initiatives (Kugenuma Kaihin Park renewal project) solicited by Fujisawa City, with facility slated to open by spring 2024
- In addition to construction of a world-famous skate park, communication of appeal of Kugenuma Kaihin Park as a place for supporting health lifestyles

Expansion of Methods and Fields

● Bolstering Profitability through Participation in Overseas Real Estate Business

- Participation in joint multifamily development project in suburbs of Seattle
- Participation in joint investment in large-scale multi-purpose facility (offices and commercial space) directly connected to train station in Sydney

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Moving on to the second focus area, real estate, we are driving developments by combining soft strategies such as area management, focusing on key cities along our rail lines to strengthen both the region’s sustainable development and our business.

The second point is the promotion of asset turnover investments, SPC investments, and the expansion of methods and fields, including overseas businesses, to further improve asset efficiency and profitability. Regarding development progress, let’s start with the upper left, the Shinjuku West Gate Redevelopment Plan. Currently, demolition work is underway on Mosaic Street, where the former Odakyu Department Store’s main building was located.

There is a 2-3 month delay in this construction, but the overall completion is scheduled for FY2029, which remains unchanged.

The demolition of the Shinjuku MYLORD section is set to begin from April 2025 onward, which is about a year and a half from now.

Beneath that, we highlighted the construction of the east-side commercial facilities at Chuo-Rinkan East Exit. This project employs a rather unique approach: it is part of what we call a comprehensive railway station improvement project. By including facilities that contribute to the local community—in this case, a nursery school—we are eligible for subsidies from the national government and local authorities. This funding is what we refer to as a comprehensive railway station improvement project, which is currently being utilized for improvements at Chuo-Rinkan Station.

On the upper right, we have the opening effects of the Shimokita Senrogai. Taking the example of Shimo-Kitazawa, we have seen a 21.1% increase in passenger boardings compared to the average line increase of 15.7%. For FY2023, the consolidated sales from this are expected to be about JPY1.5 billion.

Regarding these developments, both locally and internationally, there is a high level of interest. Many regions want to use it as a reference, and we continue to receive requests for site inspections.

We've also received considerable requests from local businesses wanting us to assist with their building renovations, expressing a desire to collaborate with Odakyu.

Moving on to the operational effects of Ebina VINA GARDENS, similarly, the passenger boardings at Ebina Station have increased by 17.2% over the previous year. For FY2023, the consolidated sales from this are expected to be about JPY1.6 billion. Currently, there are 2 tower buildings completed, and we are planning a third.

In the lower left section, regarding urban development in core cities along the line, we are working on revitalizing the Enoshima area.

And on the right side, under the expansion of fields, we are looking to strengthen profitability through participation in overseas real estate business. Currently, we have highlighted 2 locations, one near Seattle and another directly connected to a station in Sydney. As for our company's involvement in overseas business, we are still in the early stages, but we plan to steadily increase our investments, considering about JPY20 to 40 billion per property.

We are progressing with a focus on investments that are highly likely to be safe and to yield returns.

3. Search for New Businesses That Utilize Digital Technology

- We are steadily expanding businesses created from the source of local issues to governments and companies both along and away from the Odakyu Line.
- We are moving forward with the examinations of new businesses, while strengthening profitability in each existing business, with the aim of achieving operating income of ¥1.0 billion by FY2026.

MaaS Japan/EMot

- Promotion of efforts to capture increasing inbound demand and improve customer experiences with a view to realizing ¥10.0 billion in amount of payments by FY2030
- Resolution of issues facing transportation service providers and local communities both along and away from the Odakyu Line by expanding service area, smartphone transactions, and settings for use
- In addition to the above, contribution to personnel saving and enhanced efficiency of digital investment through the promotion of DX in the railway business

Initiative	Progress and Outlook	Ratio of Digital Hakone Freepass Sales from Inbound Tourism
Capture inbound demand	<ul style="list-style-type: none"> • Increase tickets with multi-lingual functionality • Introduce payment via Alipay* • Provide Korean-language support* 	
Improve customer experience	<ul style="list-style-type: none"> • Introduce payment via PayPay • Introduce QR codes within Hakone area 	

* Scheduled for implementation during FY2023

WOOMS (Waste Management Business)

- Aim to develop services nationwide that support enhancing the efficiency of waste collection and transportation as a new infrastructure business in community development, after transportation and real estate, utilizing strengths developed in existing businesses (such as frontline capabilities and relationships with local governments)
- Prioritization of development for local governments. Introduction to Zama City in FY2022 and launch (including demonstration projects) in 17 local governments nationwide, including government-designated cities

Scope of services	Details of initiatives
1. Local governments:	reinforcement of sales activities for local governments nationwide, in addition to along the Odakyu Line
2. Waste collection operators:	full-scale sales in combination with support for more sufficient administrative operations
3. Waste generators:	launch of WOOMS Connect (May 2023)

Overview of WOOMS Business

A service that visualizes overall waste and supports diagnosis and its implementation through the three steps of investigation, verification, and reporting

Ichi no ichi *(Social Media for Local Governments)

- Receipt of order for demonstrate project from the Ministry of Internal Affairs and Communications and commencement of new use by 52 neighborhood councils in 10 cities across Japan from May 2023
- Invigoration of local exchange across a greater area through DX

Introduction at neighborhood councils

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(As of September 2023)

* Tool for sharing local activities that form connections with communities, including digital bulletins and information sharing during an emergency

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The third focus is to search for new businesses that utilize digital technology. As I read the text: We are steadily expanding businesses created from the source of local issues to governments and companies both along and away from the Odakyu Line.

Moreover, we are working on monetizing each business while also considering new business opportunities in order to achieve an operating income of JPY1 billion by FY2026.

For MaaS, we aim to achieve a transaction amount of JPY10 billion by FY2030.

Additionally, the Digital Hakone Free Pass for inbound customers is steadily growing. Currently, about 20% of the total Hakone Free Pass sales have been digitalized. Approximately half of these digital sales are from inbound tourists, showing a steady increase. We plan to introduce Alipay for customers from China and implement QR authentication within the Hakone area, enhancing the convenience of our services for inbound tourists.

Moving to the bottom left, “Ichi no ichi,” which is a social networking service for neighborhood associations that functions like an electronic bulletin board. Currently, it’s being promoted in 580 neighborhood associations and its use is steadily increasing.

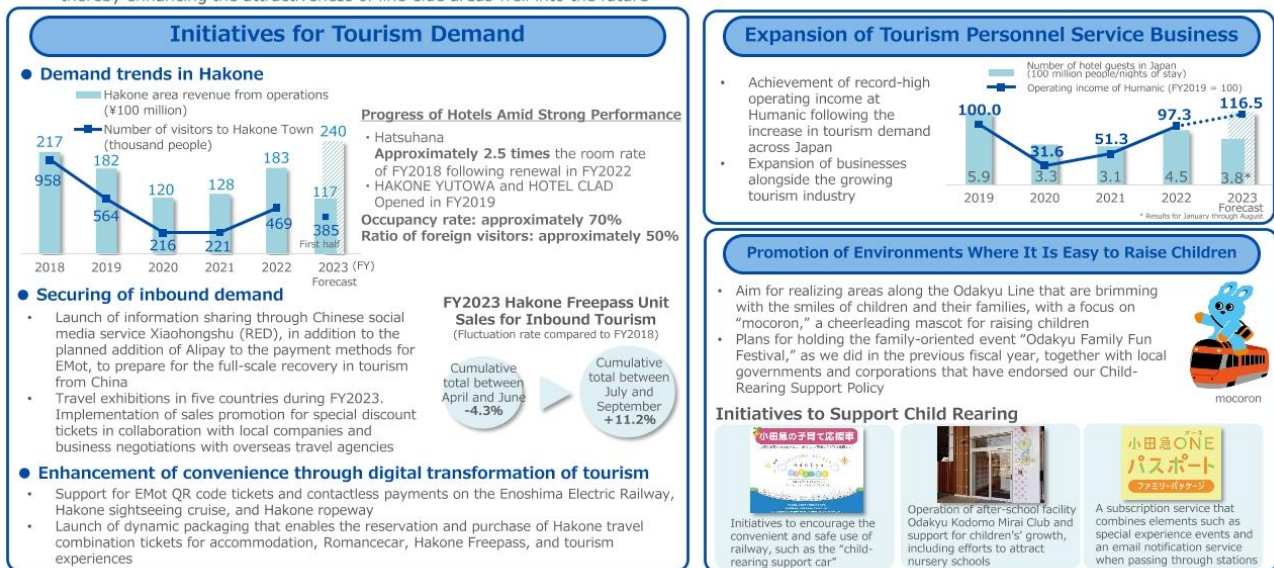
On the right is WOOMS. This service has three aspects: for local governments, waste collection businesses, and waste producers. At present, we are mainly strengthening sales to local governments.

As I mentioned as the second point, we are prioritizing deployment to local governments. Following the introduction in Zama City in FY2022, we are in the process of introducing, including demonstrations, to about 17 groups of local governments nationwide, including government-designated cities. In large areas, we are progressing in places like Sagami-hara, Nagoya, and Fujisawa.

Furthermore, we have just begun to gradually address the waste collection businesses and waste producers and are making steady progress in these areas as well.

4. Tourism and Lifestyle Services in Response to a Post-COVID-19 World

- Achievement of profit growth by steadily capturing recovered tourism demand through the promotion of initiatives for inbound tourism, the DX of tourism, and the expansion of the tourism personnel service business
- Aim for the creation of environments in which it is easy to raise children together with communities and local governments along the Odakyu Line, thereby enhancing the attractiveness of line-side areas well into the future



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Moving on to the fourth point, regarding the tourism and lifestyle services in response to a post-COVID-19 world, we aim to achieve profit growth by steadily capturing recovered tourism demand through the promotion of initiatives for inbound tourism, the DX of tourism, and the expansion of the tourism personnel service business. Furthermore, we aim for the creation of environments in which it is easy to raise children together with communities and local governments along the Odakyu Line, thereby enhancing the attractiveness of line-side areas well into the future.

The bar graph represents business revenue. What was JPY21.7 billion in 2018 dropped to nearly half that amount, but the forecast for this term is JPY24 billion. We expect to secure business revenue that exceeds the pre-COVID figures. The Hakone Free Pass is also steadily growing.

Behind this significant business performance, we highlight the leaps made by hotels. Regarding "Hatsuhana," following its renewal in FY2022, the price per room has increased by approximately 2.5 times.

Additionally, "Hakone Yutowa" and "HOTEL CLAD," which opened in FY2019, have an occupancy rate of about 70%, half of which is attributed to inbound guests, indicating a favorable trend.

Secondly, regarding the capture of inbound demand which I mentioned earlier, we are seeing a majority of individual Chinese tourists currently, but we anticipate an increase in group travelers, hence we plan to add Alipay as a payment option.

Although we had not done this before, participating directly in overseas travel fairs has proven to be extremely effective, so this fiscal year we have exhibited in five countries.

In terms of enhancing convenience through tourism DX, Enoshima Electric Railway, Hakone Sightseeing Cruise, and the ropeway now support EMot's QR tickets and touch payment systems.

We have also launched dynamic packaging.

Moving to the top right, we write about the Tourism Personnel Service Business. This sector has recently welcomed Humanic into our group, a company dispatching part-time workers to the tourism industry. If we set its revenue growth at 100 in FY2019, it has made a significant leap to 116.5.

This company is a leader in the industry, and we aim to continue expanding it within the Group.

Regarding the theme at the bottom right, promoting environments where it is easy to raise children, it's about centering around our child support mascot character, Mocomon, with the goal of creating train lines brimming with smiles from children and parents alike.

Additionally, we plan to hold the Odakyu Family Fun Festival. With the number of participating local governments and corporations on the rise, we are looking forward to an even more dynamic festival.

Strengthening of Management Foundation

1. DX Strategies

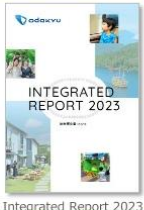
- Development of Digital-Savvy Personnel**
 - Participation by roughly 400 individuals in e-learning courses on expert knowledge regarding AI and digital technology utilization
- Promotion of DX in Existing Businesses**
 - Among the 227 employee proposals within the DX idea creation project, adoption of proposal to introduce the industry's first* AI chatbot to handle customer inquiries, thereby enhancing operational efficiency and improving service through 24-hour reception

Number of Ideas: 227 → Verifications: 12 → Implementations: 2
* Introduced for opinions and requests regarding customer service

2. Environmental Strategies

- Acquisition of Third-Party Verification for Environmental Data**
 - Acquisition of limited verification that ensures reliability of data for GHG emissions in Scope 1, 2, and 3¹ and energy utilization² and disclosure of such data in integrated report³

¹ Scope 3 is non-consolidated data for categories 1, 2, and 3
² Energy utilization data is on a non-consolidated basis
³ <https://www.odakyu.jp/ir/integratedreport/>



Integrated Report 2023

3. Human Resource Strategies

We are promoting efforts to transform into an organization that embraces diversity, leverages and nurtures individual strengths, and creates new value, with a view toward realizing our material issue of “development of value-creating human resources.”


- Establishment of Consolidated Targets for Female Participation and Career Advancement**
 - Establishment of consolidated targets for female participation and career advancement (update of relevant non-consolidated targets as well) with the aim of becoming a corporate group in which all employees can work with enthusiasm, regardless of attributes such as age and gender
 - Additionally, establishment of governance target for a ratio of female executives of 30% by FY2030

Top: Consolidated targets Bottom: Non-consolidated targets	Results for FY2022	Targets for FY2030	Targets for FY2050
Ratio of female employees (full-time)	15.6% (9.7%)	20.0% (15.0%)	35.0% (35.0%)
Ratio of female managers	12.0% (5.5%)	15.0% (12.0%)	30.0% (30.0%)
Ratio of male employees taking paternity leave	57.6% (73.8%)	100% (100%)	100% (100%)

Note: The Company and its 34 subsidiaries (as of October 31, 2023)


- Acceleration of Independent Value-Creating Conduct by Employees**
 - Receipt of Grand Prize of the Japan HR Challenge Awards in recognition of our corporate culture reform efforts to transform our business and our system for encouraging employees to take on new challenges

Encouraging the Pursuit of New Challenges through the Business Idea Solicitation System “Climbers” AOI School



Preliminary opening of an alternative school in Fujisawa City to support the future independence of students who resist going to school, proposed by two current train operators who have experience with school non-attendance themselves

Hunter Bank



Receipt of GOOD DESIGN BEST100 award by Hunter Bank, a platform that helps match young hunters with farmers dealing with damage from wildlife

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Continuing with the strengthening of our management foundation, firstly, regarding our DX strategies, around 400 individuals have participated in e-learning for the development of digital talent.

Under the theme of promoting the DX of existing businesses, we have conducted a project to generate ideas using DX. Impressively, we received 227 proposals. Among these, we introduced an industry-first AI chatbot for our customer inquiry center, which has led to improvements in operational efficiency and enhanced service by enabling 24-hour reception. We are diligently connecting these ideas to our operational practices.

On the right, we have our environmental strategies. As I’ve mentioned before, we have now obtained a limited verification to ensure the reliability of our environmental goals.

Third, regarding our human resource strategies, I’d like to reiterate the figures within the brackets on this chart which represent the ratio within Odakyu Electric Railway. The percentage of female employees, which was 15.6% in the consolidated FY2022, is targeted to increase to 20% by 2030 and 35% by 2050. Similarly, the ratio of women in management positions is aimed to grow from 12% to 15% and then to 30%. As for the rate of male employees taking paternity leave, which stood at 57.6% on a consolidated basis, we aim to bring this to 100% as soon as possible. These are the goals we have set.

On the right, it states “acceleration of independent value-creating conduct by employees.” We have been recognized for our cultural reforms that generate business transformation and for drawing out high levels of employee engagement, which has led to us being awarded the Grand Prize of the Japan HR Challenge Award.

Furthermore, through our business idea solicitation system called Climbers, we have established the AOI School. This initiative was proposed by 2 active drivers who have experienced truancy themselves and aims to support the future independence of truant students with an alternative school in Fujisawa City, which has started as a preliminary opening.

Also, our Hunter Bank was selected for the Good Design Best 100 of FY2023. We are steadily advancing our human resource strategies and have been recognized for these efforts both domestically and internationally.

That concludes my presentation. Thank you very much for your attention.

小田急電鉄株式会社

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.