



ODAKYU Electric Railway Co., Ltd.

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INTEGRATED REPORT 2021



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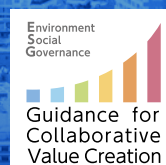
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Editorial Policy

This document is Odakyu's first integrated report.

This report aims to relay information to our wide-range of stakeholders, including shareholders and investors, regarding Odakyu Group's medium- to long-term value creation based on the new management vision, which was formulated in fiscal 2021, and the Group's management principle by comprehensively utilizing our value creation process, as well as financial and non-financial information.

For editing purposes, this document references the International Integrated Reporting Framework created by the International Integrated Reporting Council (IIRC) and "The Guidance for Collaborative Disclosure and Dialogue for Value Creation" created by the Ministry of Trade, Economy and Industry.



Disclosure Policy

Applicable Period

Fiscal 2020 (April 1, 2020, to March 31, 2021)
(Some statements relate to before and after the period in question)

Organization

Odakyu Electric Railway Co., Ltd. and the Odakyu Group

Accounting Standard

Statements have been made according to Japanese Generally Accepted Accounting Principles (GAAP).

The Odakyu Group will contribute to helping customers create “irreplaceable times” and “rich and comfortable lifestyles.”

The Odakyu Group's management principle encapsulates our roles and responsibilities toward society through our businesses as well as our purpose as a corporate citizen in society.

The Group is committed to being a good partner with our customers, helping them make their precious time more comfortable and pleasant by creating and providing them with “irreplaceable times” that contribute to “rich and comfortable lifestyles”.



Action Guidelines

In order to realize our management principle, we will provide “excellent quality” and “a moving experience” to our customers, without forgetting our three guiding principles:

Sincerity We sincerely promote all of our businesses based on safety and peace of mind.

Enterprise We take on the challenge of pursuing even better services that are unbound by precedent or convention.

Harmony We strive for collaboration with outside entities and symbiosis with society and the environment, rather than focusing exclusively within the Odakyu Group.

Our action guidelines are principles we follow while engaging in our daily operations. Our mission is to realize our management principle through each employee carrying out their operations sincerely, according to these action guidelines, and to sustainably develop together with society. These three guiding principles are essential factors for creating the Odakyu brand that will be chosen by customers.

From 1927



Foundation



1 Head office building at the foundation of Odakyu (1927)
2 Shinjuku station at the time of opening (1927)
3 Kites with the company emblem accompanied by employees at the time of foundation (1927)

The Company was founded as the Odawara Express Railway Company, Ltd. in May 1923 and opened the Odawara Line, which connected Shinjuku and Odawara, in April 1927.

Directly after its foundation, the Company was hit by the Showa Depression and administration continued to be difficult due to a fragile management foundation. Additionally, as World War Two intensified, the private railways in Southwest Tokyo were consolidated and renamed Tokyo Express Electric Railway Share Company.

Post-War Era



Post-War Recovery and Diversification of Management



In June 1948, during the post-war period, Odakyu separated from Tokyo Express Electric Railway Share Company and launched as the Odakyu Electric Railway. The operational infrastructure for sightseeing transportation became robust soon after Odakyu's independence, due to projects including the launch of weekend limited express services between Shinjuku and Odawara, the start of operation of the limited express train Romancecar SE, which became a model for the development of the Shinkansen, and the opening of the Hakone Golden Course round-trip route.

We expanded from transportation into real estate, such as housing development, in response to the urban congestion of the greater Tokyo area following the war. The areas for development began in inner-suburban areas such as Setagaya and expanded to the middle suburbs, including Machida and Sagami-Ono. Starting with the opening of the Odakyu Department Store, we also expanded our real estate, travel, and hotel businesses and opened commercial facilities, forming the foundation of the Group as we widened our business areas.

4 Spring excursion season at Mukogaoka-Yuen (1952)
5 Launch of the Hakone Ropeway and completion of the Hakone Golden Course (1960)
6 Odakyu Department Store at the time of opening (1962)
7 Launch of the Odakyu Tama Line (1974)

Up to 2020



The Next 100 Years

In the railway business, we promoted a project to build multiple double tracks as a full-scale improvement of transportation in response to the increase in passengers following the post-war period of rapid economic growth. Completion of multiple double tracks in March 2018, over 50 years after the idea was conceived, enabled us to ease congestion and reduce travel time.

We are also actively engaging in the promotion of community development in areas around stations and the development of businesses that understand diverse needs.

In 2027, we will celebrate our 100th anniversary. To become a company that will continue to be necessary for the next 100 years, we revisited the local communities that are the core of our business and formulated "UPDATE Odakyu—Becoming a Community-Based Value Creation Company" based on the decision to evolve into a company that will create new value. The Odakyu Group will contribute to helping customers create "irreplaceable times" and "rich and comfortable lifestyles" and will continue to tirelessly work toward developing the local communities along the Odakyu Line.



8 Completion of multiple double tracks (2018)
9 Opening of SHIMOKITA EKIUE (2019)
10 Opening of the Romancecar Museum (2021)

Odakyu's Management Capital



Total assets **1,326.9** billion

High rating assessment

Japan Credit Rating Agency **AA-**

Rating and Investment Information **A+**



Consolidated number of employees: **13,960**



Value of Group capital investment: **¥62.9** billion

Transportation network/
Diverse facilities along the Odakyu Line

Odakyu Electric Railway stations:	70
Odakyu Electric Railway trains:	1,087
Odakyu Electric Railway track length:	120.5 km
Department stores:	3
Supermarkets:	29
Major commercial facilities:	15
Hotels:	23
Restaurants:	approximately 200



Wide-ranging business knowledge regarding areas such as transportation services and community development

Patents/Trademarks: **170**

Research and development costs: **¥666** million



Odakyu Romancecar brand



Relationship with local communities and customers along the Odakyu Line

Area of local communities along the Odakyu Line (27 cities, towns, and villages): 1,226 km²

Population of communities along the Odakyu Line: 5.2 million

Number of Annual Passengers on Odakyu Lines: 525.23 million

Number of Odakyu Point members: approximately 1.3 million

Number of downloads of Odakyu app: approximately 470,000*

Number of downloads of EMot: approximately 120,000*

* As of September 2021



Local communities along the Odakyu Line that are rich with natural beauty, including Hakone, Enoshima, and Oyama



Communities along the Odakyu Line with Diverse Characteristics



Suburbs
West and Central Regions of Kanagawa Prefecture

This is an area, including Sagami-hara, Atsugi, and Ebina, that is being developed and is growing as a residential and commercial hub. It has also gained attention as a popular location for people raising children.



Suburbs
Kawasaki and Tama

These are areas with excellent transport links to the city center, where commercial facilities and other bustling areas co-exist with nature. The Odakyu Tama Line connects Shin-Yurigaoka and Tama New Town.



Urban
Shinjuku

This area is Japan's leading business and commercial hub. We have developed commercial facilities, such as the Odakyu Department Store and Shinjuku MYLORD, and hotels to create the most important location for attracting customers along the Odakyu Line.



Mountain Forests
Tanzawa and Oyama

These are popular hiking spots that are close to Tokyo. There are numerous hot springs, shrines, temples, and other attractions where people can enjoy nature through all four seasons.



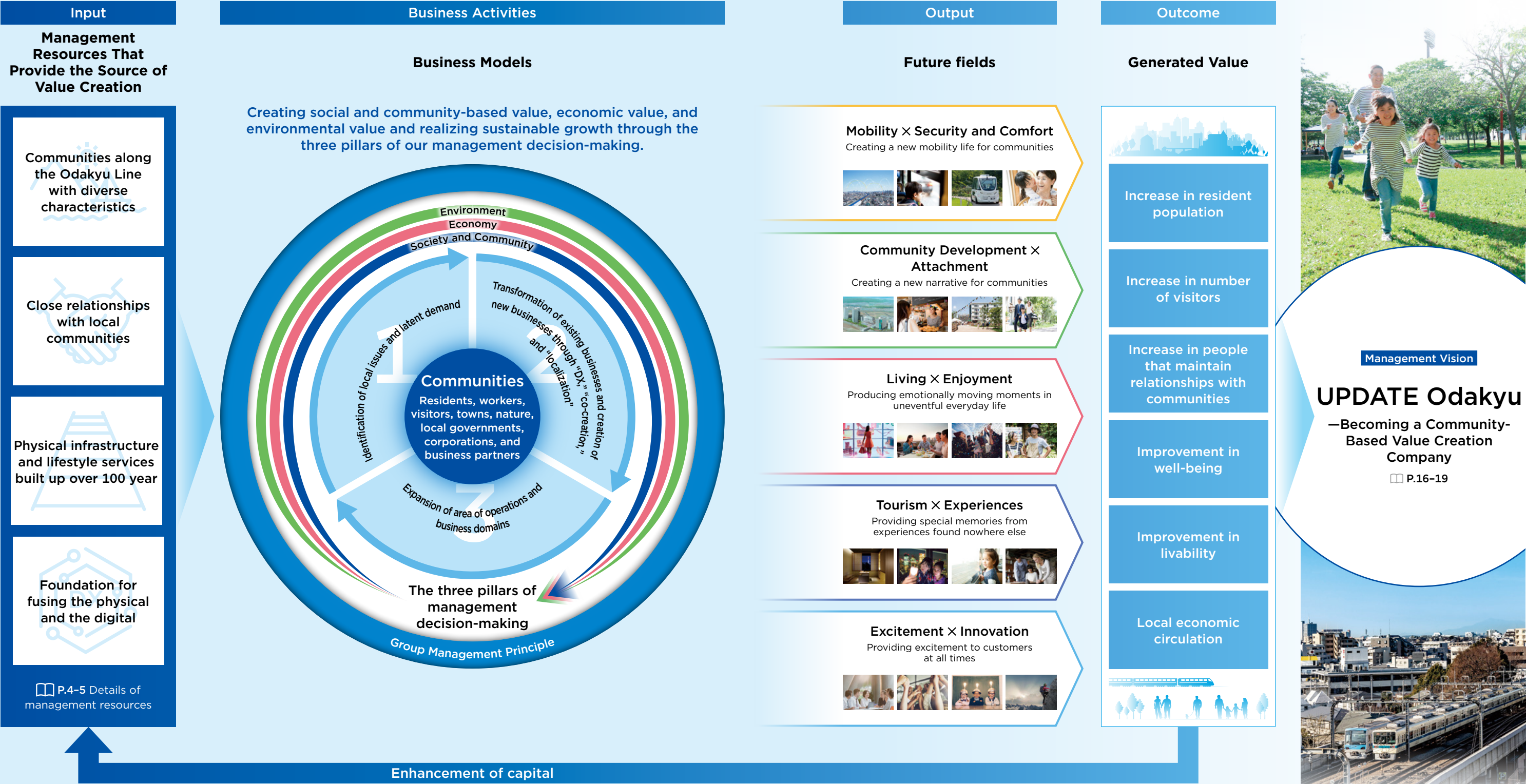
Tourist Attractions and Nature Spots
Hakone and Enoshima

These are destinations representing Japanese tourism for both domestic and international visitors. The Odakyu Group is responsible for a variety of different methods of transportation, such as the Hakone Tozan Railway and the Enoshima Electric Railway, and has developed multi-use tickets, such as the Freepass ticket.

Value Creation Process

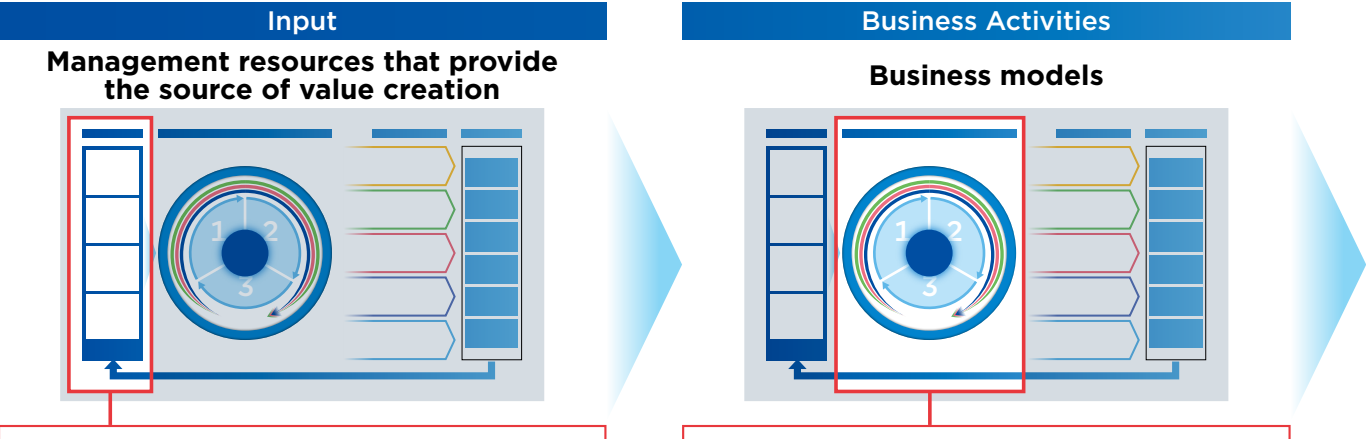
By providing diverse value to our wide-ranging stakeholders in the domains of our future fields through management decisions made according to the three pillars of “society and community,” “economy,” and “environment,” the Odakyu Group will promote our transformation into a community-based value creation company.

P.8-9 How to Read Our Value Creation Process



How to Read Our Value Creation Process

Over the past 100 years, Odakyu has contributed to solving social issues in local communities along the Odakyu Line through our businesses. In the period of confusion after the Great Kanto earthquake of 1923, which occurred directly before Odakyu was founded, we contributed to creating “irreplaceable times” and “rich and comfortable lifestyles,” our management principle, to support movement between Tokyo and the Western region of Kanagawa Prefecture. We also diversified our businesses to include department stores, supermarkets, real estate, and other lifestyle services in line with the rapid economic growth following the war. Continuing to develop together with communities along the Odakyu Line and creating community-based value, while aligning with people’s lifestyles, is our unchanging approach to sustainably enhancing Odakyu’s corporate value.



Communities along the Odakyu Line with diverse characteristics

The Odakyu Line comprises areas with diverse characteristics, including the Shinjuku metropolitan area, the quiet residential communities stretching across the Setagaya area, the Kawasaki and Tama areas, and the Ebina and Atsugi areas, all of which are core cities (suburbs) in the Western region of Kanagawa Prefecture. The Odakyu Line also encompasses the natural splendor of the Tanzawa and Oyama areas, the Hakone area, which is home to many of Japan’s hot springs, and the coastal Enoshima and Kamakura areas, which contain many historical buildings.

Close relationships with local communities

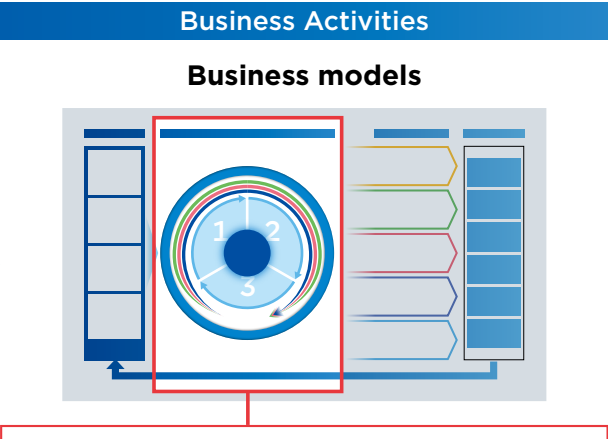
For many years, we have created close relationships with residents and local governments through various businesses that align with local communities. This relationship of mutual trust has become the foundation for the Odakyu Group to expand business potential.

Diversification of our business structure (physical infrastructure and lifestyle services)

For approximately 100 years, the Odakyu Group has run transportation infrastructure businesses, including railways and buses, and lifestyle service businesses, including real estate and commercial facilities. Through this business foundation, the entire Odakyu Group will provide new value to customers in local communities.

Foundation for fusing the physical and the digital

Recently, we have been actively working towards creating digital infrastructures, such as EMot, our Mobility as a Service (MaaS) app, which seamlessly connects transportation infrastructure; and ONE (on-e), which integrates lifestyle services both inside and outside the Group under a single ID. We will continue to provide new community-based value in line with changing times by creating a business model that integrates physical businesses and digital infrastructures.



Core Values

The Odakyu Group has established local communities as the center of all our business activities. Local communities include not only the geographical area but also the diverse people involved in local governments and businesses, as well as those who live, work, and visit these areas, and the surrounding natural environment.

Value Creation Cycle

Step 1 By combining the inputs of “communities along the Odakyu Line with diverse characteristics,” “close relationships with local communities,” “diversification of our business structure (physical infrastructure and lifestyle services),” and “foundation for fusing the physical and the digital,” we can identify issues in local communities, as well as potential demand, from multiple perspectives.

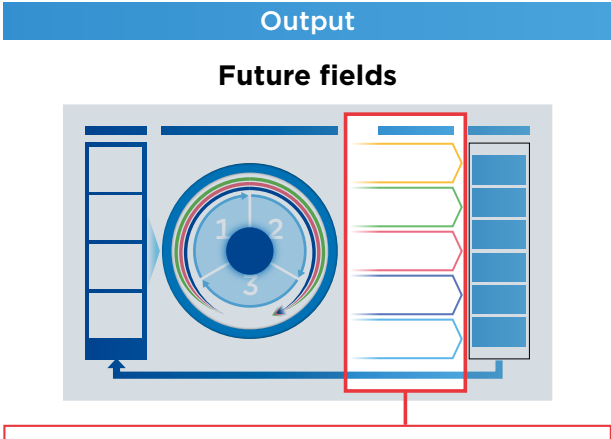
Step 2 Under the three concepts of “DX” (digital transformation), “co-creation,” and “localization,” we can resolve issues in local communities and respond to potential demand by creating new businesses while reforming existing businesses.

Step 3 We will develop the existing businesses we have reformed and new businesses we have created in other local communities, as well as expanding our own business areas.

Enhancing the Cycle This generates a positive cycle in which we create even more points of contact in local communities and understand new issues and potential demand (returning to step 1).

Three Pillars for Making Management Decisions and Management Principle

All management decisions are carried out using the three pillars of “society and community,” “economy,” and “environment.” By satisfying all of these requirements through our business activities, we can create community-based value and consequently achieve our management philosophy.



Future Fields

Future fields calculate what kind of value we want to create for customers and in which areas. The Odakyu Group will drive our business model to achieve the five future fields through our businesses and create outcomes (community-based value).

Mobility x Security and Comfort
Creating a new mobility life for communities

While making universal value in the form of security and comfort accumulated over 90 years an unshakable foundation, we will apply future technologies to create a next-generation mobility life for communities that will enable people to get around and meet people they want to meet when they want to meet them.

Community Development x Attachment
Creating a new narrative for communities

We will create occupational, residential, commercial, academic, and recreational settings that take advantage of the individuality and characteristics of communities and foster attachment to and pride in communities together with customers. Through resolution of issues facing customers and local communities, we will create a new narrative for communities.

Living x Enjoyment
Producing emotionally moving moments in uneventful everyday life

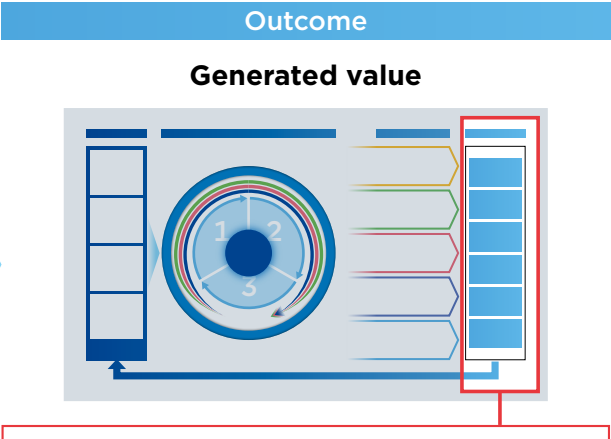
We will produce emotionally moving moments that go beyond a sense of security by speedily identifying changing trends and diversifying customer wants and by co-creating together with various partners times and spaces that bring color and charm to punctuate peoples’ daily lives.

Tourism x Experiences
Providing special memories from experiences found nowhere else

We will contribute to the development of Japan, regions, and communities by discovering ways for people to spend time and enjoy themselves unique to specific localities together with local residents and assisting in providing guests from Japan and around the world with experiences that remain as special memories.

Excitement x Innovation
Providing excitement to customers at all times

Each employee will make excitement the source of ideas by unleashing their independence, creativity, and enthusiasm. To deliver new value to customers, we will at all times embrace change and continue to challenge the unknown.



Relationship between Community-Based Value and Corporate Value

One of the major issues faced by local communities is a combination of changing demographics and a declining population due to the falling birth rate and aging population. The continued aging and decline of the population has various impacts, including a decrease in the vitality of local economies and difficulty maintaining these local communities, and will lead to an overall decrease in the appeal of the community. This also stands true for local communities along the Odakyu Line. Changing demographics and a declining population shake the foundations of every business, including railways and real estate, and pose a significant risk in the realization of sustainably enhancing our corporate value.

Increasing the Resident Population, Non-Resident Population, and Related Population

Based on the above circumstances, we aim to increase the number of residents, visitors, and those that maintain relationships with communities as a result of our business activities. To date, Odakyu has increased the resident population by enhancing the convenience of railways through the creation of multiple double tracks and expanding lifestyle services. We have also increased the number of visitors by providing tourism experiences that utilize local resources in areas such as Hakone and Enoshima. As Japan’s population continues to decline in the future, the related population has also become important for ensuring the sustainability of local communities. By increasing the people linked to local communities in various forms, we will contribute to their revitalization.

Enhance Happiness and Level of Lifestyle Satisfaction/Economic Circulation in Local Communities

Our management principle, “irreplaceable times” and “rich and comfortable lifestyles,” has had to evolve against the backdrop of today’s advanced society. To accelerate this evolution, the Odakyu Group aims to continue reforming existing businesses and creating new businesses together with various business partners, and circulate the economic value created through these ventures with local communities. At the same time, we hope to enhance the happiness and level of lifestyle satisfaction of people linked to these local communities.



President's Message

In an era of increasing uncertainty, we are reviewing the business model that has been in place for 100 years and will take a head-on approach to community-based value creation.



Koji Hoshino
President & CEO

Reflecting on Fiscal 2020

In fiscal 2020, the year ended March 31, 2021, people's movement was severely limited as a result of the COVID-19 pandemic, which caused an impact that Odakyu has never experienced before. For example, under the state of emergency declared in April 2020, the number of passengers fell by approximately 50% compared to the previous fiscal year, our commercial facilities, including department stores, faced temporary closures, and hotel occupancy rates temporarily fell below 10%. We were once again reminded that the risk of restrictions to economic activities is always present, even in modern times, and with such a developed civilization.

Since fiscal 2018, we have formulated "future fields," which comprises five domains, as part of the Odakyu Group vision that demonstrate what kind of value we wish to create for customers and society and what kind of organization we want to

become to achieve this. Based on this concept of future fields, we have striven to provide new value in light of changes, such as issues related to population, climate change, and the progress of technology. However, it seems that changes we initially believed would unfold over 10 years have suddenly come about in the past year.

As we look ahead to the post-COVID-19 era, we expect to see a shift in values as people spend more time in their local communities and at home. Railway companies, including Odakyu, have increased revenue by creating businesses focused on transportation that accompanies the movement of people. However, we are approaching a critical point where we should significantly review the route of our future growth, under the assumption that society has been irreversibly changed due to the COVID-19 pandemic.

Time to Review the Traditional Private Railway Model

In 1927, Odakyu opened approximately 80km of railway line between Shinjuku and Odawara (along the current Odawara Line) in a period of only 18 months. Odakyu supported the movement of people migrating from the city center to the suburbs due to the Great Kanto earthquake of 1923 and enriching life along the Odakyu line in the economic development following the war by opening department stores and supplying housing. The business expanded through the typical methods for managing private railways, using railway-based transportation capacity to encourage population inflow through development along the line.

Under the Long-Term Vision 2020, which covers the period from fiscal 2015 to fiscal 2020, we have taken on the challenge of reinforcing existing businesses and creating new businesses, with the aim of maximizing Group revenue after completion of multiple double tracks. Before COVID-19, we saw the result of measures to take advantage of the government's economic policies

and inbound tourism, and we were generally on track to reach the EBITDA numerical target of ¥100 billion set for the final year of the plan at the time of formulation.

However, in light of the previously mentioned changes to society, we must recognize that the traditional approach to private railway management, which has been based on the movement of people and on attracting customers by increasing transportation capacity and convenience, is reaching its limits. For example, work commuters used to be a stable source of revenue for railway companies, but since teleworking became widespread during the COVID-19 pandemic, it has become difficult to imagine a recovery to pre-COVID-19 levels.

Based on this assumption, we decided to return to the Odakyu Group's purpose and clarify our vision as a company in formulating a new management direction for sustainably enhancing corporate value.

Odakyu's Vision

The Odakyu Line consists of local communities, including cities, suburbs, and tourist spots, and we must confront the various issues that arise in

each of those communities, including a rise in the number of mobility impaired people and the increasing severity of natural disasters.

Our mission is to tackle the sustainability of local communities through a head-on approach, leveraging our strengths of the relationships of mutual trust we have built up with local communities over our history and our capability to resolve social issues with these relationships as a foundation.

We formulated our new management vision “UPDATE Odakyu—Becoming a Community-Based Value Creation Company,” to evolve into a company that creates new value in local communities by reviewing the business model that has been in place for 100 years, while continuing to focus on physical points of contact and infrastructure along the Odakyu Line. The guidelines for this, which is the Group’s Management Principle, remains unchanged: Contribute to helping

customers create “irreplaceable times” and “rich and comfortable lifestyles.”

The new management vision adopts three pillars: “society and community,” which creates value for local communities and society; “economy,” which pursues the economic value of maximizing revenue; and “environment,” which will contribute to resolving environmental issues through our businesses, for making management decisions. Based on these three pillars, we will update the method for realizing our future fields and, by creating a clear distinction between our businesses based on our Medium-Term Management Plan (see pages 22 to 27), continue to update our business model for the next 100 years.



Policies in the Period of Structural Reform

Under the new management vision “UPDATE Odakyu—Becoming a Community-Based Value Creation Company,” we have established the first three years of the six-year period ending in fiscal 2026, as the period of structural reform and the last three years as the period of rapid growth (see page 16).

During our period of structural reform, from fiscal 2021, we will reform our existing business model and aim for a recovery in business conditions. During the period of rapid growth in the latter three years, we will move forward with creating businesses that lead to sustainable growth for the next 100 years in the lead-up to our 100-year anniversary in 2027.

In the period of rapid growth, we will promote cost reductions by making management more efficient through business structure reform and withdrawing from unprofitable stores and, as criteria for the recovery of financial soundness in fiscal 2023, aim for interest-bearing debt of ¥700 billion and an interest-bearing debt/EBITDA ratio of 7.0 times. At the same time, our policies are to rebuild our business portfolio through bold selection-and-concentration efforts in our existing businesses. Through these measures, we will improve our financial soundness and profitability, and utilize the investment capacity we have secured to create new revenue opportunities.

Additionally, we will take on the challenge of reforming our existing businesses and creating new businesses, while anticipating the changing behavior in the post-COVID-19 era for all of our businesses, based on the three concepts of “DX,” “co-creation,” and “localization.”

Up to this point, face-to-face service has been important for Odakyu. While this approach will continue to be important, there are some services that can be completed digitally without the need for a physical service, and which can offer even greater advantages over face-to-face services. For example, ticket services at stations can eliminate waiting time at the counter, and by reducing station service equipment we can review our cost structures. Additionally, if we can create contact points with customers by utilizing digital technology, we can also offer services that are restricted to physical stores to those who do not live along the Odakyu Line. By utilizing DX initiatives, we can simultaneously expand customer points of contact, enhance convenience for customers, and increase efficiency.

The key to comprehensively achieving these goals is MaaS. In 2019, we launched the Emot MaaS app service. With the cooperation of local governments and various industries, we are pursuing originality by creating a purpose for movement, based not only on the theme of “how to get there” but also “how to live.”

In addition to the app, Odakyu owns the open common data platform MaaS Japan. By utilizing MaaS Japan, other industries and local governments can easily develop MaaS services without creating their own data platforms. Going forward, we will continue to promote linkage between our business partners and industries outside of MaaS, which will vastly expand possibilities for new businesses and lead to enhanced convenience for our customers and greater value for society and local communities.



As an example of this, in Zama city we are currently implementing the waste management business WOOMS together with the American company Rubicon Technologies, LLC. This project, which will make waste collection more efficient and reduce costs for local governments and industries by enabling completion through the use of a smartphone, is an advanced initiative for realizing a recycling-oriented society and we have received many requests for visits by other local governments.

As this example shows, the concept of “localization,” which involves creating businesses to be the optimal solution for issues in each community, does not mean being limited to the current local communities along the Odakyu Line. By utilizing knowledge accumulated resolving social issues in the current business area to expand beyond this area, we will contribute to solving issues for society and local communities on an even wider scale.



Thoughts for the Next 100 Years

The future fields are Mobility x Security and Comfort, Community Development x Attachment, Living x Enjoyment, and Tourism x Experience, which represent the values we aim to provide communities and customers, and Excitement x Innovation, which encourages our employees to unleash the independence and creativity to challenge existing ideas with the other fields as a foundation.

I was previously in charge of human resource development, and this experience led me to place importance on treating subordinates as you would want to be treated and creating opportunities for employees to think for themselves. I believe that it is the experience of seeing one’s ideas take shape that is rewarding and developmental for our employees. It is important for the Odakyu Group to work in a way where employees themselves enjoy the changes so that we can overcome the various issues faced by communities along the Odakyu Line and provide new value.

Recently, although we have tended to only focus on workstyle reform, we have to come to feel that creating a rewarding workplace is equally as important. I want the Odakyu Group to grow as a company that encourages employees to take on challenges and is capable of providing the new value from their ideas.

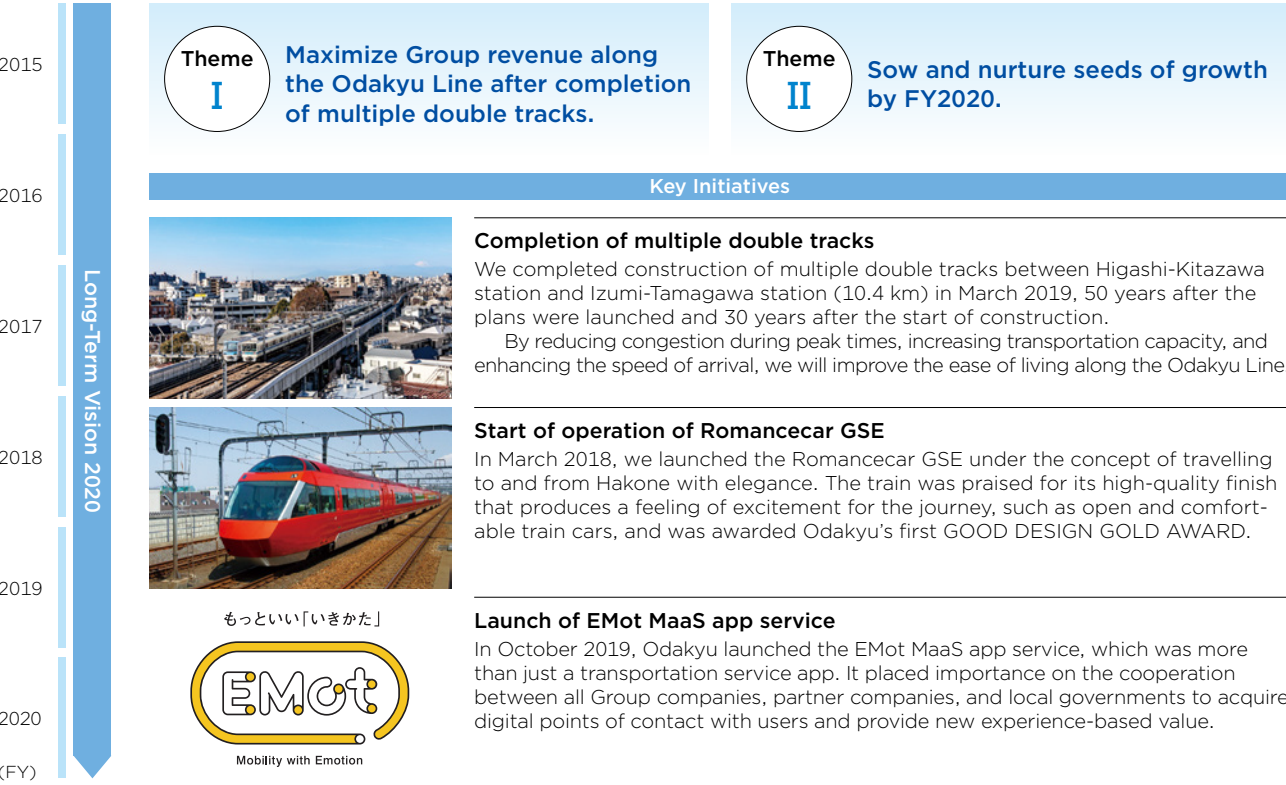
In 2027, we will celebrate our 100th anniversary. Even in an era of increasing uncertainty, we want to be a company that is trusted by our customers and local communities. As the Odakyu Group takes a step forward into the next 100 years, we sincerely ask for your continued support.

Koji Nozaki
President & CEO

Review of the Long-Term Vision 2020

The Odakyu Group has enacted our Long-Term Vision 2020 over a six-year period, beginning in fiscal 2015. Based on this vision, we have promoted initiatives that contributed to maximizing Group revenue, as well as sowing and nurturing the seeds of growth for further strengthening the business infrastructure, such as growth policies, including MaaS, and business structure reforms responding to changes in the business environment.

Initiatives Up to Fiscal 2020



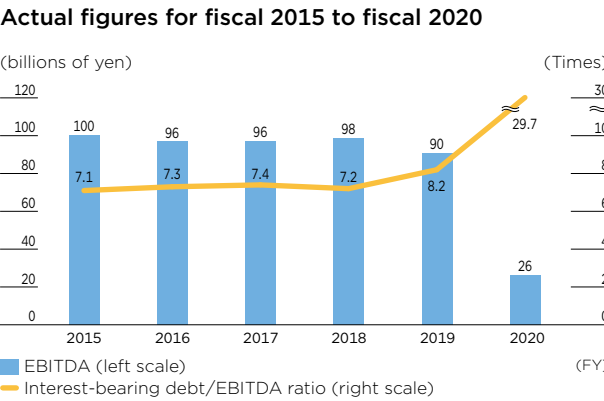
Performance of Long-Term Vision 2020

Under Long-Term Vision 2020, which was launched in fiscal 2015, we actively invested in real estate, including the acquisition of properties around core stations and the development of real estate along the Odakyu Line to maximize the effects of multiple double tracks. Additionally, we adopted 'sowing and nurturing the seeds of growth' as a theme of Long-Term Vision 2020. As DX initiatives, we have engaged in the creation of

new businesses such as MaaS, ONE (on-e), a waste management business, and a sublease housing business, which is in the real-estate business. Meanwhile, the Odakyu Group faced a harsh business environment in fiscal 2020 with restrictions to people's movement and a slump in consumer spending due to the impact of COVID-19.

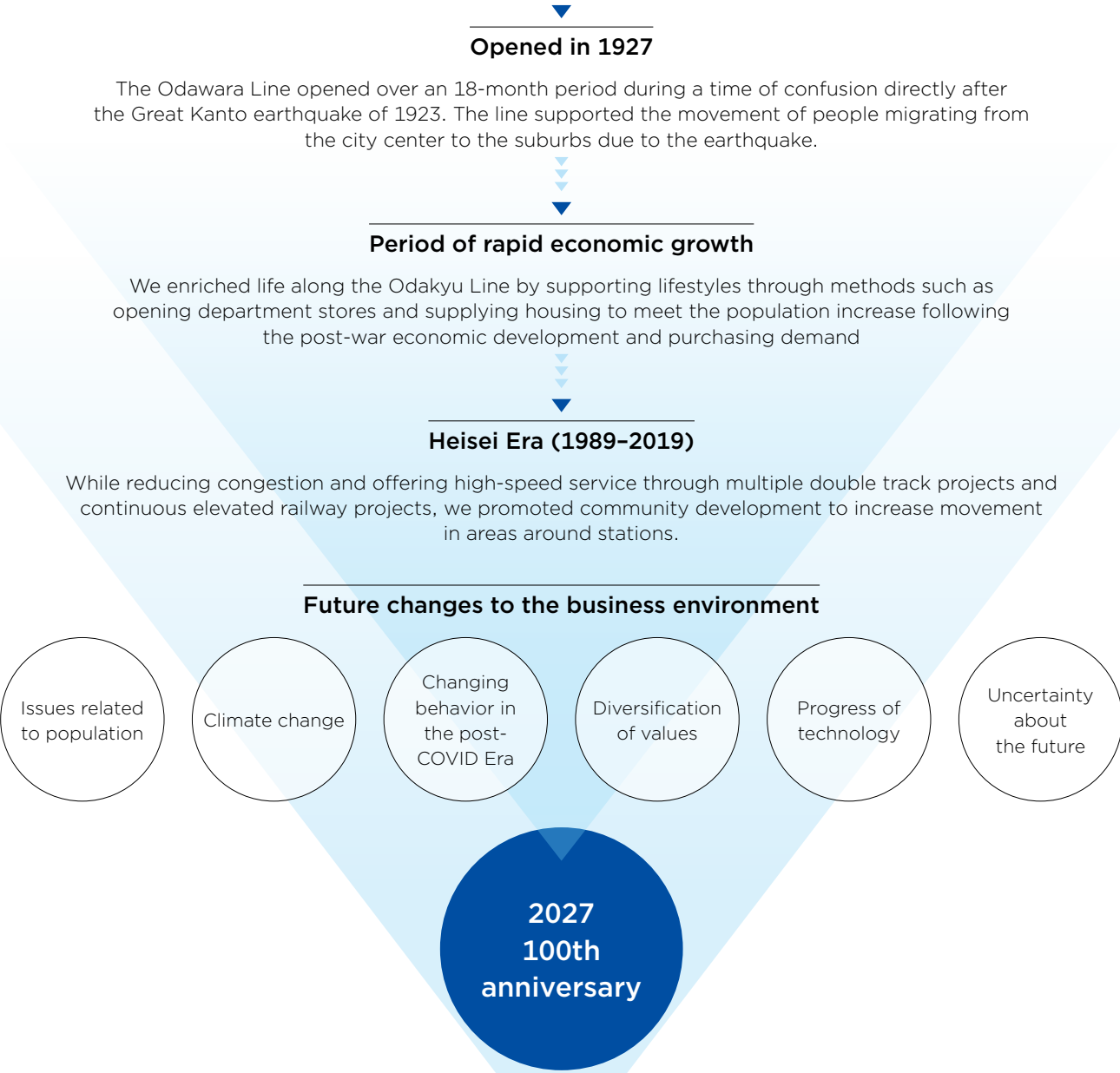
Consolidated numerical targets in the Long-Term Vision

	Initial plan FY2015	Revised targets FY2018	After completion of plan FY2020
Revenue from operations	600.0 billion	— (Target withdrawn)	385.9 billion
EBITDA	100.0 billion	111.5 billion	26.3 billion
Interest-bearing debt/EBITDA ratio	7 times	6.7 times	29.7 times



Changing Business Environment

Since Odakyu was founded in 1927, we have developed together with local communities. As we near our 100-year anniversary in 2027, the issues faced by society and communities along the Odakyu Line have become more complex and uncertainty in the business environment has increased. Against this backdrop, we will update the business model that has been in place for 100 years by 2027 and evolve into a company that creates new community-based value to grow together with communities over the next 100 years.



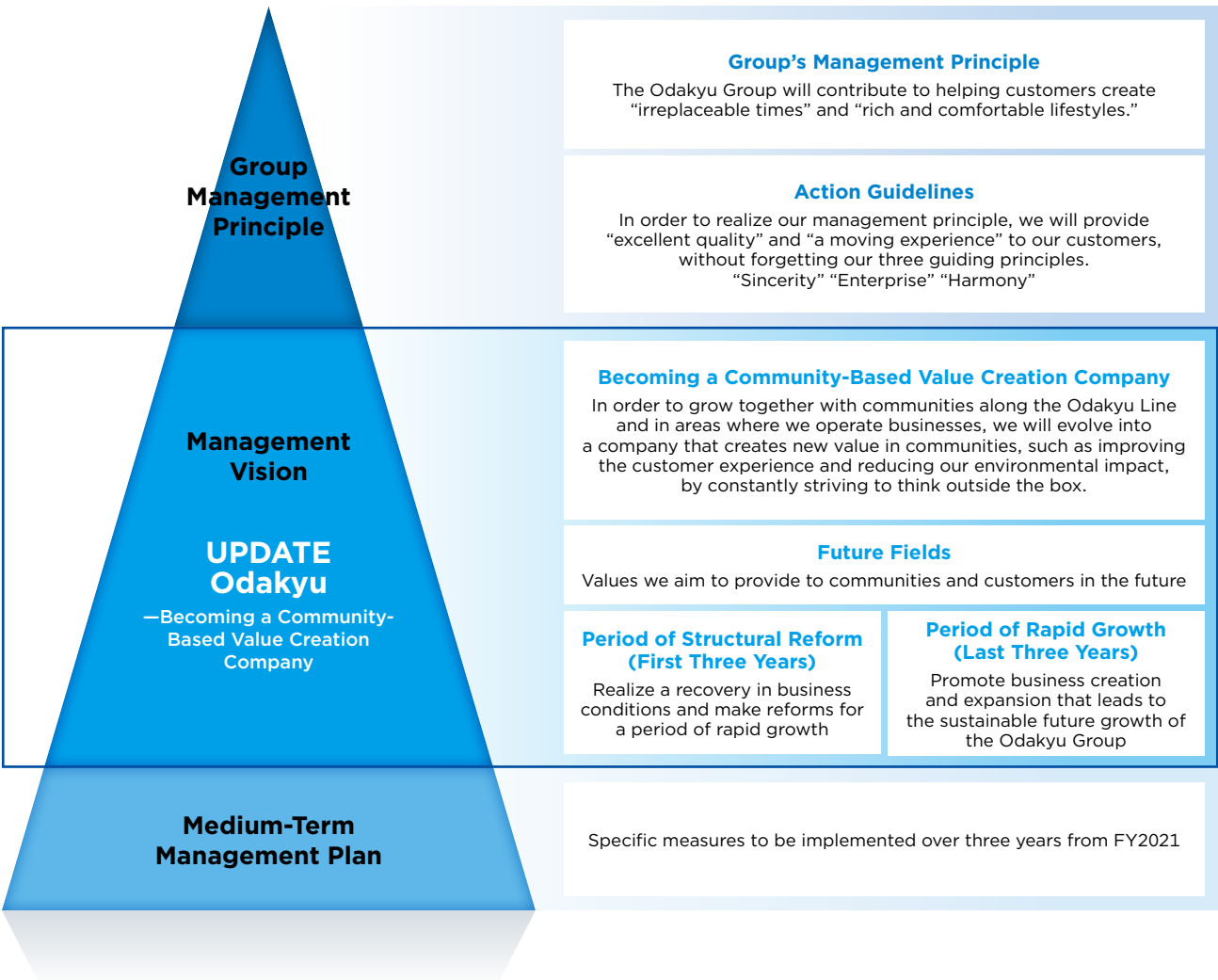
We will update a business model that has been in place for 100 years to adapt to an era of high uncertainty

UPDATE Odakyu—Becoming a Community-Based Value Creation Company

New Management Vision UPDATE Odakyu

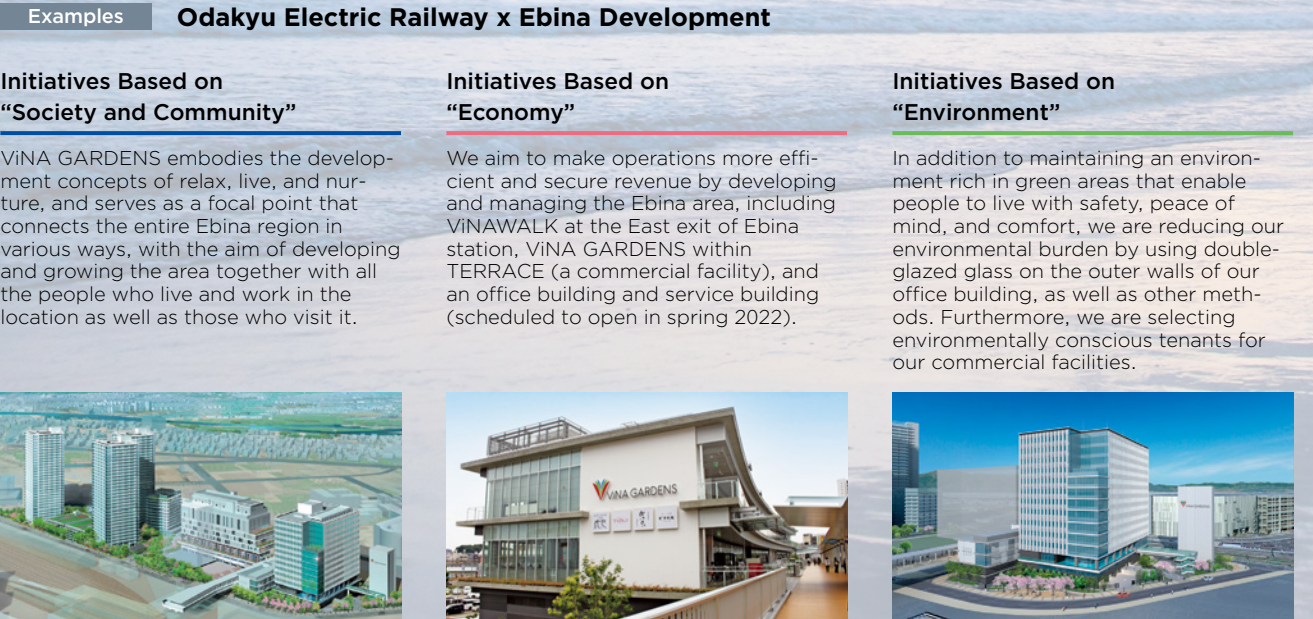
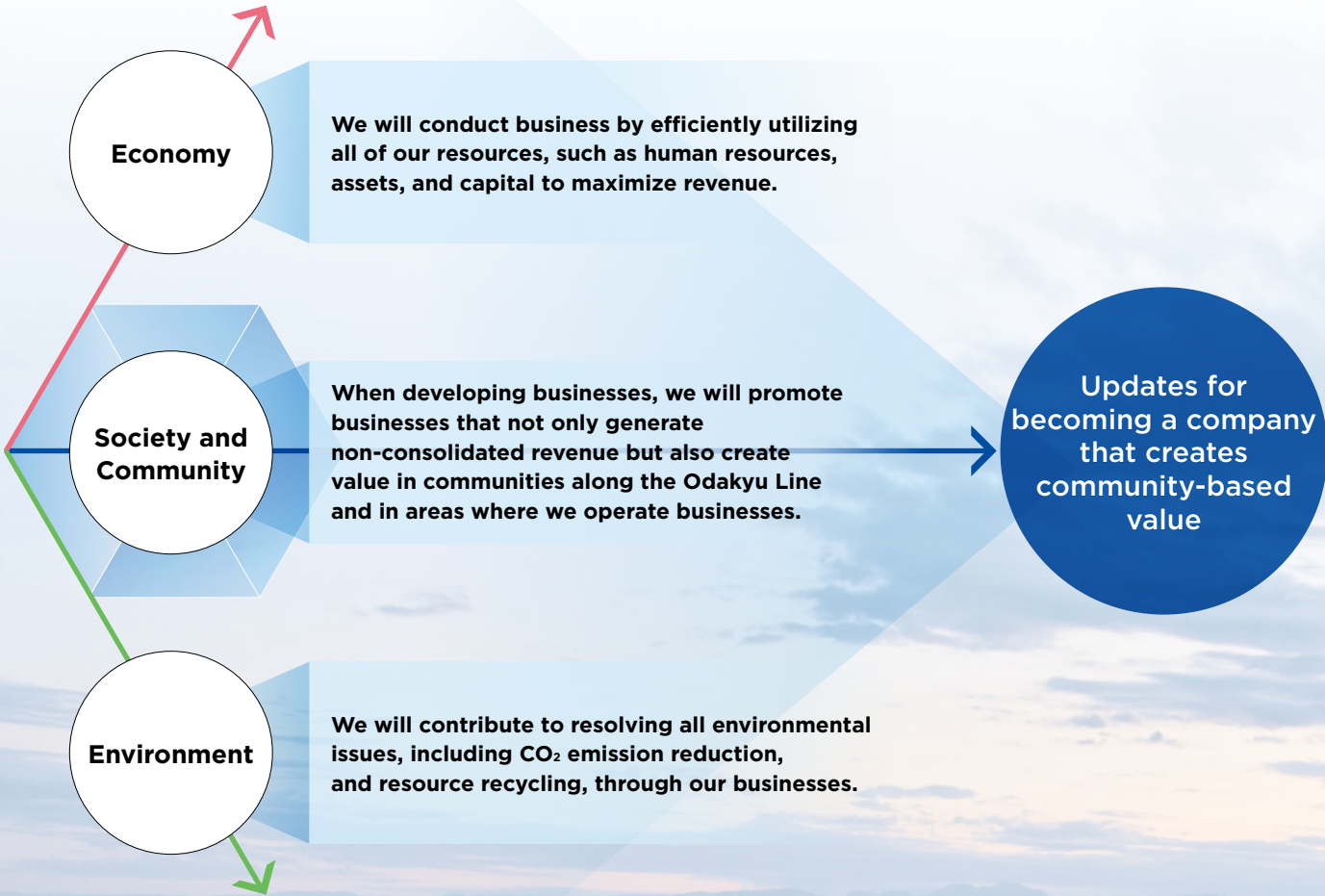
Our vision is to become a company that grows together with local communities by providing new value in areas along the Odakyu Line, which are points of contact with customers.

Based on this approach, we formulated the new management vision “UPDATE Odakyu—Becoming a Community-Based Value Creation Company.”



Three Pillars

We will make management decisions based on the three pillars of “society and community,” “economy,” and “environment” and sharply differentiate our businesses. We will update our business model to become a company that creates community-based value for the next 100 years.



Period of Structural Reform Overview

Based on the new management vision, we established the first three years of the six-year period ending in FY2026 as the period of structural reform and the last three years as the period of rapid growth. We are currently implementing our management plan.

In the period of structural reform between fiscal 2021 and fiscal 2023, we will implement business reform through the following three management issues and three concepts to recover business conditions and review the existing business model.

Three Management Issues Aimed at Reform



Approach to Three Management Issues

1 Recover profitability	<ul style="list-style-type: none">● Revenue from railway business<ul style="list-style-type: none">• Expect revenue to recover to approximately 85% of the normal level during fiscal 2021 and aim to reach a level of over 85% through initiatives to increase revenue● Reduce costs<ul style="list-style-type: none">• Carry out labor-saving measures in our railway business and review the management system in line with these measures• Structural reform of the hotel business• Make the management system more efficient at each business and promote measures such as withdrawing from unprofitable stores
2 Control interest-bearing debt	<ul style="list-style-type: none">● Review investments<ul style="list-style-type: none">• Implement diverse investments → Carefully select investments after verifying their effect, such as investments to update facilities. Continue to make growth investments, including toward DX• Review investments in the railway business based on the premise of ensuring safety● Promote the sale of cross-shareholdings and real estate
3 Rebuild our business portfolio	<ul style="list-style-type: none">● Review and strengthen existing businesses and examine the direction of new business area cultivation

Three Concepts to Reform Business

In all businesses, we will thoroughly apply the three concepts of “DX,” “co-creation,” and “localization” to promote the reformation of the way we think about our operations and services. In addition to this, we will grow our existing businesses and create new businesses.



Specific Initiatives Based on the Three Concepts

DX	Co-creation	Localization
Waste Management Business WOOMS We are contributing to sustainability in society and local communities by providing local governments and businesses related to resources and waste with collection and disposal support that uses technology to optimize collection operations. We also provide resource recycling support that increases resource recycling through the utilization of surplus capacity created by improving efficiency. 	Night Tourism Business in the Enoshima Area The Shonan Fujisawa Night Tourism Promotion Association has been established together with Fujisawa city, local neighborhood associations, and other organizations to expand the number of nighttime tourist activities with the aim of creating staycations and decentralized leisure activities in the post-COVID era, as well as revitalizing the economies of local communities. We are working on events such as the Shonan candle illumination event, which involves the decoration of tourism facilities and restaurants. 	Agreement on Comprehensive Collaboration with Komae City We signed an Agreement on Comprehensive Collaboration with Komae city with the aim of resolving issues faced by local communities and revitalizing the area. Based on this, we are engaging in initiatives that support the creation of new restaurants and food retailers by launching share kitchens and the establishment of new workstyles and lifestyles by opening satellite offices with on-site restaurants. 

Message From the Director in Charge of Finance

We will make steady progress with cost structure reforms and reduction of interest-bearing debt to recover financial soundness for the period of rapid growth.

Takashi Hayama
Managing Director



Reflecting on Fiscal 2020

The spread of COVID-19 had a significant impact on Odakyu in fiscal 2020. Starting with the transportation business, in which revenue from operations fell by 32.9% year on year due a substantial decrease in passengers, all our businesses have felt the impact of this drop in the number of users due to people staying at home, and consolidated revenue from operations fell by 27.7% year on year. As a result, we recorded an operating loss of ¥24.1 billion and a net loss attributable to owners of the parent of ¥39.8 billion, our largest ever loss. Based on these circumstances, we predict that this severe business environment will continue in the long term and have been taking various cost-reduction

measures. In addition to reducing personnel expenses, we continued to reduce costs, including those for repair and advertising, and made Groupwide cost-reductions of ¥51.9 billion compared to pre-COVID levels. Furthermore, we have been enhancing our capital efficiency, since before the COVID-19 pandemic, through methods including overdraft agreements with banks and cash management systems. However, in preparation for a certain degree of decline in revenue due to the impact of the pandemic, we secured liquidity at hand by issuing ¥15.0 billion in commercial paper (CP), as well as ¥82.0 billion in bonds, to ensure that business operations are not disrupted.

Recovering Pre-COVID Revenue Structure and Financial Soundness

Under our Long-Term Vision 2020, which ran from fiscal 2015 to fiscal 2020, we adopted the target of reducing the interest-bearing debt/EBITDA ratio to 6.7 times or lower (from 7 times or lower in fiscal 2015). At the same time, we promoted initiatives that contributed to maximizing Group revenue by utilizing a growth investment quota, which is separate from the maintenance and improvement investment. Among these initiatives, numerical targets adopted for EBITDA, such as opening 13 new hotels, mostly proceeded according to plan until fiscal 2019. Furthermore, from fiscal 2018 we established systems and structures for continuing to create new businesses and have sowed and cultivated seeds for growth, such as the rapid

development of MaaS, the experience service platform “ONE,” and the waste management business WOOMS. Meanwhile, there is an urgent need to improve financial soundness as interest-bearing debt increased to ¥782.8 billion and the interest-bearing debt/EBITDA ratio worsened to 29.7 times in fiscal 2020, in line with securing liquidity at hand during the COVID-19 pandemic. Additionally, we are aware that we need to recover to pre-COVID levels of profitability before the period of rapid growth from fiscal 2024 onward to realize our new management vision “UPDATE Odakyu—Becoming a Community-Based Value Creation Company,” which was announced in April 2021. This vision was based on the irreversible

transformation of the business environment associated with changes to people’s lifestyles and the shrinking population. Based on this approach, during the first three years of the management vision (up to the end of fiscal 2023), the period of structural reform, we are aiming to achieve interest-bearing debt of ¥700.0 billion and an interest-bearing debt/EBITDA ratio of 7 times, the same as pre-COVID levels, as a guideline for recovery of financial soundness in fiscal 2023. With regard to the recovery of profitability, using Odakyu’s railway business as an example, we predict

that revenue from operations will recover to approximately 85% of normal levels during fiscal 2021. Meanwhile, in terms of expenses, we will reduce fixed costs through initiatives such as a timetable that aligns with demand, more efficiency, and a labor-saving management system. We will also implement a review of the cost structure in light of the post-COVID business environment through measures such as making each business more efficient and withdrawing from unprofitable stores. Compared to pre-COVID levels, we expect cost reductions to be approximately ¥52.0 billion in fiscal 2021.

Pursuing Control of Interest-Bearing Debt and Quality of Revenue

Our policy is to promote the sale of assets, such as cross shareholdings and real estate, and the reduction of interest-bearing debt, while inquiring into the cost structure. We are currently already promoting the sale of cross shareholdings, and are making steady progress with reducing their number, with the sale of three stocks in fiscal 2019 and six in fiscal 2020. At the same time, we will build our portfolio with the aim of becoming a “Community-Based Value Creation Company” by reducing and withdrawing from unprofitable stores and investing in management

resources in growth areas. Additionally, our policy is to invest within the scope of cash flows from operating activities, while ensuring the safety of our customers and assessing the efficiency of our investments. Meanwhile, we will continue to carefully assess investment efficiency and profitability of investing in new business areas, such as DX. In this way, we will improve the quality of our revenue and recover our earning power, thereby consolidating our position for the period of rapid growth.

Fulfilling Our Responsibility to Carry Out Reforms

Fiscal 2021 continued to feel the impact of the COVID-19 pandemic and the outlook for recovery of customer numbers is more delayed than expected in our businesses, including railways, department stores, and hotels. However, revenue from operations is expected to increase year on year to 11.2%*1. Additionally, operating income is expected to be ¥3.5 billion, a return to profitability*2. Our basic dividend policy is to continue maintaining stable dividend payments with a consolidated payout of 30%. However, in light of the harsh business environment in fiscal 2020 and from the perspective of creating a stable financial foundation, we forewent an interim dividend payout and paid a year-end dividend of ¥10 per share, equal to that of the previous fiscal year. Furthermore, in fiscal 2021 we will regrettably forgo paying out the interim dividend, since we were unable to return to previous levels of profitability, but intend to pay a year-end dividend of ¥10 per share. In order to meet the expectations of all of our stakeholders (including shareholders, investors, financial institutions, and co-creation partners), we must sustainably enhance corporate value for the Odakyu Group by embodying growth strategies as a “Community-Based Value Creation Company.” To

achieve this, first we will rebuild a financial foundation for rapid growth in the future through the secure implementation of initiatives during the period of structural reform. We are currently considering a plan for significant reform, and I see supporting the financial aspects of achieving these reforms as my mission as CFO. By continuing to hold dialogues with our shareholders and investors and reflecting their expectations in our management, we will be successful in enhancing our corporate value.

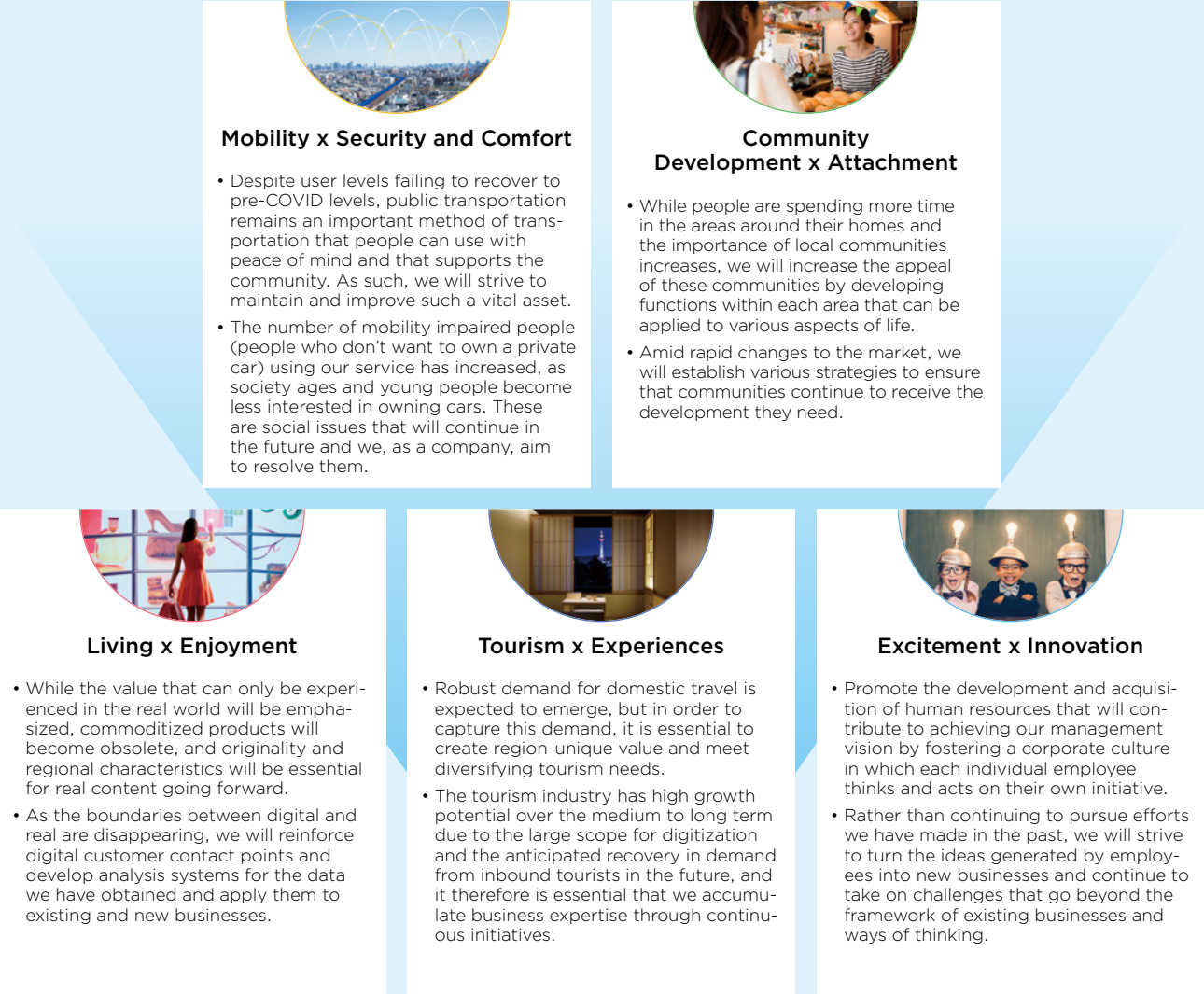
*1 This will be -5.6% after adoption of the “Accounting Standard for Revenue Recognition” and other standards from fiscal 2021.
*2 This performance forecast may change significantly according to the actual state of infection and consumer trends. If revisions to these forecasts become necessary based on future trends, the Company will promptly disclose a revised forecast.

Specific Initiatives for the Medium-Term Management Plan

Under the Medium-Term Management Plan, we seek to balance prioritizing a recovery in profitability and financial soundness with initiatives related to the sustainable future growth of the Odakyu Group, such as transforming physical businesses digitally. We will improve the plan in stages as it becomes more concrete, such as rebuilding our business portfolio, with the aim of realizing our management vision.

The Odakyu Group formulated future fields in five areas that demonstrate what kind of value we wish to create for customers and society and what kind of organization we want to become to achieve this. We will undertake the vision of each field and initiatives to achieve this vision.

Approach Based on Changes to the Environment Surrounding Each Field



Becoming a Community-Based Value Creation Company
While Updating the Steps to Achieve This

The Odakyu Group will contribute to helping customers create “irreplaceable times” and “rich and comfortable lifestyles.”



Mobility x Security and Comfort
Creating a new mobility life for communities

Policy 1

Build sustainable transportation infrastructure and create new value

While creating a business model that balances safety and profitability, we will create new value in response to changes to the business environment

✓

Maintain and Improve Safety

- Install platform doors at stations with over 100,000 daily passengers
- Reinforce facilities and structures in case of emergencies, such as natural disasters
- Promote initiatives for improving safety that utilize AI and image recognition technology (system for detecting abnormal conditions at railway crossing, etc.)

✓

Labor-Saving Service Operation System

- Review the management system of our railway business
- Conduct specific discussions regarding the realization of conductor-less trains
- Downsize railway facilities

✓

Capturing New Sources of Revenue

- Create new opportunities to encourage people to go out
- Achieve seamless mobility through initiatives such as MaaS
- Maximize effective use of railway assets

Policy 2

Establish a new business model utilizing digital technology

We will create community-based value centered on transportation services by shifting customer contact points from the real world, starting with stations, to the digital world, starting with smartphones and other devices, as well as revitalizing communities and proposing new value through MaaS

✓

Development of EMot MaaS application service

- Expand electronic tickets
- Expand functions such as web features and linkage with sale of special limited express tickets
- Expand collaboration through EMot and MaaS Japan

Downloads at five times those of the previous fiscal year

Sales ratio of electronic tickets of approximately 10%

(Sales performance for Hakone Freepass in March 2021)

✓

Realization of New Value

- Collaborate with commercial facilities to encourage private car users to instead use public transportation (e.g., free bus tickets)
- Implement a next-generation transportation society, such as on-demand public transport and automated driving buses
- Develop a bicycle sharing business (Enoshima Electric Railway)
- Use and apply data through apps and other methods

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Community Development x Attachment

Creating a new narrative for communities

Policy 1

Pursue development with a firm understanding of local community characteristics

Promote development that integrates numerous functions that apply to occupation, residence, commerce, education, and recreation in all communities, and carry out community development that responds flexibly to people's diverse needs and changes

Urban
Shinjuku Area

Shinjuku West Gate Redevelopment Plan

- The leading project of the Shinjuku Grand Terminal concept, a public partnership that aims to improve the city's international competitiveness



Perspective drawing of planned concept for the redevelopment of the Shinjuku West Gate

Suburban
Ebina Area

Development Plan for ViNA GARDENS

- Promote area development as a leading project in the Ebina Area that encompasses all factors, such as occupation, residence, commerce, education, and recreation

Policy 2

Create opportunities for development and expand profitability by enhancing business operations

Increase opportunities for development by diversifying development and management methods in line with changing lifestyles, in addition to conventional in-house land development, and expand earnings by promoting income and expenditure structural reform

Diversify
Development and
Operation Methods

Promote land acquisition, plan development, operation, and sales related to community-based value creation

- Expand area-based development to other communities
- Promote businesses such as utilization of public transport assets and revitalization of vacant houses
- Develop idle land along the Odakyu Line



Community development that utilizes the characteristics of the community in the Shimo-Kitazawa area

Improve Efficiency
of Real Estate
Management

Review property management (PM) and building management (BM) costs and efficiently utilize assets

- Reduce operating costs through labor-saving and automation of building management
- Convert assets for in-house use to external lease through business reform
- Set up satellite offices in idle space

Policy 3

Create new community development businesses

Multilaterally promote new community development businesses that resolve issues in local communities through technology and other methods

Area Management

Waste Management
Business

Local Community Business

Smart City Business



Implementation of verification test for collection and transportation of resources and waste in Zama City through technology (waste management business)



Living x Enjoyment

Producing emotionally moving moments in uneventful everyday life

Policy 1

Provide powerful real content

Create new content and reinforce relationships with that content with community initiatives to attract visitors and create a bustling community

Enhance railway
Content

Aim to acquire generations of Odakyu fans by maximizing the use of railway content

- Romancecar Museum
- Monetize railway content



Romancecar Museum, which is a railway museum with the concept of being "fun for children and adults" (Ebina City)

Create sports
Content

- Promote sports co-creation strategy (OSEC100)
Create 100 pieces of content, together with local communities, that moves people's hearts through sports by 2027
OSEC stands for Odakyu Sports Entertainment Contents



ODAKYU SPORTS MAP

Refine commercial
Facilities

- Implement initiatives that form a close connection with local customers
- Attract customers to real stores by utilizing digital assets

Policy 2

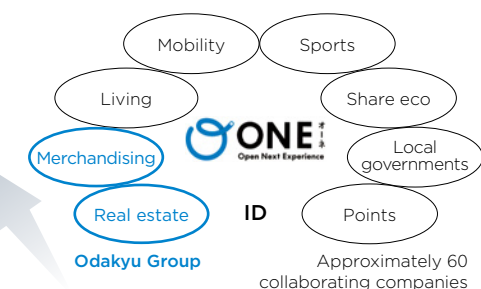
Create customer value by building a digital platform

Understand diversifying customer needs by reinforcing digital marketing and provide services that integrate the real and digital worlds

Services that integrate real and digital

Community-based service platform "ONE"

- Expand community services to encompass all aspects of life
- Increase number of users by utilizing the Group's real points of contact



Accumulate and analyze
customer data

- Analyze customer trends and preferences based on data to create a series of processes from service awareness to usage and follow-up services
- Reinforce the customer data infrastructure by integrating the information of approximately 1.3 million Odakyu Point members and ONEID

Develop and improve
services

- Increase customer lifetime value (LTV) by developing and proposing services that cater to customers' lifestyles



Tourism x Experiences

Providing special memories from experiences found nowhere else

Policy 1

Create new tourism experiences that draw on local characteristics
Promote the development of new demand in the Hakone, Enoshima, and Oyama areas through various value proposals and strive to create new tourism experiences



Provide New Experience-Based Value to Encourage Movement

Hakone area

- Create tickets and distribute tourism information focusing on visitors with their own cars

Enoshima/Kamakura area

- Promote nighttime tourism to encourage overnight stays in every season

Discover tourism resources

- Establish a platform to connect experience organizers and participants in order to propose various tourism experiences and increase the number of visitors to these areas



Oyama area

- Implement initiatives aimed at revitalizing tourism together with relevant parties of the local community

Hakone Area

- Examine the renewal of hotel facilities to improve the value of accommodation as part of the tourism experience

Shinjuku Area, etc.

- Convert hotels to a more accommodation-oriented format to optimize the allocation of resources



Tourist Town Development that Involves the Local Community



Environmental Compatibility in the Hotel Business

Policy 2

Refine the tourism business in anticipation of the future
Promote DX in tourist settings to enhance convenience for customers. At the same time, move forward with measures to create demand in anticipation of the recovery period for demand from inbound tourists



Promote Tourism DX

Acquire digital points of contact

- Achieve seamless mobility by digitizing special discount tickets and special-express tickets, promoting sales via apps, and unifying information provision, reservation, and payment services related to various mobility services
- Examine the creation of a tourism platform in the future in collaboration with accommodation facilities and tourism spots



Initiatives in Anticipation of Recovery in Demand from Inbound Tourists

Develop business platforms aimed at inbound tourists

- Improve the efficiency of sales system with local vendors by digitizing vouchers
- Distribute information in other languages via SNS
- Promote linkage between MaaS Japan and overseas MaaS apps



Excitement x Innovation

Providing excitement to customers at all times

Policy 1

Implement human resource strategies to achieve our management vision
Transform our systems, culture, and value based on human resource management policies to develop “value-creating human resources” who will create value for local communities in the future



Establish Human Resource Management Policies

Human resource management policy: value-creating human resources

Promote various initiatives for deployment, evaluation, and development based on the management vision UPDATE Odakyu and the human resource management policies

Value-creating human resources

All employees at the Odakyu Group will create new value connected to UPDATE Odakyu

What we value

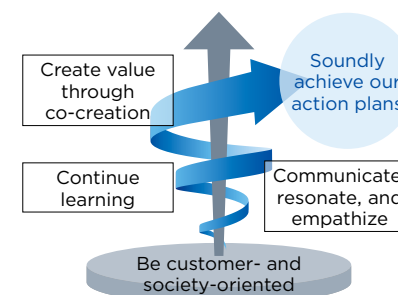
- ✓ We will create value in local communities through our jobs
- ✓ Value means inspiring our customers and co-workers, contributing to the development of our Company and business partners, and creating our own growth together with local communities

By building up diverse and sustainable values, we will achieve “UPDATE Odakyu—Becoming a Community-Based Value Creation Company”

How can we create new value in local communities?

1. Keep asking ourselves who the customers are and what society is, and continue to learn by ourselves
2. Actively communicate our value for customers and society outside the Company, as well as inside, to gain resonance and empathy
3. Carry out co-creation from diverse perspectives together with suitable business partners to create value free from self-sufficiency and consignment principles

Permanent customer needs that do not have a goal



Policy 2

Pursue new challenges



“Climbers,” an In-House System for Business Idea Suggestions

About Climbers

- A system that allows employees to freely propose businesses that contribute to the realization of future fields and businesses that resolve social issues, such as the Sustainable Development Goals

In the three years since the system was launched, seven projects have been adopted and are being considered for commercialization.

Examples of Climbers businesses

PET Bottle Ecology

A business that aims for the horizontal recycling of PET bottles collected from stations and other locations to reduce the environmental load while generating profit



Discovery and Utilization of Human Resources with Ambition

- Utilize human resources across departments through a system for human resource project suggestions

System Usage Rate

- 111 employees are engaged in 13 projects (as of August 2021)

Special—Odakyu Takes on MaaS

Achievements Resulting from MaaS Initiatives

Through MaaS initiatives, the Odakyu Group will utilize future technology to achieve the next generation of mobility life, where you can meet the people you want to see, when you want to see them, with the universal values of safety and peace of mind that we have built up over the years as a solid foundation.

To solve the various issues faced by local communities, such as crowded public transportation, decreasing numbers of young people going out, and maintaining methods of transportation for those who have handed in their driving licenses, we are collaborating with local governments and various businesses to create new transportation services, including on-demand transportation and autonomous vehicles. In addition to

creating a society where people can live without owning a car, these initiatives will contribute to realizing carbon neutrality by encouraging a modal shift toward public transportation.

Furthermore, we will propose and supply new lifestyle- and experience-based value by seamlessly connecting various transportation services with lifestyle and tourism services, and create a new business model as a public transportation company. We will pursue all three pillars of “society and community,” “economy,” and “environment,” which we have placed importance on as a “community-based value creation company” under the new management vision, through MaaS initiatives.

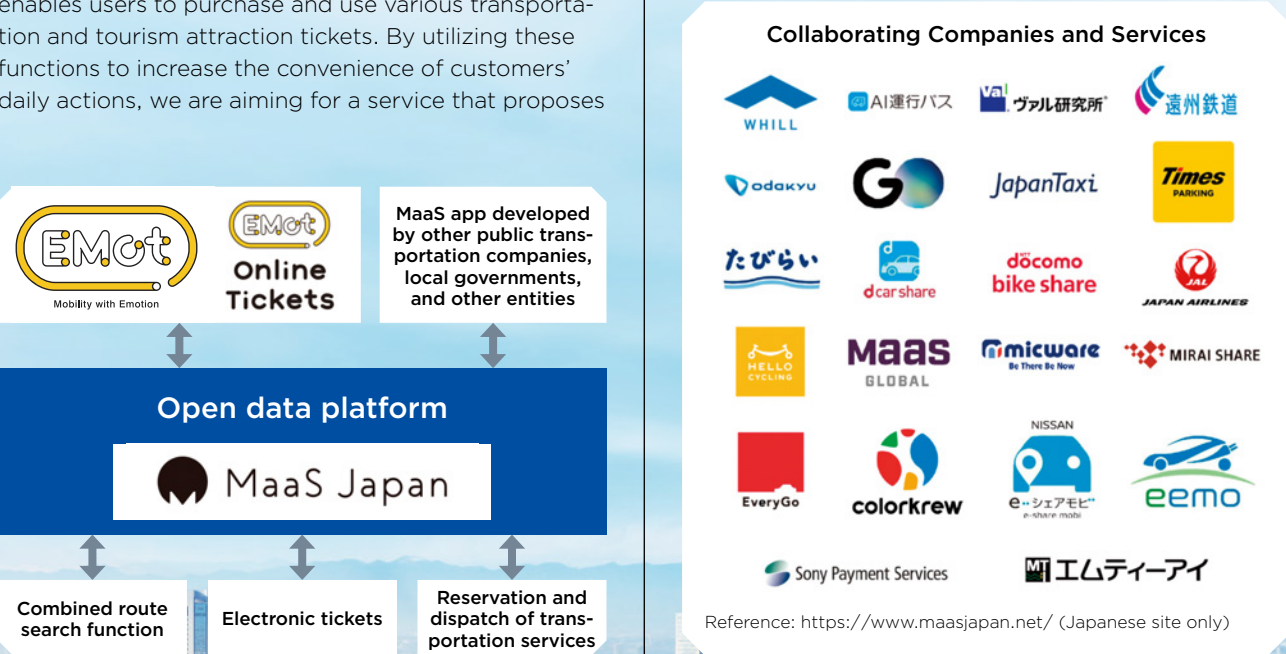
Odakyu MaaS Configuration System and Collaborating Companies

As a specific initiative, in addition to Odakyu’s EMot app, we are developing and operating the data platform MaaS Japan, to provide the app with data and functions.

EMot has a combined route search function, which enables users to search for routes using multiple methods of transportation, such as public transportation, including railways and buses, as well as taxis and bicycle sharing, and an electronic ticket function, which enables users to purchase and use various transportation and tourism attraction tickets. By utilizing these functions to increase the convenience of customers’ daily actions, we are aiming for a service that proposes

and supplies rich and comfortable ways of living, as well as ways of traveling to a location.

Additionally, we aim to widen the range of services provided by EMot to increase convenience through the expansion of collaboration with MaaS Japan, and solve issues in other communities, not just those along the Odakyu Line, by encouraging other local businesses and governments to use MaaS Japan.

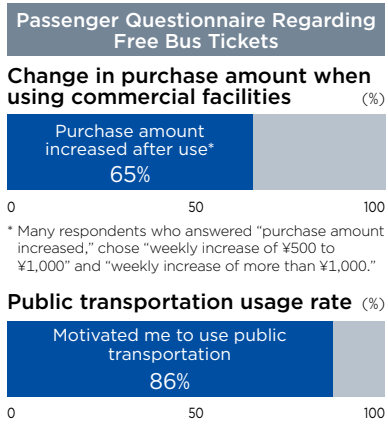


EMot MaaS App

Suburban MaaS Development area: Shin-Yurigaoka, Machida, etc.

In the Shin-Yurigaoka area, we collaborated with station-front commercial facilities to develop a service for distributing free bus tickets, with the goal of solving crowded public transportation and shifting lifestyles from the use of privately-owned cars to public transportation in the future. The results of questionnaires and actual usage show that the introduction of this service has created an increase in the frequency of visits to commercial facilities, purchase amounts, and willingness to use public transportation, with a steady increase in both the number of people using the service and the number of times they use it.

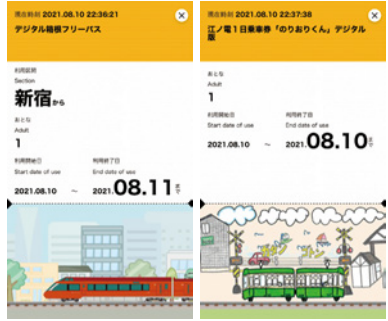
We have also been operating the on-demand transportation services Shin-Yuri shuttle and E-bus in Shin-Yurigaoka and Machida. In addition to displaying the results of route searches, including on-demand transportation, EMot allows users to pay their fares, making it possible to complete the entire process from search to reservation and payment within EMot.



Tourism MaaS Development area: Hakone, Enoshima, etc.

We have developed a recommendation function for sightseeing spots, as well as selling electronic tickets that enable customers to travel around these areas. Tickets that could previously only be purchased at a station ticket counter can now be purchased through EMot and the electronic tickets can now be used through customers’ devices, which has greatly increased convenience. As a result, there were increased ticket sales among young people, and the percentage of electronic tickets making up total sales of the Hakone Freepass increased to approximately 10%, as of March 2021.

We will strive to continue improving the convenience of tourism MaaS, such as launching a web browser electronic ticket service (EMot online tickets), in addition to the app, since demand for electronic tickets is expected to further increase in the future.



Tourism MaaS in the Hakone Area

Odakyu Hakone Holdings, Inc. is responsible for creating, drafting, and promoting management plans and sales plans for the Odakyu Group in the Hakone area. We are promoting DX in tourist settings, led by tourism MaaS, under the concept of “Tourism x Experience—Providing special memories from experiences found nowhere else.”

In 2021, we relaunched the tourism information website Hakone Navi as a tourism platform by expanding its functionality through a connection with EMot. We aim to attract new customers by creating tickets for different purposes and patterns of visits, as well as developing experience-based tickets.

Going forward, we will expand MaaS to make sightseeing in Hakone more convenient, safe, and attractive.

Riku Omiya
Odakyu Hakone Holdings Inc.
Sales and Marketing Department

Transportation

In transportation, Odakyu Electric Railway operates three lines including the Odawara Line (which connects Shinjuku and Odawara), the Enoshima Line, and the Tama Line, which cover a total 120.5 km (70 stations). Group companies provide methods of transportation, such as buses and taxis, mainly in Tokyo and Kanagawa. These support the transportation infrastructure of local communities.

Diverse communities along the Odakyu Line have a population of 5.2 million people in 27 cities, districts, towns, and villages. The line is dotted with stations that are the hubs for an average of more than 100,000 daily passengers, from urban areas and suburbs to tourist spots such as Hakone and Enoshima.

Sub-Segments

- **Railways**
In addition to Odakyu's railway business, the Hakone Tozan Railway Co., Ltd. and Enoshima Electric Railway Co., Ltd. provide transportation services to work commuters and school commuters, as well as for tourist attractions.
- **Busses**
Operates fixed-route and highway buses, among other services, focused in the Tokyo and Kanagawa area.
- **Others**
Operates tourist transportation, such as sightseeing cruise and the ropeway, and taxis in the Hakone area.

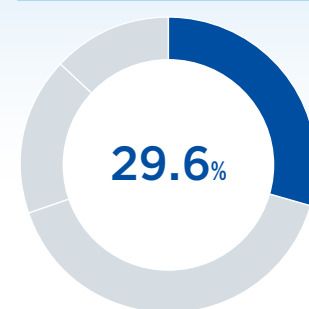
Key Initiatives for Fiscal 2020

In the railway business, we revised our timetables in March 2021, mainly the timings of the last-running and some of the first-running trains, to increase the sustainability of the railway maintenance system. These revisions were made in light of the changing business environment surrounding railway construction and the impact of the COVID-19 pandemic. As well as increasing the number of 5000-series commuter trains with four railroad cars, we continued to update the "Romancecar" 30000 series (EXE) and the 1000-series commuter trains as part of our efforts to enhance transportation services.

In terms of sales, we offered transportation services that utilize next-generation technology, such as by beginning year-round sales of Digital Hakone Freepass and Digital Tanzawa-Oyama Freepass tickets via the "EMot" MaaS app, which provides multiple-route search features and electronic ticket issuing services.

With regard to facilities, we installed platform doors at Shimo-Kitazawa Station (second basement platform) and at Noborito Station (platforms 1 and 2) to further improve the safety of train operations, and continued work to repair slopes between Aiko-Ishida Station and Isehara Station and elsewhere to mitigate the risk of damage by landslides and other natural disasters.

Ratio of Operating Revenue



Operating Revenue

¥116.2 billion
(32.9% decrease year on year)

Operating Income

-¥25.9 billion
(Operating income of ¥21.6 billion in previous fiscal year)

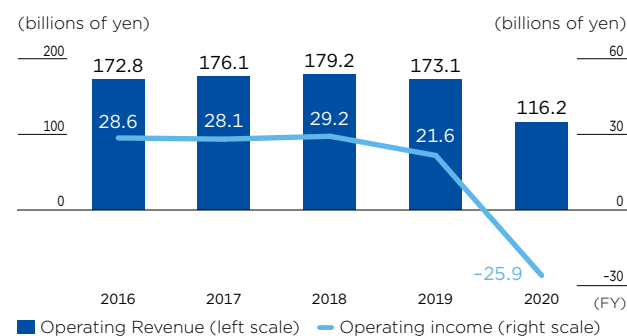


Enoshima Electric Railway

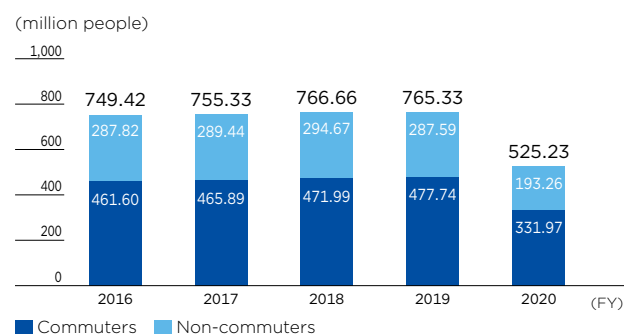


Hakone Sightseeing Cruise

Operating Revenue/Operating Income



Odakyu Electric Railway Trends in Annual Passengers



Merchandising

In merchandising, we are focusing on the department store industry and the store and retail industry to design appealing sales floors and provide services that meet the needs of customers, with the aim of creating added-value along the Odakyu Line.

In light of changes in the business environment, we are enacting initiatives in anticipation of the future, such as acquiring new customers. These initiatives include carrying out a renewal of the Machida and Fujisawa Department Stores, creating an alliance with Seven & i Holdings Co., Ltd. to convert operation of in-station stores and convenience stores to Seven Eleven franchises, and enhancing the appeal of "Odakyu OX" supermarkets.

Additionally, we are promoting the expansion of business domains, such as e-commerce, and trade areas to address changes in lifestyles and diverse customer needs.

Sub-Segments

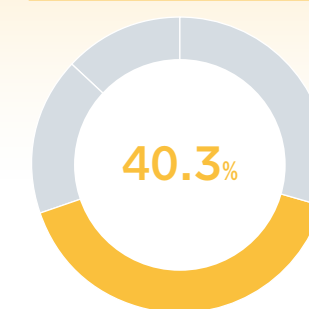
- **Department Stores**
Odakyu Department Store Co., Ltd. is developing three stores in Shinjuku, Machida, and Fujisawa.
- **Stores and Retail**
We are developing stores that support lifestyles along the Odakyu Line, starting with "Odakyu OX" supermarkets, which are operated by Odakyu Shoji Co., Ltd.
- **Others**
Shirohato Co., Ltd. is promoting the e-commerce business through its own site, as well as each shopping mall site.

Key Initiatives for Fiscal 2020

In the department stores business, Odakyu Department Store Co., Ltd. introduced its "Withdesk Browse" screen-sharing service for the Odakyu Department Store Online Shopping website that it refreshed in March 2020. The Withdesk Browse service gives customers of all ages the confidence to use the website by providing operators to check the status of the customer's screen, explain how to operate it, and provide support for entering orders. We also worked to expand the scope of the business by addressing new lifestyles and diverse customer needs, such as by beginning a cross-border e-commerce business for China by using the mini programs running on the Chinese WeChat messenger app.

In the stores and retail business, the "Odakyu OX" supermarket operated by Odakyu Shoji Co., Ltd., has opened a new Mukogaoka-Yuen store, for which it has focused on developing a new sales floor layout as a model for small stores. As a supermarket that supports the daily lives of local residents, the chain has also adopted measures to counter COVID-19 infections while working proactively on marketing activities, such as providing a carefully selected range of high value-added products at each store.

Ratio of Operating Revenue



Operating Revenue

¥157.6 billion
(23.7% decrease year on year)

Operating Income

-¥1.7 billion
(Operating income of ¥4.3 billion in previous fiscal year)

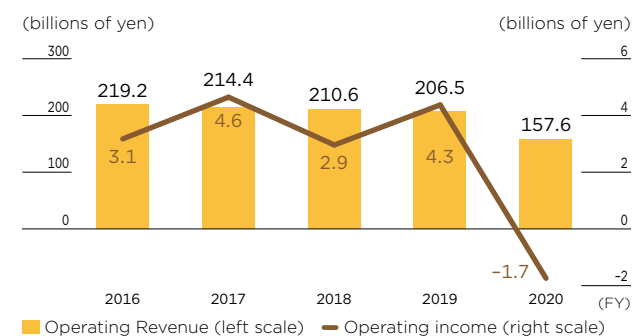


Odakyu Department Store Shinjuku Store

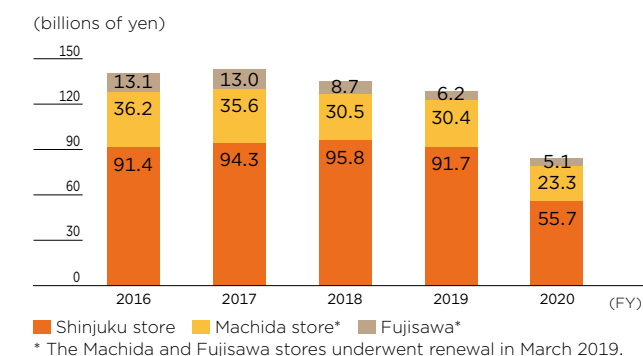


"Odakyu OX" Supermarket

Operating Revenues/Operating Income



Trends in Odakyu Department Store Sales



* The Machida and Fujisawa stores underwent renewal in March 2019.

Real Estate

In real estate, we are developing the business, with local communities along the Odakyu Line at the core, by supplying housing, in addition to leasing and operating commercial facilities, office buildings, hotels, and other properties.

In the Shimo-Kitazawa area, we are promoting the Shimo-Kita Railway District plan, which utilizes the space created above the tracks due to the relocation of the station underground associated with our multiple double tracks project. We are sequentially opening a group of 13 facilities over an area covering 1.7 km. We are also carrying out development in core areas around stations, such as Mukogaoka-Yuen and Ebina, based on the characteristics of each location and the surrounding environment.

Sub-Segments

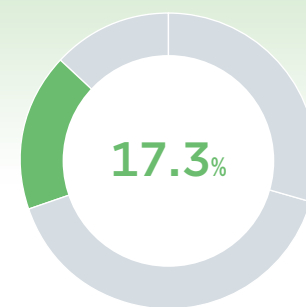
- Sales
We are operating sales and brokerage services in the Tokyo and Kanagawa areas.
- Leasing
We are leasing out offices and housing, as well as commercial facilities operated by Odakyu SC Development Co., Ltd.

Key Initiatives for Fiscal 2020

In the real estate sales business, Odakyu Real Estate Co., Ltd. worked to secure revenue through the sale of detached houses such as those in the LEAFIA Soshigaya-Okura development, and of condominiums, including Leafia Tower Ebina Bliss Court. To address the rapidly growing phenomenon of working from home, the company has developed a new “Uchi-Biz” layout for comfortable living that incorporates both work and private life, and has already adopted it for some detached houses.

In the real estate leasing business, in April 2020 we established Odakyu SC Development Co., Ltd. to be responsible for the integrated management of commercial facilities from development to operation, and took other measures to improve the efficiency of commercial facility operations. We are also moving ahead with the design and development of the “Shimokita Senrogai” area created by moving railway tracks underground between Higashi-Kitazawa Station and Setagaya-Daita Station. “BONUS TRACK,” a new style of shopping center that seeks to attract highly individual tenants, and “SHIMOKITA COLLEGE,” a dormitory-style learning facility, have already begun operation.

Ratio of Operating Revenue

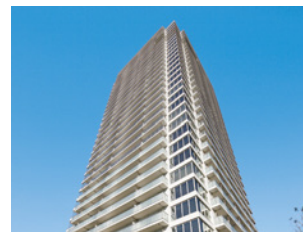


Operating Revenue

¥72.8 billion
(9.5% decrease year on year)

Operating Income

¥16.4 billion
(27.2% increase year on year)

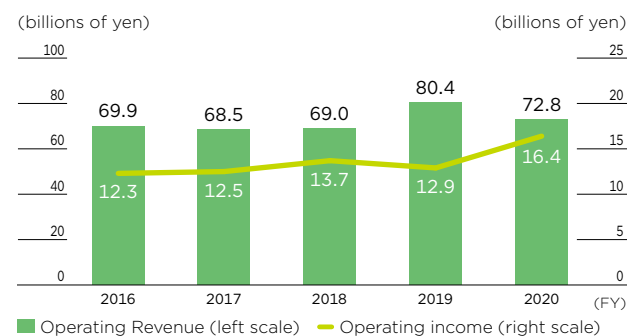


Leased condominium
Leafia Tower Ebina Bliss Court



BONUS TRACK, a new style of shopping district

Operating Revenue/Operating Income



Main Lease Buildings

Office buildings	Place	Rentable space
Odakyu Dai-ichi Seimei Building	Shinjuku	Approx. 46,000 m ²
Odakyu Southern Tower	Shinjuku	Approx. 47,000 m ²
Commercial facilities	Place	Rentable space
HALC	Shinjuku	Approx. 26,000 m ²
Flags	Shinjuku	Approx. 9,500 m ²
Shinjuku Mylord	Shinjuku	Approx. 8,700 m ²
Kyodo Corty	Kyodo	Approx. 7,500 m ²
Seijo Corty	Seijogakuen-mae	Approx. 7,900 m ²

Other Businesses

In other businesses, we are focusing on the operation and development of hotels and restaurants. In terms of hotels, we are focusing operations on the main tourist hubs along the Odakyu Line in the Shinjuku and Hakone areas. Recently, however, we have been operating hotels that match the characteristics of a region, not just along the Odakyu Line but also in places such as Kyoto and Okinawa. Additionally, in the area of restaurant food and beverage services, we manage a variety of restaurants throughout Japan, including the in-station restaurant Hakone Soba, which we are developing to meet the needs of passengers using our stations.

While we continue to endure a harsh business environment due to the impact of COVID-19, we are creating an efficient management system through structural reforms.

Sub-Segments

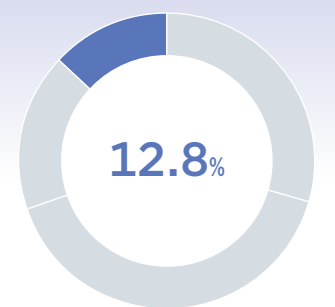
- Hotels
We are developing hotels in various forms to meet the needs of local communities, such as the Hyatt Regency Tokyo, which is operated by Odakyu Hotels Co., Ltd., and the Hakone Resort Hotel, which is operated by ODAKYU Resorts Co., Ltd.
- Restaurants
Odakyu Restaurant System Co., Ltd. and Giraud Restaurant System Co., Ltd. are operating a variety of restaurants, both within stations and away from the Odakyu Line.
- Others
To enhance community-based value, we are developing various businesses, including a travel business and a dispatch agency.

Key Initiatives for Fiscal 2020

In the hotel business, each of the hotels operated by the Group worked proactively to capture accommodation demand generated by the “Go To Travel” campaign. The Hotel Century Southern Tower operated by Hotel Odakyu Southern Tower Co., Ltd., the ONSEN RYOKAN YUEN SHINJUKU operated by UDS Ltd., and other facilities took steps to secure revenue, such as by offering plans that provide support for comfortable teleworking.

In the restaurant business, Odakyu Restaurant System Co., Ltd. and Giraud Restaurant System Co., Ltd. made efforts to offer new services to capture the changing needs of customers, such as by providing enhanced take-out menus.

Ratio of Operating Revenue



Operating Revenue

¥68.1 billion
(39.3% decrease year on year)

Operating Income

-¥13.0 billion
(Operating income of ¥2.0 billion in previous fiscal year)

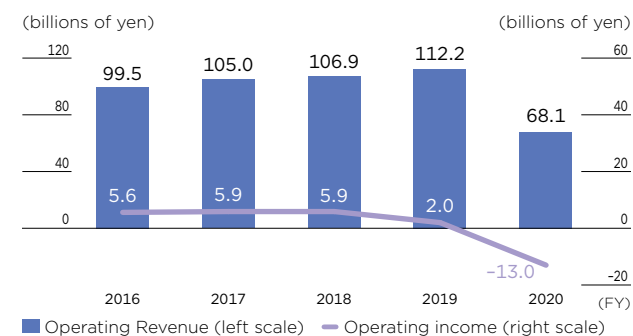


ONSEN RYOKAN YUEN DAITA



Restaurant WISE SONS TOKYO

Operating Revenue/Operating Income



Main hotels

Place	Name of hotel	Guest Rooms
Tokyo (Shinjuku)	HYATT REGENCY TOKYO	746
	HOTEL CENTURY SOUTHERN TOWER	375
Kanagawa (Hakone)	HOTEL DE YAMA	89
	HAKONE HIGHLAND HOTEL	74
	HOTEL HATSUHAN	47

Creation of Personnel and Corporate Culture

To provide new value as a community-based value creation company, we must encourage people to think outside the box and achieve further corporate growth. At the Odakyu Group, we have established diversity and inclusion (hereinafter D&I) as a major theme in our business strategies and future fields, and top management is taking the lead in promoting various types of initiatives to ensure that the utilization of diverse human resources leads to corporate growth.

Basic Approach

D&I is based on health management and work-life balance, and aims to innovate culture and awareness by creating a synergy between diversity, workstyle reform, and human resource development, leading to the creation of individual value and innovation.

Odakyu Electric Railway D&I Declaration
“Accept, Utilize and Develop, Create”
Accept diversity, utilize and develop individual capability, and become an organization that creates new value.

Aims of the D&I Declaration

1. We will work in harmony while being accepting of, and placing importance on the values, approaches, lifestyles, abilities, and experiences of each individual, regardless of their attributes.
2. We aim to create a working environment that enables people to work with vitality and excitement, encourages individual growth, and allows them to utilize and develop individual capabilities within each team.
3. We will contribute to helping customers create “irreplaceable times” and “rich and comfortable lifestyles” by making the most of each perspective and creating new value.



System for Promotion

We will promote various initiatives for creating new value through D&I. In 2018, we were selected for the Ministry of Trade, Economy and Industry's New Diversity Management Selection 100 Program in recognition of our support for the balance between work and raising a child, as well as career development, based on the characteristics of Odakyu's railway business.



□ Innovation of Culture and Awareness

We will promote various types of activities aimed at achieving D&I and create a corporate culture by implementing events, such as the future creation committee and leader's meetings, to maximize the demonstration of individual capabilities that leads to value creation.

□ Establish, Evaluate, and Develop, Enhance Productivity, and Structural Reform Initiatives

We have formulated our human resources management policy as a basic principle for establishment, evaluation, and development to properly understand the strengths and values of each individual employee and leverage them to create value. We will update various types of initiatives and systems based on this policy. Furthermore, as part of enhancing productivity, we will promote measures that improve operational efficiency and reduce input by actively reducing overtime work, and encouraging working from home, as well as shift work, in addition to measures that contribute to the improvement of output.

📖 **P.27** Human Resource Management Policy

Details of our D&I initiatives have been collated in our Diversity and Inclusion Report (see below).

<https://www.odakyu.jp/company/diversity/report/210330/book/pdf/all.pdf> (Japanese only)



Diversity and inclusion report

Health Management

In 2017, we formulated the Odakyu Electric Railway Health Management Declaration to actively engage in health management that focuses on health support to prevent unforeseen illness through health care. We believe that the physical and mental health of our employees and the families that support them creates increased personal and organizational vitality since it leads to sustainable corporate growth.

We are also carrying out information sharing, training, and guidance on maintaining and improving physical and mental health across all workplaces, from on-site work to the head office, as an initiative for maintaining and improving the health of our employees.

For three consecutive years, we have been recognized for our initiatives under the Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500).



Work-Life Balance

To create a work environment where diverse human resources can easily balance their jobs and families, we are introducing various support systems that go beyond the legal requirements. At the same time, we are promoting the understanding, permeation, utilization, and facilitation of these systems. In recognition of this initiative, we acquired “Platinum Kurumin” certification in 2018.



Key Systems

- Childcare
 - Childcare leave: Can be taken until a child reaches two years old
 - Reduced working hours for childcare: Can be taken until a child finishes their fourth year in Elementary School
 - Paternity leave: Allowance of five paid leave days etc.
- Caregiving
 - Up to three years of nursing care leave, specified days off, and reduced working hours per care recipient etc.

Female Participation and Career Advancement

We aim to be an organization where diverse human resources can advance, and have formulated numerical targets related to the promotion of female participation and career advancement to achieve this. As well as sending a message from the company to employees, this provides an opportunity for considering female participation and career advancement, as they tend to be easily influenced by job satisfaction and life events.

Targets for Female Participation and Career Advancement

- Headquarters: **Double the number of women in administrative roles**, such as section manager and section manager representative, by fiscal 2025 (compared to fiscal 2013).
- On-site: **Double the number of women in management roles** (above chief) by fiscal 2025 (compared to fiscal 2013).
- Increase the **number of female employees** (full-time) to **10%** by fiscal 2025.
- Double the amount of male employees taking paternity leave by 2025 (compared to fiscal 2018).
- Hold a seminar about diversity and inclusion at least once a year.

□ Create a Corporate Culture that Contributes to Female Participation and Career Advancement

- “Pre-Mama” Counseling
We have implemented pre-leave counseling sessions with the employee, their manager, and a member of HR to discuss how the employee will spend their maternity leave and their workstyle upon returning to the office.
- Childcare Leave Gatherings and Return to Work Seminars
We have created an opportunity to mix with other people who are taking childcare leave and senior employees, to ensure a smooth return to the office, as well as a balance between work and childcare.
- Female Participation and Career Advancement Seminar
We hold various types of awareness-raising activities and working groups to encourage employees to continue working with motivation, even after life events.



A “Pre-Mama” interview

Pursuit of Safety and Peace of Mind

Safety Management System

Odakyu has adopted “aim to be the safest railway company in Japan” as a basic principle. We recognize that our most important social responsibility is continuing to provide the safest, most comfortable, high-quality transportation service and are striving to develop a system for maintaining safety. We have also established safety management regulations based on the Ministry of Land, Infrastructure, Transport and Tourism’s “Transport Safety Management System”. We have designated a manger in each department, with the President & CEO as the chief safety officer who supervises operations related to ensuring safety, and clarified the roles and responsibilities of each manager.

Additionally, we have created a safety management committee at the headquarters of each division and each workplace to give and receive safety instructions, communicate and share information, and consider and implement various measures under a two-way collaboration system between the headquarters and workplaces. Furthermore, we are implementing rapid improvements through the Plan-do-check-act (PDCA) cycle by conducting an annual internal railway audit and regularly reviewing and improving the safety management system.

Safety Management Regulations

Basic Policies for Safety (Excerpt)

- We recognize that the rules governing the interaction and handling of the people, railway facilities, and rolling stock that make up the foundation of our business underpin transportation safety, and we strive to improve these rules.
- We will create an even safer railway by working together to constantly minimize the risks associated with changes to the natural and social environment.
- We endeavor to earn the trust of customers, communities along the Odakyu Line, and society as a whole, to ensure the safety of transportation and become a well-loved, customer-focused railway.

For more details of our safety management initiatives, please see the Odakyu Safety Report 2021 (Japanese only). https://www.odakyu.jp/csr/safety/safety_report/webbook/2021/book/pdf/all.pdf

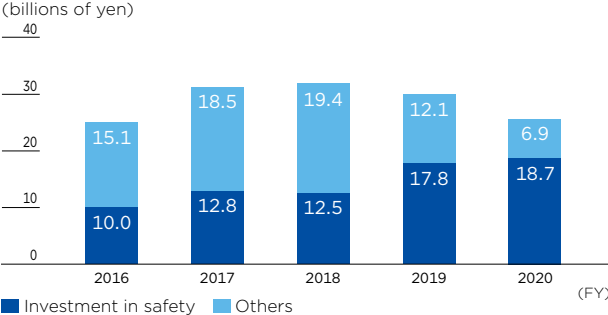
Investment in Safety

We are implementing capital investment aimed at ensuring safety, such as the installation of platform doors, renovation of facilities, and overhaul and new creation of rolling stock. In fiscal 2020, we increased the rolling stock of 5000 series trains, installed platform doors at Shimo-Kitazawa station and Noborito station, and carried out embankment slope repair work, for example between Aiko-Ishida station and Isehara station, to prevent landslides caused by natural disasters.

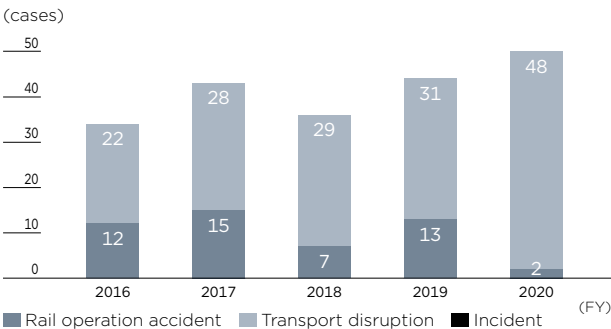


5000 series train

Trend in Capital Investments (Odakyu Electric Railway Business)



Number of Railway Accidents



Platform Doors

We are installing platform doors, with priority given to stations with more than 100,000 daily passengers, to prevent customers from falling from the platform or making contact with train cars. Additionally, platform doors introduced at Noborito station utilize an automated door opening and closing system through New QR Codes*. The QR Code is read by a special fixed camera and is linked to the train door operation by conductors.



Noborito station platform doors

* New QR Code is a registered trademark of DENSO WAVE INCORPORATED

Progress of Platform Door Installation

- Up to fiscal 2020: Shinjuku station (platforms 4 and 5), Yoyogi-Hachiman station, Yoyogi-Uehara station, Higashi-Kitazawa station, Shimo-Kitazawa station, Setagaya-Daita station, Umegaoka station, and Noborito station (platforms 1 and 2)
- Fiscal 2021: Shinjuku station (platforms 8 and 9) and Noborito station (platforms 3 and 4)
- From fiscal 2022: Machida station, Sagami-Ono station, Ebina station, Hon-Atsugi station, Chuo-Rinkan station, and Yamato station



Development of Human Resources Who Are Responsible for Safety

1. Anzen-Shinshi Juku

At Anzen-Shinshi Juku, our safety training facility, we aim to enhance the safety awareness of railway staff by reaffirming the lessons learned about the seriousness and tragedy of accidents through images, display panels, and other methods.



Anzen-Shinshi Juku, our safety training facility

2. Safety Symposium

We hold a Safety Symposium every October, with the aim of enhancing the safety awareness of employees.



Safety Communication System

We introduced a safety communication system for collecting and utilizing information about near-misses, awareness, and concerns, enabling us to share this information rapidly with many employees. Additionally, we have provided a function for employees to share their gratitude with other employees.



Fall Detection System that Utilizes an In-Station Camera System

At Kyodo station and Soshigaya-Okura station, we operate a system for detecting customers who have fallen onto the tracks or are standing at the edge of the platform and risk making contact with trains that utilizes AI technology for screen analysis and deep learning.



Odakyu Group’s Environmental UPDATE for Sustainability

Odakyu Group Carbon Neutrality 2050

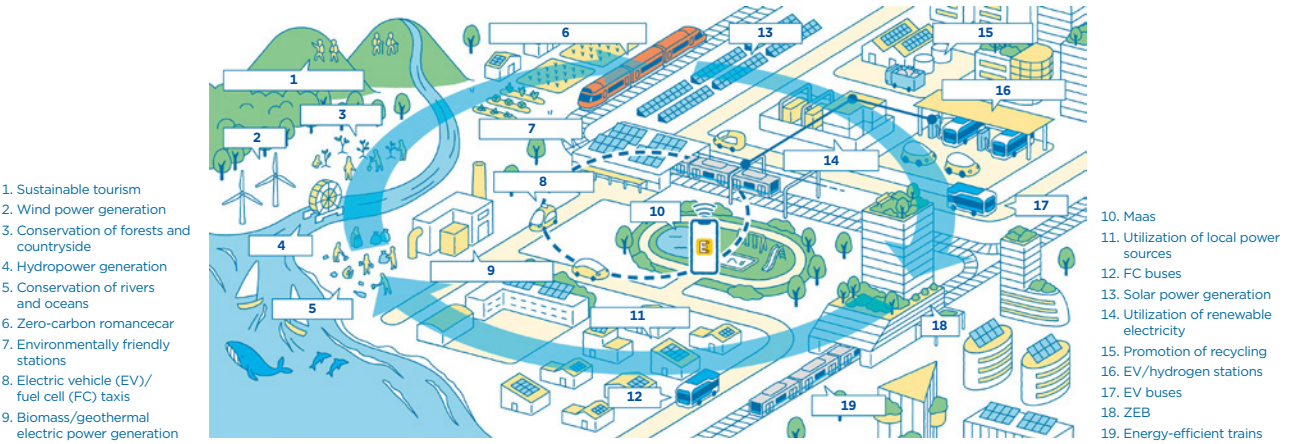


The Odakyu Group has formulated the action guidelines Odakyu Group Carbon Neutrality 2050, with the aim of achieving net-zero CO₂ emissions in 2050. These action guidelines comprise the three pillars of an environmental vision, long-term environmental targets, and environmental strategies, and demonstrate our engagement in environmental issues through our business activities, such as the reduction of our CO₂ emissions, recycling of resources, and conservation and utilization of natural resources.

Under our management vision “UPDATE Odakyu—Becoming a Community-Based Value Creation Company,” which was formulated in April 2021, the environment is at the heart of our management decisions. At the Odakyu Group, we will take on the challenge of solving environmental issues to realize a sustainable society and further enhance our environmental advantage.

Environmental Vision

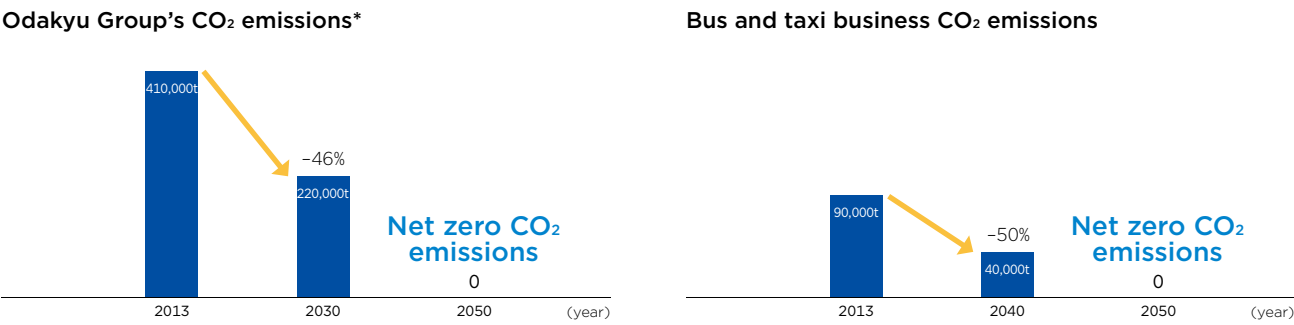
The mission of the Odakyu Group is to pass on a beautiful global environment and a kind society to future generations and actively engage in solving environmental issues, such as reducing CO₂ emissions, recycling resources, conservation, and utilization of natural resources, through our business activities.



Long-Term Environmental Targets

Odakyu Group aims for net zero CO₂ emissions by 2050

To achieve this goal, we will reduce CO₂ emissions by 46% by 2030 (compared to 2013)



* Scope: 29 main consolidated subsidiaries

Note: We aim to reduce emissions by 50% by 2040 (compared to 2013) in the bus and taxi businesses, in line with the popularization of electric vehicles and fuel cell vehicles and the development of charging stations and hydrogen fueling stations.

Environmental strategies

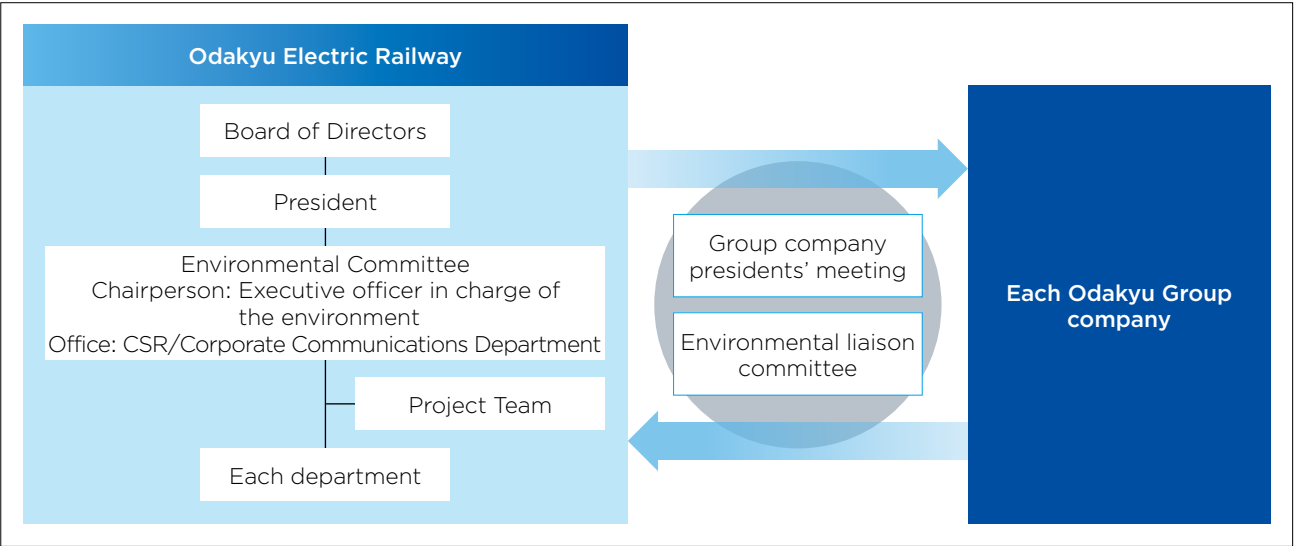
Our new environmental strategies will address the issue of climate change as both a risk and an opportunity for growth strategies, and have formulated UPDATE 1-3.

UPDATE 1	Realize a decarbonized society	ACTION 1 Achieve net-zero CO ₂ emissions at the Odakyu Group ACTION 2 Resolve issues in local communities to realize a decarbonized society ACTION 3 Shift to environmentally friendly public transportation	P.40
UPDATE 2	Realize a resource recycling society	ACTION 1 Promote the 5Rs* within the Odakyu Group ACTION 2 Resolve issues in local communities to realize a resource recycling society	P.42
UPDATE 3	Conserve and utilize nature	ACTION 1 Conserve forests, the countryside, rivers, and oceans ACTION 2 Utilize natural resources	P.43

* 5Rs: Reduce, reuse, recycle, refuse, and repair

Development of a System for Promoting Group Environmental Targets

We have expanded the environmental target promotion system from just operating within the Odakyu Electric Railway to all Group companies. We have established a functioning structure for reporting and improving our efforts to achieve decarbonization targets, and have created a system for reporting information to the Board of Directors. In addition to complying with the governance system required by the TCFD*, we have also addressed the involvement of the Board of Directors as called for by the Corporate Governance Code, which was revised in June 2021.



Endorsement of TCFD recommendations

The Odakyu Group endorses the TCFD* recommendations and will continue to disclose information based on these recommendations.



Note: The Task Force on Climate-Related Financial Disclosures (TCFD) was set up by the Financial Stability Board (FSB) at the request of the G20. The TCFD published a report in June 2017, encouraging companies and financial institutions to disclose climate-related information that affects their finances. Specifically, they ask companies to make clear to investors, and other parties, the risks and opportunities regarding (1) governance, (2) strategies, (3) risk management, and (4) indices and targets.

Summary of Environmental Initiatives

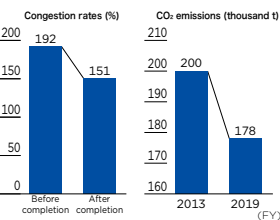
UPDATE 1 Realize a decarbonized society

ACTION 1 Achieve net-zero CO2 emissions at the Odakyu Group

The Odakyu Group aims to achieve net-zero CO2 emissions by 2050 through the promotion of energy conservation and utilization of renewable energy.

Railway

Effect of Multiple Double Tracks



We have reduced average congestion rates by completing our multiple double tracks project and increasing the number of rolling stock, and enhanced passenger service by creating shorter journey times. Additionally, by eliminating a build-up of trains outside the station and conserving energy, we are reducing our CO2 emissions.

Energy-Efficient Trains



We are promoting energy-efficient trains at all Odakyu Electric Railway companies by utilizing variable voltage variable frequency (VVVF) inverter control devices, switching to LED lights, and other energy-saving initiatives.

Environmentally Friendly Stations



We have installed various forms of energy-conservation equipment, such as solar power generation systems, skylights, mirror ducts, and ground source heat pump systems, at Higashi-Kitazawa, Shimo-Kitazawa, and Setagaya-Daita stations, which are low-environmental-impact stations. We will continue to promote the construction of environmentally friendly stations that match local characteristics.

Station Facilities (Wind Power Generation)



In April 2013, we carried out renewals of the Hakone Ropeway Owakudani station, which is situated within a national park, and installed a wind power generation system. The electricity generated is used to power part of the station facility.

Real Estate

Shinjuku West Gate Redevelopment Plan



This is a large-scale development that symbolizes the integrated reorganization of the Shinjuku Grand Terminal. We are enhancing the environmental functions of the buildings by introducing diverse and advanced techniques, such as becoming more energy-efficient, reducing the heat load, and effectively utilizing and recycling resources.

Commercial Facilities (Solar Power Generation System)



At KYODO CORTY, the commercial facility opened in April 2011, we installed a solar power generation system on the roof and the electricity generated is used to power air conditioning, light, and other equipment.

Buses and Taxis

Hybrid Buses



We have introduced hybrid buses, which have superior environmental performance, to OdakyuBus and other Group companies. As well as clearing new long-term emission gas regulations, we have been able to enhance fuel consumption compared to previous models and reduce CO2 emissions.

Hybrid Taxis

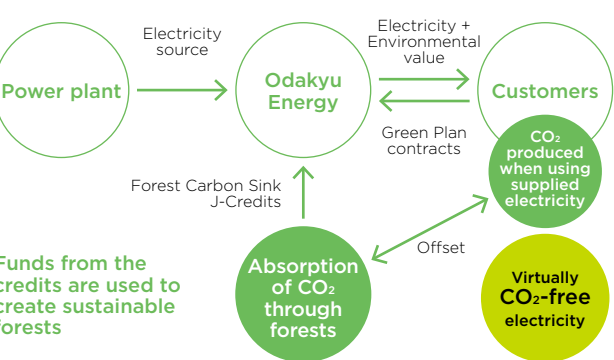


At Odakyu Koutsu, we are promoting the introduction of vehicles that use an LPG hybrid system, which has superior environmental performance. These taxis have a universal design that are welcoming to any customer, regardless of whether they are handicapped or not.

ACTION 2 Resolve issues in local communities to realize a decarbonized society

By generating renewable energy and recycling resources, we are contributing to the realization of a decarbonized society in local communities.

Odakyu Energy Green Plan



The Green Plan is a system that offsets our CO2 emissions by adding the environmental value of Forest Carbon Sink J-Credits, making the electricity virtually CO2-free.

Solar Power Generation



The Kitami power plant is the largest solar power generation station that utilizes the roof-tops of the surrounding facilities, including the Kitami train depot, and approximately 8,200 m² of roof space within the Setagaya district to generate more than 600,000 kWh every year.

Electric Vehicle (EV) Parking Spaces

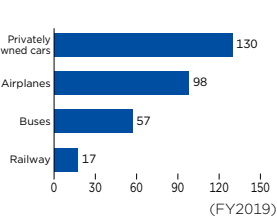


We have developed parking spaces with built-in EV charging stations as a transportation infrastructure that supports the popularization of EVs, which have a low environmental impact.

ACTION 3 Shift to environmentally friendly public transportation

Compared to other vehicles, trains and buses are more environmentally friendly and have low CO2 emissions. We will continue to enhance their convenience and reduce their environmental impact.

CO2 Emissions per Unit Transported (Passengers)



If you compare the volume of CO2 emissions per unit transported for passenger transportation, trains emit approximately 1/8 of the CO2 of privately-owned cars, and buses approximately 1/2, meaning that trains and buses are environmentally friendly vehicles.

(Reference: Ministry of Land, Infrastructure, Transport and Tourism website)

MaaS Promotion



By promoting MaaS, we can provide stress-free travel to the nearest station or commercial facility for people without a car or other transportation method and contribute to lowering our environmental impact.

SHONAN PEDAL (Bicycle-Sharing Service)



SHONAN PEDAL is a bicycle-sharing service for electronically power assisted bicycles that is being developed in the Shonan area. These bicycles can be used to visit all of Shonan's tourist attractions and are an environmentally friendly mode of transportation that is familiar to local residents.

Zero-Carbon Romancecar



The 50000 series Romancecar VSE, which runs between October 1, 2021 and February 28, 2022, is operated with virtually net-zero CO2 emissions (utilizes a Feed-in Tariff Scheme for Renewable Energy (FIT) non-fossil fuel energy certificate from TEPCO Energy Partner Incorporated).

UPDATE 2 Realize a resource recycling society

ACTION 1
Promote the 5Rs within the Odakyu Group

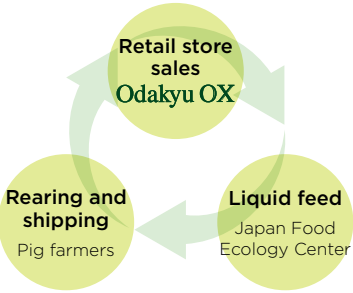
We are working to further lower our impact on the environment through our awareness of the 5Rs: reduce, reuse, recycle, refuse, and repair.

Recycling Train Cars



When decommissioning and breaking down train cars, we recycle as much as possible of the metal that makes up approximately 90% of waste. Additionally, we collect all of the CFCs contained within air-cooling apparatuses and dispose of them appropriately.

Turning Food Waste into Feed



All of the food waste produced by the Odakyu Group is remade into liquid feed. This feed is used to raise pigs for the Yuton brand, which is sold as gifts at "Odakyu OX" supermarkets and Odakyu Department Stores.

ACTION 2
Resolve issues in local communities to realize a resource recycling society

We will collaborate with our partners in local communities to engage in resource recycling.

Support for collection, disposal, and recycling of resources
WOOMS



Under the vision of "beyond waste," we provide a service that improves the efficiency of collecting, transporting, and disposing of resources and waste, and enhances the recycling of resources. By collaborating with local governments and companies, we aim to realize a circular economy.

ONE (Sharing Economy)



A sharing economy is an economic movement that involves sharing items, skills, spaces, and other concepts through an online platform. Odakyu operates the platform ONE (on-e) that provides community-based services.

UPDATE 3 Conserve and utilize nature

ACTION 1
Conserve forests, the countryside, rivers, and oceans

We promote activities that protect the natural environment that offers enrichment and the resources that are vital in local communities.

Donations from "Hakone no Mori Kara"



By donating some of the proceeds from sales of the mineral water "Hakone no Mori Kara" to the Hakone Resource Conservation Fund, we are contributing to the conservation of Hakone's natural environment, such as protection measures for the Ancient Cedar Avenue and a project to preserve the Sengokuhara Pampas Grass Fields.

Odawara and Enoshima Clean Campaign



Every year since 2000, we have held the Odawara and Enoshima Clean Campaign at Katase Higashihama Beach, where employees of each Group company and their families, together with regular applicants, clean up the beach.

ACTION 2
Utilize natural resources

The bountiful natural resources along the Odakyu Line and the tourism industry coexist and develop together, and we aim to create a sustainable symbiosis between them.

Hakone (Project to Fully Enjoy National Parks)



Fuji-Hakone-Izu National Park was selected by the Ministry of the Environment as an area that aims to be a world-class travel destination where foreign visitors aspire to stay for long periods of time. We are working with local communities to revitalize and make effective use of excellent natural resources, as well as the traditional cultures of the areas.

Oyama and Tanzawa



Oyama has been well-known for the Mount Oyama pilgrimage since the Edo era (1603 to 1867) and Tanzawa is a popular hiking spot for visitors from the capital. We will continue to promote the sustainable use of the precious resources that are the life of the Oyama and Tanzawa regions: bountiful nature and traditional historical culture.

Others

We are striving to protect the living environment for society and local communities by reducing the noise and vibrations caused by railway businesses and carrying out greening along the Odakyu Line, among other initiatives.

Promotion of Appropriate Management and Disposal of Polychlorinated Biphenyl (PCB)

As well as endeavoring to adhere to strict controls determined by the storage criteria for special control industrial waste for machinery and tools that contain polychlorinated biphenyl, we will sequentially carry out appropriate disposal and processing by the disposal deadline (March 2027).

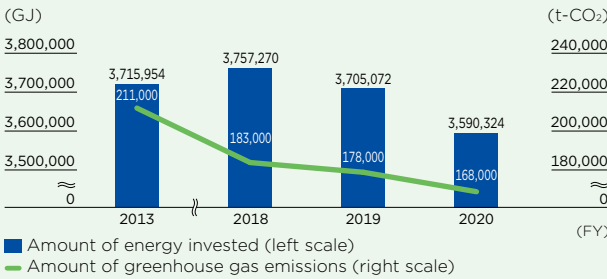
For details of the Odakyu Group's environmental initiatives, please see our website (Japanese only).
https://www.odakyu.jp/company/socialactivities/environment_consideration/

Search **Odakyu environment**

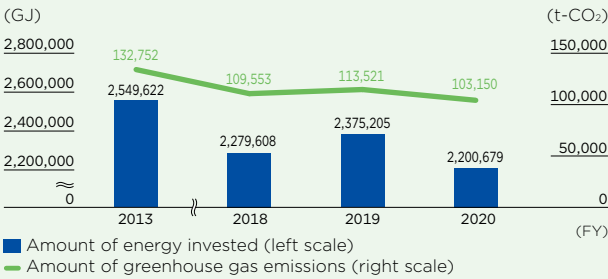
Environmental Data

Amount of energy invested and greenhouse gas emissions (Odakyu Electric Railway)

Railway department



Lifestyle department, head office, and others



(About factors) * The CO₂ emissions that accompany energy use are mainly calculated using the following emission factors.
2013: 0.000525 (railway department 0.000555), 2018: 0.00047, 2019: 0.00046, 2020: 0.000457 (t-CO₂/kWh)
* Based on the CO₂ emission factors according to the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.

Fiscal 2020 Environmental Performance Data (Odakyu Electric Railway)

		Railway department	Lifestyle department and head office	OUTPUT	
INPUT				Amount of greenhouse gas emissions* ¹	
Amount of energy invested* ¹				Greenhouse gases	168,000 t-CO ₂ 103,150 t-CO ₂
Amount of waste generated* ²					
Energy	3,590,324 GJ		2,200,679 GJ	Total amount of waste generated	1,625 t 5,772 t
Electric power	364,663,000 kWh		185,775,000 kWh	Combustible waste	577 t 2,561 t
City gas	273,000 m ³		2,889,000 m ³	Cardboard	53 t 1,751 t
Propane gas	60 t		580 t	Used paper	163 t 271 t
Gasoline	33 kl		8l kl	Raw waste	197 t 435 t
Diesel	137 kl		5 kl	Waste plastic	87 t 329 t
Kerosene	48 kl		432 kl	Scrap metal	32 t 10 t
Heavy oil	79 kl		220 kl	Amount recycled	866 t 2,766 t
Steam	-		66,916 GJ	Recycling rate	53.3 % 47.9 %
Cold water	-		79,645 GJ		
Amount of resources invested* ²					
Water	466,000 m ³		341,000 m ³		

*1 Based on the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.

*1 Based on the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.
*2 The scope covers our main offices.

Directors and Audit & Supervisory Board Members

(As of October 1, 2021)

Directors



Koji Hoshino
President & CEO (Representative Director)

Apr. 1978 Joined the Company
Jun. 2003 Executive Officer of the Company
Jun. 2008 Director of the Company
Jun. 2010 President & CEO (Representative Director) of Odakyu Bus Co., Ltd.
Jun. 2013 Managing Director of the Company
Jun. 2013 Assumed the office of Executive Officer of the Company (to present)
Jun. 2013 Division Director of Transportation Services Division of the Company
Jun. 2015 Executive Director of the Company
Apr. 2017 Assumed the office of President & CEO (Representative Director) of the Company (to present)



Isamu Arakawa
Executive Director (Representative Director)

Apr. 1983 Joined the Company
Jun. 2013 Assumed the office of Executive Officer of the Company (to present)
Jun. 2016 Director of the Company
Apr. 2018 Managing Director of the Company
Apr. 2018 Division Director of Lifestyle Creation Division of the Company
Apr. 2020 Assumed the office of Division Director of Corporate Strategy & Planning Division of the Company (to present)
Apr. 2021 Assumed the office of Executive Director (Representative Director) of the Company (to present)

Responsibilities at the Company:
Division Director of Corporate Strategy & Planning Division



Shu Igarashi
Managing Director

Apr. 1984 Joined the Company
Jun. 2012 Assumed the office of Executive Officer of the Company (to present)
Jun. 2016 Director of the Company
Apr. 2017 Assumed the office of Division Director of Transportation Services Division of the Company (to present)
Apr. 2018 Assumed the office of Managing Director of the Company (to present)

Responsibilities at the Company:
Division Director of Transportation Services Division
Responsible for Tourist Business Development Department



Takashi Hayama
Managing Director

Apr. 1985 Joined the Company
Jun. 2013 Executive Officer of the Company
Jun. 2015 President & CEO (Representative Director) of Odakyu Housing Co., Ltd.
Jun. 2017 Director of the Company
Jun. 2017 President & CEO (Representative Director) of ODAKYU Resorts Co., Ltd.
Apr. 2020 Assumed the office of Managing Director of the Company (to present)
Apr. 2020 Assumed the office of Executive Officer of the Company (to present)

Responsibilities at the Company:
Responsible for Customer Value Creation Department, Investor Relations Office and Finance & Accounting Department



Shinji Nagano
Managing Director

Apr. 1985 Joined the Company
Jun. 2013 Executive Officer of the Company
Jun. 2015 President & CEO (Representative Director) of Odakyu Engineering Co., Ltd.
Apr. 2018 Assumed the office of Executive Officer of the Company (to present)
Jun. 2018 Director of the Company
Apr. 2020 Assumed the office of Managing Director of the Company (to present)

Responsibilities at the Company:
Responsible for General Affairs Department, CSR/Corporate Communications Department and Personnel Department



Satoshi Kuroda
Managing Director

Apr. 1986 Joined the Company
Jun. 2014 Assumed the office of Executive Officer of the Company (to present)
Jun. 2019 Director of the Company
Apr. 2020 Division Director of Lifestyle Creation Division and Manager of Development Planning Department of the Company
Apr. 2021 Assumed the office of Managing Director of the Company (to present)
Apr. 2021 Assumed the office of Division Director of Community Development Division of the Company (to present)

Responsibilities at the Company:
Division Director of Community Development Division



Tamotsu Nomakuchi
Outside Director

Apr. 1965 Joined Mitsubishi Electric Corporation
Apr. 2001 Executive vice president (Representative Director) of Mitsubishi Electric Corporation
Apr. 2002 Representative Director, President and CEO of Mitsubishi Electric Corporation
Jun. 2003 Representative Executive Officer, President and CEO, and Director of Mitsubishi Electric Corporation
Apr. 2006 Chairman of Mitsubishi Electric Corporation
Apr. 2009 Director of Mitsubishi Electric Corporation
Apr. 2009 President, National Institute of Advanced Industrial Science and Technology
Jun. 2010 Honorary Corporate Advisor of Mitsubishi Electric Corporation
Apr. 2013 Executive Corporate Advisor of Mitsubishi Electric Corporation
Apr. 2013 Assumed the office of Grand Emeritus Advisor, National Institute of Advanced Industrial Science and Technology (to present)
Jun. 2015 Assumed the office of Director of the Company (to present)
Jul. 2016 Assumed the office of Special Corporate Adviser of Mitsubishi Electric Corporation (to present)
Oct. 2021 Assumed the office of Senior Advisor of Mitsubishi Electric Corporation (to present)



Hiroko Nakayama
Outside Director

Apr. 1967 Joined Tokyo Metropolitan Government
Jun. 1999 Director General, Secretariat of Personnel Commission, Tokyo Metropolitan Government
Jul. 2001 Director General, Secretariat to Audit and Inspection Commissioners, Tokyo Metropolitan Government
Nov. 2002 Mayor of Shinjuku
Jun. 2007 President (Representative Director) of Tokyo Eco Service Co., Ltd.
Jun. 2015 Assumed the office of Director of the Company (to present)
Apr. 2016 Assumed the office of Chairperson of Personal Commission, Metropolitan Area Cities (to present)



Toru Ohara
Outside Director

Apr. 1978 Joined Tokio Marine & Fire Insurance Co., Ltd.
Jun. 1992 Director of Tokio Marine MC Asset Management Co., Ltd.
Jun. 1999 Executive Officer of Tokio Marine Asset Management Co., Ltd.
Joined Franklin Templeton Investments Japan Limited
Sept. 2000 Senior Managing Director of Franklin Templeton Investments Japan Limited
Oct. 2000 Special Advisor of Franklin Templeton Investments Japan Limited
Dec. 2009 Special Advisor of Franklin Templeton Investments Japan Limited
Apr. 2010 Joined Okasan Asset Management Co., Ltd.
Jun. 2015 Senior Managing Director of Okasan Asset Management Co., Ltd.
Jun. 2018 Board Member of Okasan Asset Management Co., Ltd.
Jun. 2020 Assumed the office of Director of the Company (to present)



Takehide Itonaga
Outside Director

Apr. 1977 Joined the Dai-ichi Mutual Life Insurance Company
Apr. 2014 Senior Managing Executive Officer of the Dai-ichi Mutual Life Insurance Company
Jun. 2016 President (Representative Director) of SOHGO HOUSING Co., Ltd.
Jun. 2019 Assumed the office of Chairman (Representative Director) of SOHGO HOUSING Co., Ltd. (to present)
Jun. 2020 Assumed the office of Director of the Company (to present)



Akinori Tateyama
Director
(President & CEO (Representative Director) of Odakyu Restaurant System Co., Ltd.)

Apr. 1986 Joined the Company
Jun. 2014 Executive Officer of the Company
Jun. 2018 Assumed the office of Director of the Company (to present)
Apr. 2019 Assumed the office of President & CEO (Representative Director) of Odakyu Restaurant System Co., Ltd. (to present)



Shigeru Suzuki
Director
(President & CEO (Representative Director) of ODAKYU Resorts Co., Ltd.)

Apr. 1988 Joined the Company
Jun. 2015 Manager of Corporate Planning Department of the Company
Jun. 2016 Manager of Group Management Department of the Company
Jun. 2017 Executive Officer of the Company
Apr. 2020 Assumed the office of President & CEO (Representative Director) of ODAKYU Resorts Co., Ltd. (to present)
Jun. 2021 Assumed the office of Director of the Company (to present)

Audit & Supervisory Board Members



Toshiro Yamamoto
Auditor

Apr. 1981 Joined the Company
Jun. 2005 Executive Officer of the Company
May 2012 President & CEO (Representative Director) of HOKUO TOKYO Co., LTD.
Jun. 2015 Managing Director of the Company
Jun. 2015 Executive Officer of the Company
Apr. 2020 Assumed the office of Director of the Company (to present)



Jun Usami
Auditor

Apr. 1982 Joined the Company
Jun. 2010 Manager of Corporate Planning and Development Department of the Company
Jun. 2013 Executive Officer of ODAKYU SPORTS SERVICE Co., Ltd.
May 2015 President & CEO (Representative Director) of HOKUO TOKYO Co., LTD
Jun. 2018 Assumed the office of Auditor of the Company (to present)



Masataka Ito
Outside Auditor

Apr. 1972 Joined the Japan Development Bank
Feb. 2003 Inspector of Development Bank of Japan Inc.
Jun. 2004 Director of Tokyo Ryutsu Center Inc.
Jun. 2006 Managing Director of Tokyo Ryutsu Center Inc.
Jun. 2008 President & CEO (Representative Director) of SkyNet Asia Airways Co., Ltd.
Jun. 2011 President (Representative Director) of DBJ Nomura Investment Co., Ltd.
Jun. 2012 Assumed the office of Auditor of the Company (to present)



Takeshi Hayashi
Outside Auditor

Apr. 1982 Joined Nippon Life Insurance Company
Jul. 2012 Director and Managing Executive Officer of Nippon Life Insurance Company
Jul. 2013 Managing Executive Officer of Nippon Life Insurance Company
Mar. 2015 Senior Managing Executive Officer of Nippon Life Insurance Company
Apr. 2018 Assumed the office of President and Representative Director of Nissay Leasing Company, Limited (to present)
Jun. 2020 Assumed the office of Auditor of the Company (to present)

(Names of companies used in this section are the names used at the time.)

Corporate Governance

Basic View on Corporate Governance

With regard to enhancing and strengthening the Company's corporate governance, the Company is implementing various measures with the recognition that it is vital to strengthen the function to make decisive decisions unshackled by precedents or customs as well as to strengthen the supervisory function for business execution, by ensuring transparency, fairness, and speed when carrying out key strategies. The aim is to maximize the interest of various stakeholders, including our shareholders as well as our customers, business partners, creditors, and local communities, and achieve sustained growth as well as enhance the medium- to long-term corporate value of the Company.

Progress of Corporate Governance

Item/Fiscal year	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Nomination	Increase in number of outside directors 1→3					Increase in number of outside directors 3→4	Ratio of outside directors 1/3
	Appointment of female outside director 1					Appointment of female audit & supervisory board member* 1	
Compensation		Establishment of Nomination and Compensation Advisory Committee		Introduction of Trust-type Share-based Compensation System			
Reinforcement of supervisory functions for Board of Directors	Board of Directors effectiveness evaluation (self-evaluation implemented annually)						
		Increased opportunities for monitoring (Medium-Term Management Plan, M&A/overseas/real estate projects, etc.)					
Other				Abolition of takeover defense measures		Share agenda items for Board of Directors' meetings even further in advance of these meetings	

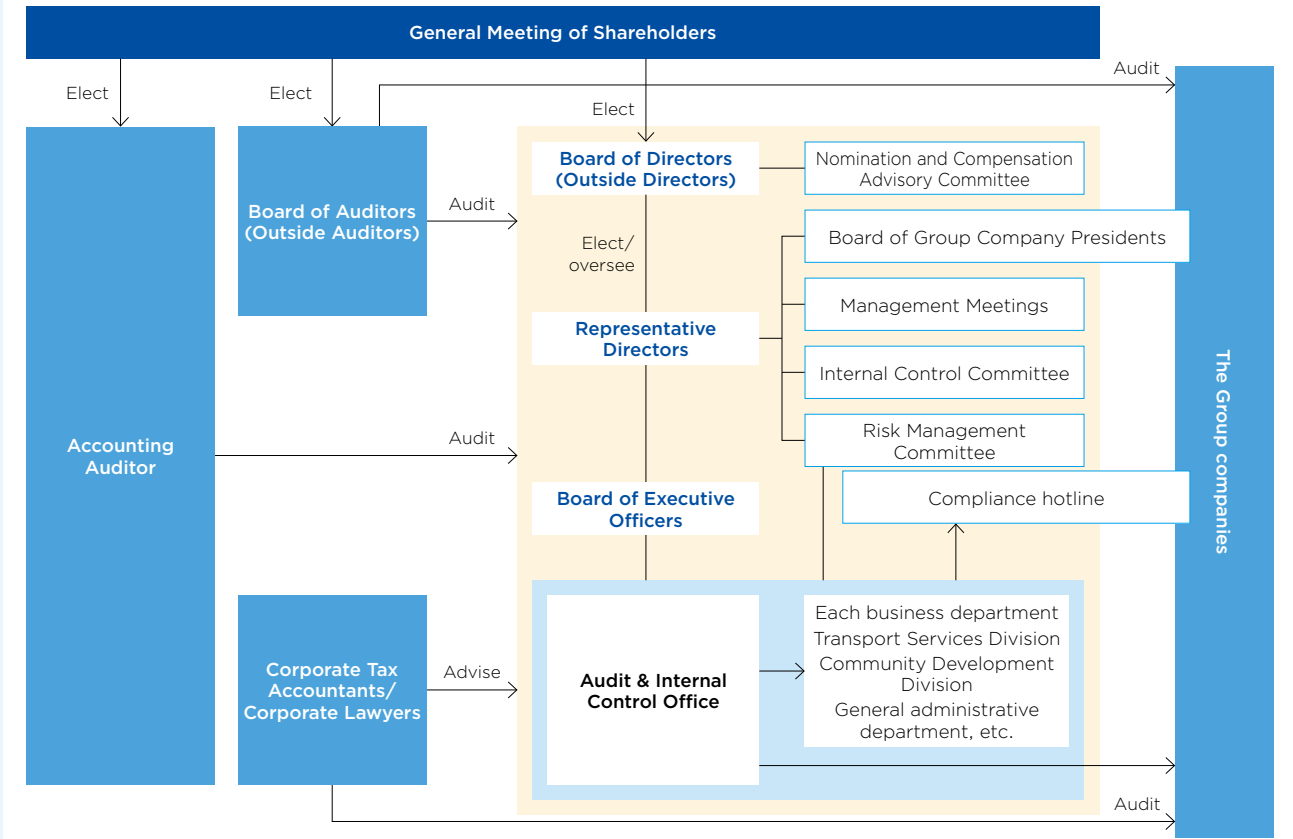
* Resigned on August 26, 2021

Nomination and Compensation Advisory Committee

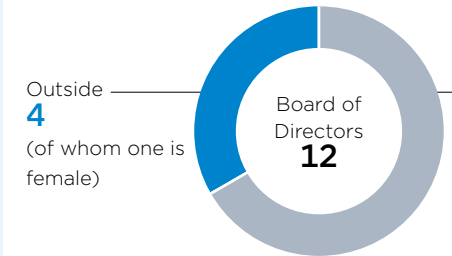
The Company has established the Nomination and Compensation Advisory Committee, in which Independent Outside Directors comprise a majority of the members, as an advisory body to the Board of Directors in order to strengthen the independence, objectivity, and accountability of the functions of the Board of Directors on matters such as nomination of Directors and Auditors and compensation of Directors.

The committee discusses basic policy for issues, such as nomination and compensation, and draft agenda items for the Annual General Meeting of Shareholders, then reports the results to the Board of Directors. In fiscal 2020, the committee was convened four times with all members present.

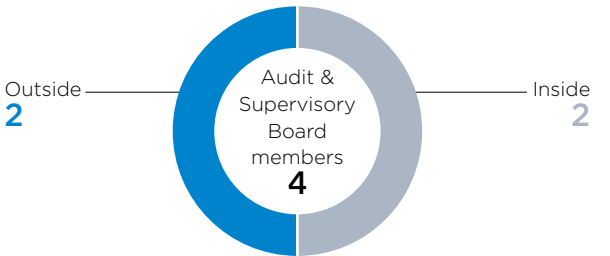
Corporate Governance System



Composition of Board of Directors



Composition of Audit & Supervisory Board Members



View on Balance between Knowledge, Experience, and Skills of the Board of Directors as a Whole, and on Diversity and Size of the Board of Directors

The Company's Board of Directors comprises a combination of Executive Directors who are well versed in the Company's operations, in-house Non-Executive Directors and full-time Auditors, as well as several Outside Directors and Outside Auditors who have career history, experience and professional knowledge that differ from those of in-house Directors and Auditors and are fully capable of fulfilling roles and functions to enhance management supervising functions. In this way, the Company strives to ensure the balance between knowledge, experience, and skills of the Board of Directors as a whole, and diversity. The Company also works to have an appropriate size for

the constitution of the Board of Directors in light of factors such as business scale and type of operations. The Articles of Incorporation stipulates that the number of Directors shall be 17 or less and the number of Auditors shall be five or less. Based on the policy above, the Board of Directors currently comprises 12 Directors and four Auditors. Among them, the professional background of the four Independent Outside Directors (including one female) consists of three corporate managers and a head of local government, and the professional background of the two Independent Outside Auditors consists of corporate managers.

Appointment of Directors

In electing the senior management (Directors concurrently serving as Executive Officers) and nominating candidates for Directors and Auditors, persons with outstanding personality and insights are required. In addition, in the case of in-house candidates, persons who are well versed in the Company's operations based on experience gained at several departments are elected and nominated for the senior management and Directors, and persons who have expertise regarding finance, accounting, and legal affairs as well as knowledge of the Company's business are elected and nominated for Auditors. In the case of candidates who come

from another company or institution, for both Directors and Auditors, the Company nominates those capable of fulfilling roles and functions to enhance management supervising functions, along with career history, experience, and professional knowledge, etc. that differ from those of in-house candidates. In addition, election and nomination are conducted by considering the balance between knowledge, experience, and skills of the Board of Directors as a whole, and diversity.

Additionally, from fiscal 2021, one third of the Board of Directors comprises outside directors.

Reasons for Appointment of Outside Directors

Tamotsu Nomakuchi	He has management experience and broad insight into the engineering field. The Company renominates him as a candidate for Outside Director expecting him to fulfill his role of enhancing the management supervisory function through activities including deliberations at the Board of Directors and the Nomination and Compensation Advisory Committee from an independent and objective perspective by drawing on these experiences.
Hiroko Nakayama	She has experience in promoting the revitalization of the local community among others as Mayor of Shinjuku, and extensive knowledge based on such experience. The Company renominates her as a candidate for Outside Director expecting her to fulfill her role of enhancing the management supervisory function through activities including deliberations at the Board of Directors and the Nomination and Compensation Advisory Committee from an independent and objective perspective by drawing on these experiences.
Toru Ohara	He has management experience and broad insight based on his work at financial institutions. The Company renominates him as a candidate for Outside Director expecting him to fulfill his role of enhancing the management supervisory function through activities including deliberations at the Board of Directors and the Nomination and Compensation Advisory Committee from an independent and objective perspective by drawing on these experiences.
Takehide Itonaga	He has management experience, broad insight based on his work at financial institutions, as well as knowledge regarding the real estate business. The Company renominates him as a candidate for Outside Director expecting him to fulfill his role of enhancing the management supervisory function through activities including deliberations at the Board of Directors and the Nomination and Compensation Advisory Committee from an independent and objective perspective by drawing on these experiences.

Reasons for Appointment of Outside Audit & Supervisory Board Members

Masataka Ito	He has management experience and broad insight based on his work and auditing experience at financial institutions, as well as ample knowledge regarding finance and accounting. The Company renominates him as a candidate for Outside Auditor as he is fulfilling his role to enhance the auditing function from an independent and objective perspective by drawing on these experiences.
Takeshi Hayashi	He has management experience and broad insight based on his work at financial institutions. The Company nominates him as a candidate for Outside Auditor as it believes that he can fulfill his role to enhance the auditing function from an independent and objective perspective by drawing on these experiences.

Key Topics Discussed by the Board of Directors

The Board of Directors makes decisions on the execution of important operations and other matters required by law and supervises the execution of those business operations.

The following key topics were among those discussed in fiscal 2020:

- The Management vision for the next fiscal year and the Medium-Term Management Plan
- The acquisition and development of real estate properties and monitoring of M&As
- The status of overseas businesses
 - The Shinjuku West Gate Redevelopment Plan
 - The sale of strategic shareholdings etc.

Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole

The Company conducts self-evaluations of Directors and Auditors every year by means such as questionnaire surveys concerning decision-making and oversight functions of the Board of Directors and the support structure of the Board of Directors. Based on the results of such evaluations, the effectiveness of the Board of Directors as a whole is analyzed and evaluated by the Board of Directors.

During the fiscal year ended March 31, 2021, as a result of analyses and evaluations, it was confirmed that the Board of Directors was effective. Furthermore, based on the results of analyses and evaluations in the fiscal year ended March 31, 2020 and in prior fiscal years, the Company increased the number of deliberations on

Companywide strategy, endeavored to enhance discussions regarding future directions in light of changes in the environment, and expanded the scope of monitoring. As a result of analyses and evaluations in the fiscal year ended March 31, 2021, the Company recognizes that it is necessary to develop a system to enhance the quality of discussions on the Medium-Term Management Plan, implement initiatives that contribute to the vitalization of discussions, and increase opportunities for Outside Officers to acquire information and knowledge. With this recognition, the Company will consider further enhancing the effectiveness of the Board of Directors including response to such matters.

Compensation

Compensation for Directors concurrently serving as Executive Officers is determined by the role-linked compensation, determined in accordance with position, in addition to the compensation plan linked to business performance per fiscal year, determined based on certain standards including sales growth rate, adjusted for the status of each Director's achievement of targets, and stock compensation plan with stronger linkage with the shareholder value that uses a trust to provide incentives for improving business performance over the long term. In addition, the ratio of the performance-linked compensation to the total amount of compensation will be set to increase as the position rises. Compensation for Directors not concurrently serving as Executive Officers (Outside Directors, etc.) is determined only by the role-linked compensation in light of the fact that their major role is management supervising function.With regard to the performance-linked compensation, 75% of the criteria for determining the performance appraisal that forms the basis for calculation is qualitative targets and 25% is quantitative targets. Qualitative targets set out individual issues from a management standpoint from a medium- to long-term perspective, while quantitative targets are set according to four consolidated performance indicators from a Group management

Summary of Compensation in Fiscal 2020

Category	Total amount (millions of yen)	Total amount by type (millions of yen)		
		Fixed compensation		Performance-linked compensation
		Cash compensation	Stock Compensation	
Directors*	283	174	52	56
Auditors*	47	47	-	-
Outside directors	75	75	-	-

* Excluding outside directors

perspective, and based on these, the evaluation results of the achievement levels for each fiscal year are reflected in the amount of compensation. The role-linked compensation and the performance-linked compensation are paid regularly while Directors are in office. Shares of the Company and cash based on the stock compensation plan that uses a trust are granted at the time of retirement, in principle.

Stock compensation that uses a trust is determined in accordance with the position. In the event that a recipient of stock compensation is dismissed or resigns from his/her office as Director due to damages he/she caused to the Company or in other similar cases, all or part of granted beneficiary rights to shares of the Company will be invalidated by a resolution of the Board of Directors. Remuneration amounts for individual Directors are deliberated at the Nomination and Compensation Advisory Committee by comprehensively considering this basic policy, general norms, etc., and the results thereof are reported to the Board of Directors. The Board of Directors resolves to leave the matter to Representative Director on the premise of payment of the amounts in line with the report of the Nomination and Compensation Advisory Committee on remuneration amounts for individual Directors.

Goals and results of performance indicators used to calculate performance-linked compensation for fiscal 2020*

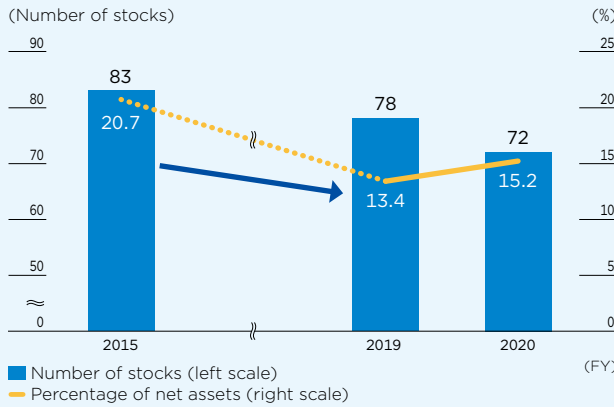
Evaluation indicators	Amount paid out between April and June 2020		Amount paid out between July 2020 and March 2021	
	Goal	Result	Goal	Result
Sales growth rate (%)	0.75	0.38	5.91	1.42
EBITDA growth ratio (%)	2.05	2.07	3.32	-8.18
Adjusted ROA (%)	4.13	4.16	3.99	3.22
EPS (yen)	86.00	90.11	91.60	55.08

* The amount paid out between April and June 2020 reflects the evaluation results for the achievement levels in fiscal 2018 and the amount paid out between July 2020 and March 2021 reflects the evaluation results for the achievement levels in fiscal 2019.

Strategic Shareholdings

The Company considers it necessary to maintain and develop business relations with various companies in order to achieve the Group Management Principle. To this end, the Company holds shares that are deemed necessary as a policy based on comprehensive consideration of factors such as business relationships with the issuing company. To date, we have been working to decrease the number of stocks and percentage of strategic shareholdings that are net assets, with a high-percentage of strategic shareholdings that are net assets as a key issue. The Board of Directors annually verifies the aim and rationale of holdings from a qualitative perspective, such as contribution to the maintenance and development of business relations with the issuing company, as well as from a quantitative perspective, such as cost of capital and dividend income. Our policy calls for reducing shares for which the significance of holding has diminished through sale and other means as a result of such verification.

Trends in strategic shareholdings



Governance Dialogue

As the Odakyu Group produces its Integrated Report for the first time, two members of the Board of Directors sat down to share wide-ranging opinions on the issues Odakyu is facing and the direction of Odakyu’s future growth.

Hiroko Nakayama

Outside Director



Koji Hoshino

President & CEO



Creating an Even More Efficient Governance System

Hoshino

Director Nakayama, I would like to state my sincere gratitude for you not only observing and supervising the Board of Director’s Meetings but also sharing your valuable opinions from a diverse standpoint, including from an administrative perspective, a customer perspective, and a female perspective, which is unique to you; as well as committing yourself to the enhancement of our corporate value across a wide scale, such as collaborating with local governments and other stakeholders.

Nakayama

Thank you very much. Utilizing my experience participating in the administration of the Shinjuku district’s many faces, from offices, to shopping districts and educational institutions, I strive to always consider the perspective of our external stakeholders and am

dedicated to contributing to the medium- to long-term enhancement of the Odakyu Group’s corporate value. I am also aware that I need to encourage the Board of Directors to take appropriate risks to achieve their vision of “Becoming a community-based value creation company.”

Hoshino

All of our outside directors have helped us to overcome the tendency of thinking inwardly, which would occur if the Board only comprised inside directors, and to contribute greatly to sound governance.

Nakayama

I believe that we are steadily increasing the effectiveness of Odakyu’s governance by increasing the number of outside directors to four in fiscal 2020 and periodically sharing the progress of discussions

regarding the Medium-Term Management Plan, which we are currently formulating, in an effort to fill the information gap between the inside and outside directors. President Hoshino, as the chairman you have sincerely addressed the opinions of outside directors when the Board of Directors holds discussions. On that basis, I would venture to say that, in addition to further improving the supplementary information necessary for making decisions, I would like to see the more active creation of opportunities to hold discussions aside from the Board of Director’s meeting.

Issues Faced by the Odakyu Group

Nakayama

The Odakyu Group has contributed to society through our management resources that we have built up over our 90 years of business activities, such as the trust of

Hoshino

From the viewpoint of strengthening governance, it is extremely important to improve the function of and revitalize the Board of Directors, and we are making an earnest effort to achieve this. In particular, as you have pointed out, I believe that eliminating the information gap between inside directors, who have discussed matters in advance at management meetings, and outside directors is an issue that needs to be improved as soon as possible, and I will try to increase opportunities for discussion. We will continue listening to the opinions of all the outside directors and will strengthen governance without holding back.

local communities and customers, honest and capable personnel, and our tourism resources, including the Hakone area. Meanwhile, the situation regarding profitability, such as EBITDA being sluggish over the past

PROFILE

Hiroko Nakayama (Right of photo)

- Apr. 1967 Joined Tokyo Metropolitan Government
- Jun. 1999 Director General, Secretariat of Personnel Commission, Tokyo Metropolitan Government
- Jul. 2001 Director General, Secretariat to Audit and Inspection Commissioners, Tokyo Metropolitan Government
- Nov. 2002 Mayor of Shinjuku
- Jun. 2007 President (Representative Director) of Tokyo Eco Service Co., Ltd.
- Jun. 2015 Assumed the office of Director of the Company (to present)
- Apr. 2016 Assumed the office of Chairperson of Personal Commission, Metropolitan Area Cities (to present)

Koji Hoshino (Left of photo)

- Apr. 1978 Joined the Company
- Jun. 2003 Executive Officer of the Company
- Jun. 2008 Director of the Company
- Jun. 2010 President & CEO (Representative Director) of Odakyu Bus Co., Ltd.
- Jun. 2013 Managing Director of the Company
- Jun. 2013 Assumed the office of Executive Officer of the Company (to present)
- Jun. 2013 Division Director of Transportation Services Division of the Company
- Jun. 2015 Executive Director of the Company
- Apr. 2017 Assumed the office of President & CEO (Representative Director) of the Company (to present)

few years, has been far from satisfactory. I believe one of our issues is the reinforcement of our earning capability, by utilizing our unique strengths, to continue winning the trust of local communities.

Hoshino

As you have pointed out, earning capability is an urgent issue for the Odakyu Group. Under the new management vision announced in fiscal 2021, we must create a business structure that will enable the entire Odakyu Group to make rapid progress in the post-COVID era by thoroughly enhancing our cost structure during the three-year period of structural reform starting from fiscal 2021.

Nakayama

You made an extremely important point when you mentioned a business structure that will enable the entire Odakyu Group to make rapid progress. The railway business will definitely become a key pillar for revenue when the business environment returns to normal. However, without strengthening the profitability of diverse businesses and various Group companies, the Odakyu Group cannot make rapid progress. If we not only reform our own revenue structure and create synergy within the Odakyu Group but also the Group companies themselves actively develop new markets, we can reinforce the earning capability of the entire Group and increase the motivation of our employees. I am confident that this latent potential exists Groupwide.

Environmental Initiatives

Hoshino

One topic that we should tackle together as a Group is solving environmental issues. We should not just take on the responsibility as a company for issues such as reducing our greenhouse gas emissions and recycling resources, we should also resolve them as a strategy for creating community-based value. By sincerely engaging in these issues, we enable ourselves to be chosen by a wide range of stakeholders, from customers to local communities, partner companies, and shareholders. With this in mind, we formulated Odakyu Group Carbon Neutrality 2050 in September 2021.

Nakayama

The Odakyu Group has made steady progress with energy conservation, however environmental initiatives are difficult to visualize as management issues. I think the fact that we have now formulated environmental targets linked to management strategies is a major step forward. Additionally, I would like to commend you for incorporating structures that increase effectiveness, rather than just adopting policies that sound good. We have endorsed the TCFD recommendations and I hope that future initiatives further improve information disclosure.



66

We must create a business structure that will enable the entire Odakyu Group to make rapid progress, while listening to the opinions of all our outside directors.

99

66

I believe one of our issues is the reinforcement of our earning capability, by utilizing our unique strengths, to continue winning the trust of local communities.

99



Making Diversity the Strength of Our Organization

Hoshino

Utilizing our diversity to change our organization and society is exactly what your specialty field is, isn't it Ms. Nakayama?

Nakayama

In my time as Mayor of Shinjuku, we launched Kabukicho Renaissance. By utilizing diversity to change the negative public security image of the Shinjuku Kabukicho district, we carried out initiatives to send a positive message as an entertainment town that produces new culture and prosperity. Uniformity used to be an effective method for achieving economic growth, but I believe this will become a vulnerability in the future. I think that it is admirable that you are leading the way in promoting diversity and inclusion to increase the resilience of the organization, and that you have stipulated this in the Diversity and Inclusion Declaration, as well as clearly incorporating these aspects into the human resource strategies. What is vital for leading these strategies to success is for each individual employee to spread the wings of their imagination to consider people and objects that are different from themselves. For example, by placing ourselves into the circumstances of a person from a different background, such as the isolation felt by women who devote themselves to raising children, we can decide what kind of support or system is necessary.

Hoshino

That's a good phrase, "spread the wings of imagination." The Odakyu Group appointed women to the roles of station manager in fiscal 2017 and executive

officer in fiscal 2021. Additionally, this is a long-term initiative, but I hope that, by simplifying operations and labor saving that utilizes methods such as state-of-the-art technology, we can create a diverse workforce, even in areas that previously needed specialized knowledge.

Nakayama

As you have stated, we should create an inclusive corporate climate with a wide range of viewpoints, free from the unconscious bias arising from someone's gender, nationality, or whether they have a disability. I feel that you have the spirit of a leader in that you do not just adopt policies, but have also been steadily implementing them.

Hoshino

We create opportunities to spend time talking to the management of Group companies, to the managers and all employees because ensuring they understand the direction of the Odakyu Group and all cultivate a sense of unity is essential for achieving our management vision. For the Odakyu Group, which is facing very difficult circumstances in light of the COVID-19 pandemic, to return to our growth trajectory, I hope to continue freely receiving a variety of opinions from our outside directors, who have diverse viewpoints. Thank you for providing this opportunity to talk today.

Eleven Years of Financial Data

	(Millions of yen)											
	FY2010	FY2011	FY2012	FY2013		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Operating results-related												
Revenue from operations	514,662	508,332	515,223	523,187		518,715	529,812	523,031	524,660	526,675	534,132	385,978
Operating income	32,728	38,631	44,119	49,377		49,858	52,934	49,946	51,464	52,089	41,103	(24,190)
Ordinary income	21,671	28,659	36,365	42,061		44,098	45,695	46,638	47,891	49,687	38,299	(31,223)
Income before income taxes	18,774	29,979	30,319	39,003		47,258	42,575	39,711	43,940	45,194	35,998	(41,261)
Net income attributable to owners of parent	10,422	17,837	19,674	25,048		30,147	27,497	26,067	29,328*4	32,468	19,923	(39,804)
Comprehensive income	3,531	19,361	29,691	27,752		50,028	15,503	28,471	33,333*4	30,279	8,855	(34,078)
Capital investments	72,748	80,767	53,357	46,920		54,612	59,619	74,805	68,288	82,215	91,599	62,943
Depreciation	56,065	55,410	50,424	48,651		46,691	47,307	46,936	45,347	46,727	49,628	51,258
EBITDA *1	88,794	94,041	94,543	98,028		96,549	100,242	96,883	96,811	98,817	90,731	26,355
Cash flow-related												
Cash flows from operating activities	62,250	77,899	71,483	73,638		71,126	78,702	79,494	85,394	72,733	74,897	27,178
Cash flows from investing activities	(53,605)	(70,226)	(34,748)	(23,050)		(43,194)	(49,276)	(67,053)	(52,681)	(80,094)	(85,454)	(43,582)
Cash flows from financing activities	(17,257)	359	(37,771)	(50,052)		(38,997)	(21,473)	(20,473)	(8,099)	(15,083)	17,171	37,207
Net increase (decrease) in cash and cash equivalents	(8,611)	8,032	(1,036)	534		(11,066)	7,953	(8,032)	24,613	(22,444)	6,613	20,803
Cash and cash equivalents at end of the year	22,865	30,897	29,860	30,438		19,371	27,326	19,293	43,907	21,636	28,464	49,267
Free cash flows*2	8,645	7,672	36,734	50,587		27,931	29,426	12,441	32,712	(7,361)	(10,557)	(16,403)
Balance sheet-related												
Net assets	207,181	221,603	245,545	267,573		308,209	317,023	338,703	366,577*4	389,180	390,183	352,456
Shareholders' equity	193,721	206,834	220,940	238,683		259,677	280,609	299,987	322,157*4	346,997	363,053	319,609
Total assets	1,276,437	1,311,185	1,264,501	1,244,344		1,253,849	1,257,332	1,270,102	1,294,498*4	1,312,433	1,328,303	1,326,996
Interest-bearing debt	788,259	794,240	806,358	762,854		730,375	715,876	702,578	719,197	715,293	741,027	782,822
Per share information-related*3												
Net assets per share (Yen)	282.77	303.15	336.05	366.32		422.33	433.93	927.30	998.98*4	1,061.37	1,066.01	963.40
Dividend amount per share (Yen)	6.5	7.0	7.5	8.0		8.5	9.0	19.0	20.0	21.0	21.0	10.0
Net income per share (Yen)	14.42	24.71	27.26	34.72		41.80	38.14	72.31	81.36*4	90.11	55.08	(109.60)
Financial indicator-related												
Ratio of operating income to revenue from operations (%)	6.4	7.6	8.6	9.4		9.6	10.0	9.5	9.8	9.9	7.7	(6.3)
ROA (Ratio of operating income to total assets) (%) *5	2.6	3.0	3.5	4.1		4.1	4.4	4.1	4.2*4	4.2	3.2	(1.9)
ROE (Ratio of net income to shareholders' equity) (%) *6	5.4	8.9	9.2	10.9		11.9	10.1	9.0	9.4*4	9.7	5.6	(11.6)
Interest-bearing debt/EBITDA ratio (times)	8.9	8.4	8.5	7.8		7.6	7.1	7.3	7.4	7.2	8.2	29.7
Shareholders' equity ratio (%)	16.0	16.7	19.2	21.2		24.3	24.9	26.3	27.8*4	29.1	29.1	26.4
D/E ratio (debt-to-equity ratio) (times) *7	4.1	3.8	3.6	3.2		2.8	2.6	2.3	2.2*4	2.1	2.0	2.4
Interest coverage ratio (times) *8	5.1	7.0	7.1	7.8		8.4	10.0	11.1	13.3	12.3	14.0	5.0
PER (price-to-earnings ratio) (%)	48.6	31.6	43.0	25.6		29.3	32.1	30.0	26.5*4	29.8	43.1	—
Consolidated dividend payout ratio (%)	45.1	28.3	27.5	23.0		20.3	23.6	26.3	24.6*4	23.3	38.1	—
DOE (dividend on equity ratio) (%) *9	2.4	2.5	2.5	2.5		2.5	2.4	2.4	2.3*4	2.2	2.2	1.1
Other												
Total number of issued shares (shares)*3	736,995,435	736,995,435	736,995,435	736,995,435		736,995,435	736,995,435	368,497,717	368,497,717	368,497,717	368,497,717	368,497,717
Number of employees (consolidated) (persons)	13,491	13,335	13,164	13,221		13,226	13,283	13,560	13,914	13,938	14,019	13,960
Number of employees (non-consolidated) (persons)	3,602	3,609	3,613	3,628		3,593	3,593	3,637	3,726	3,792	3,847	3,760

*1 EBITDA = Operating income + Depreciation
*2 Free cash flows = Cash flow from operating activities + Cash flow from investing activities
*3 The Company implemented a 1-for-2 reverse stock split with an effective date of October 1, 2016.
*4 Accompanying the application of "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28, February 16, 2018), the figures as of the end of FY2017 have been restated.
*5 ROA = Operating income / Total assets (average of the start and end of the fiscal year; excluding net unrealized gain on securities)

*6 ROE = Net income attributable to owners of parent / Net assets (average of the start and end of the fiscal year; excluding net unrealized gain on securities)
*7 D/E ratio = Interest-bearing debt / Shareholders' equity
*8 Interest coverage ratio = Operating cash flow / Interest paid
*9 DOE = Annual dividend payout / Shareholders' equity (average of the start and end of the fiscal year)

Communication with Stakeholders/ Stock Price and Ratings Information

Communication with Stakeholders

Our basic policy for IR activities is to actively communicate with all of our stakeholders, including shareholders and investors, and fairly and promptly disclose our corporate information, such as business results and the status of our businesses.

By periodically sharing the opinions and requests of our stakeholders with management, we can utilize them in the management of the Group to enhance corporate value.

Furthermore, we will strive to reinforce information disclosure. In addition to this report, which summarizes information on management strategies and ESG information that we believe to be of high importance, we also carry out appropriate disclosure of important information required by the Financial Instruments and Exchange Law and the Tokyo Stock Exchange through disclosure tools and channels, including our homepage, as well as timely and appropriate information that aids investment decisions.

IR Information



<https://www.odakyu.jp/english/about/ir/>

Safety Report (Japanese only)



https://www.odakyu.jp/csr/safety/safety_report/webbook/2021/book/pdf/all.pdf

Environment of the Odakyu Group (Japanese only)



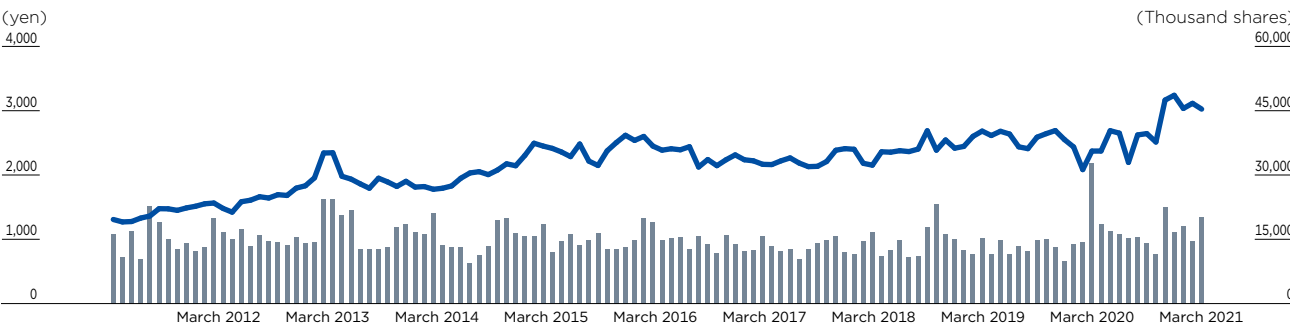
https://www.odakyu.jp/company/socialactivities/environment_consideration/

Diversity and Inclusion Report (Japanese only)



<https://www.odakyu.jp/company/diversity/report/210330/book/pdf/all.pdf>

Stock Price and Yield*



— Stock price (left scale) ■ Yield (right scale)

* The stock price and yield reflect values after adjustment for a reverse stock split implemented on October 1, 2016.

Information Regarding Credit Rating

Credit rating agencies	Long term	Short term
Japan Credit Rating Agency, Ltd.	AA- (Stable)	J-1+
Rating and Investment Information, Inc.	A+ (Stable)	a-1

Corporate Information (As of March 31, 2021)

Company Profile

Company Name	Odakyu Electric Railway Co., Ltd.
Established	June 1, 1948 (Predecessor Odawara Express Railway Co., Ltd., established on May 1, 1923)
Head Office	1-8-3 Nishi-Shinjuku, Shinjuku-ku, Tokyo 160-8309

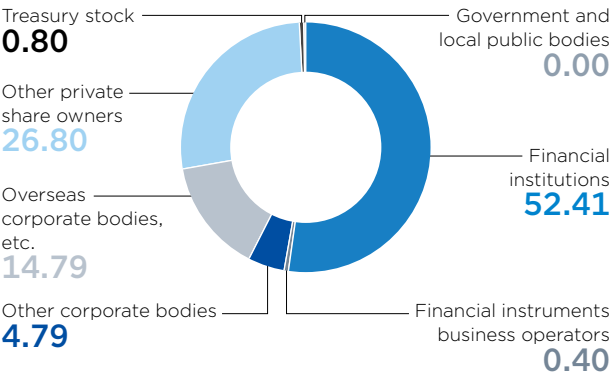
Status of Principal Shareholders (Top 10)

Name	Number of shares held (thousands)	Percentage of shares held in terms of total shares issued* (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	35,993	9.85
The Dai-ichi Life Insurance Company, Limited	20,273	5.55
Nippon Life Insurance Company	16,763	4.59
Custody Bank of Japan, Ltd. (Trust Account)	16,316	4.46
The Master Trust Bank of Japan, Ltd. (Retirement Benefit Trust Account, Mitsubishi Electric Corporation Account)	12,908	3.53
Meiji Yasuda Life Insurance Company	7,676	2.10
MUFG Bank, Ltd.	5,750	1.57
SUMITOMO LIFE INSURANCE COMPANY	5,500	1.50
STATE STREET BANK WEST CLIENT-TREATY 505234	5,434	1.49
Custody Bank of Japan, Ltd. (Trust Account 5)	4,911	1.34

* Excludes treasury stock.

Common Stock	60.359 billion yen
Representative	Koji Hoshino, President & CEO
Business	Railway business, real estate business, other business
Issued Shares	368,497,717 shares
Shareholders	48,125
Employees	3,760

Status of Share Ownership (%)



39 Consolidated Subsidiaries and One Affiliated Company

Transportation Railways Hakone Tozan Railway Co., Ltd. Enoshima Electric Railway Company, Limited Buses Hakone Tozan Bus Co., Ltd. Odakyu Bus Co., Ltd. Tachikawa Bus Co., Ltd. Tokai Jidosha Co., Ltd. Enoden Bus Co., Ltd. Tokai Bus Co., Ltd. Odakyu Hakone Highway Bus Co., Ltd. Merchandising Department stores Odakyu Department Store Company Limited Supermarket Odakyu Shoji Co., Ltd. Store, retail HOKUO TOKYO CO., LTD.	Taxis Odakyu Koutsu Co., Ltd. Tourism Hakone Sightseeing Cruise Co., Ltd. Hakone Ropeway Co., Ltd. Other Odakyu Hakone Holdings Inc.	Real estate Real estate sales Odakyu Real Estate Co., Ltd. Odakyu Housing Co., Ltd. Real estate leasing Odakyu SC Development Co., Ltd. Hakone Facility Development Co., Ltd. Other businesses Hotels ODAKYU Resorts Co., Ltd. Odakyu Hotels Co., Ltd. Odakyu Hotels Southern Tower Co., Ltd. Planning, design, and operation UDS Ltd. OKINAWA UDS Ltd. Restaurants Odakyu Restaurant System Co., Ltd. GIRAUD RESTAURANT SYSTEM CO., LTD. Travel Odakyu Travel Co., Ltd. Golf ODAKYU SPORTS SERVICE Co., Ltd. Affiliated Company Kanagawa Chuo Kotsu Co., Ltd.	Railway maintenance Odakyu Engineering Co., Ltd. Building management Odakyu Building Service Co., Ltd. Information and media Odakyu Agency Inc. Accounting outsourcing Odakyu Financial Center Co., Ltd. Staffing services Humanic Holdings Co., Ltd. HUMANIC Co., Ltd. Insurance ODAKYU INSURANCE SERVICE CO., LTD.
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Forward Looking Statements

The plans, strategies, and other statements related to the outlook of future results in this report that are not historical facts reflect the assumptions and beliefs of management based on currently available information. However, it should be noted that there is a possibility for actual results to differ significantly owing to such factors as changing social and economic conditions.